

HOUSE OF ASSEMBLY**Thursday, 28 July 2016****ESTIMATES COMMITTEE A****Chair:**

Ms F.E. Bedford

Members:

Ms N.F. Cook

Mr E.J. Hughes

Hon. S.W. Key

Mr D. Speirs

Mr S.K. Knoll

Mr S.S. Marshall

*The committee met at 09:00**Estimates Vote***LEGISLATIVE COUNCIL, \$5,504,000****HOUSE OF ASSEMBLY, \$7,321,000****JOINT PARLIAMENTARY SERVICES, \$12,070,000****ADMINISTERED ITEMS FOR JOINT PARLIAMENTARY SERVICES, \$2,586,000****Minister:**

Hon. J.W. Weatherill, Premier.

Departmental Advisers:

Mr A. Richardson, Auditor-General, Auditor-General's Department.

Mr I. McGlen, Assistant Auditor-General, Auditor-General's Department.

Ms M. Stint, Manager, Finance, Auditor-General's Department.

Mr D. Romeo, Chief of Staff.

The CHAIR: The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. I understand the minister and the lead speaker for the opposition have agreed an approximate time for the consideration of the proposed payments; is that correct, leader? Are the times agreed?

Mr MARSHALL: Well, it is published. I am not sure we met to agree.

The CHAIR: This will facilitate a change of departmental advisers. Can the minister and lead speaker for the opposition confirm that the timetable for the proceedings is accurate? Changes to the committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If a minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 28 October 2016. This year, estimate committees responses will be published during the 15 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 should they each wish to do so. There will be a flexible approach to giving the call for asking questions based on about three questions per member alternating each side although I understand there are no government questions. Is that correct? 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 commencement of the question. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the Assembly notice paper.

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

During the committee's examinations, television cameras will be permitted to film from both the northern and southern galleries. I do ask, though, that the noise is kept to a minimum. Last year, we had a lot of commentary coming from the boxes behind us and it was really difficult to hear what was going on. I declare the proposed payments open for examination and refer members to the agency statements in Volume 3. Are there any statements or questions on this particular line?

Mr MARSHALL: Chair, are you referring to the Legislative Council, House of Assembly, Joint Parliamentary Services in the state government's establishment?

The CHAIR: Yes.

Mr MARSHALL: I have no questions.

The CHAIR: There being no questions, I declare the examination for the proposed payments closed.

STATE GOVERNOR'S ESTABLISHMENT, \$3,988,000
DEPARTMENT OF THE PREMIER AND CABINET, \$78,456,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$1,930,000
AUDITOR-GENERAL'S DEPARTMENT, \$16,966,000

Minister:

Hon. J.W. Weatherill, Premier.

Departmental Advisers:

Mr A. Richardson, Auditor-General, Auditor-General's Department.

Mr I. McGlen, Assistant Auditor-General, Auditor-General's Department.

Ms M. Stint, Manager, Finance, Auditor-General's Department.

Mr D. Romeo, Chief of Staff.

The CHAIR: In relation to the State Governor's Establishment, I declare the proposed payments open for examination and refer members to the agency statement in Volume 3. Do you have questions or statements on this line? If not, I will declare that line closed. We are now looking at the Department of the Premier and Cabinet and the administered items for the Department of the

Premier and Cabinet. I declare the proposed payments open for examination and refer members to the portfolio statements in Volume 3. Minister, do you have an opening statement?

The Hon. J.W. WEATHERILL: I do, but I understood that the first area of questions were going to be directed to the Auditor-General's Department. I do not know whether that is comprehended by yourself?

The CHAIR: Both pages are here marked 9am, so let's leave that one open, and we will open this one as well,

The Hon. J.W. WEATHERILL: Thank you.

The CHAIR: I declare the proposed payments for the Auditor-General's Department open and refer you to portfolio statement Volume 4. Do you have an opening statement, Premier?

The Hon. J.W. WEATHERILL: No.

The CHAIR: Leader?

Mr MARSHALL: No.

The CHAIR: Straight to questions then?

Mr MARSHALL: If we could have an introduction of the people present.

The Hon. J.W. WEATHERILL: No, I have no opening statement in relation to the Auditor-General's Department, other than to say that it is a very fine department. I should say that on my right is Andrew Richardson, our Auditor-General. On my left is Ian McGlen, Assistant Auditor-General, and to his left is Megan Stint, Manager, Finance, Auditor-General's Department. Behind me is Daniel Romeo, the Chief of Staff.

The CHAIR: Leader, did you want to make a statement?

Mr MARSHALL: No, no statement from me.

The CHAIR: Straight to questions?

Mr MARSHALL: Yes, thank you.

The CHAIR: What page are we looking at?

Mr MARSHALL: We are looking at Budget Paper 4, Volume 1, page 77, Sub-program 1.2: Special Investigations. I note that there is no budget for Special Investigations. There was no budget for Special Investigations last year. What is the purpose of this sub-program, and how are funds allocated to Special Investigations?

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

Mr RICHARDSON: The Special Investigations program is when the Treasurer or the Commissioner Against Corruption requests that the Auditor-General performs an investigation. We have not had any requests along those lines, either in the past year or the prior year. Where those types of investigations are requested and we need to respond to those, then, depending on the nature of the investigation requested, if we do not have ongoing funding for those arrangements, if we are unable to meet the cost of that from our existing funds, then we would be requesting a direct funding through the Treasurer.

Mr MARSHALL: Can you clarify who else could actually refer work to you for a special investigation. There was some discussion last year about whether the parliament could do that on motion.

Mr RICHARDSON: There was that discussion. The act only identifies the Treasurer and the Commissioner Against Corruption. As a program, it is there to recognise a provision of the Public Finance and Audit Act. As far as the act is concerned, they are the two who can make that request.

Mr MARSHALL: In your targets, as outlined on page 77. for this coming financial year, or the financial year that we are currently in, it states:

Undertake and report on certain reviews of specific issues of importance and interest in the public sector, aimed at improving processes and/or maintaining accountability in state and local government agencies.

Is this over and above the annual report, and does the Auditor-General have any investigations currently underway over and above the annual reporting cycle?

Mr RICHARDSON: There are a couple of provisions in the act that enable me to report to parliament, and there are provisions, in fact, outside of the Public Finance and Audit Act—for example, the Adelaide Oval reports that are presented six monthly. The annual report is our predominant cycle and, because of the nature and the provision of the act, that has been the focus and timing of reports over many years for the Auditor-General's Department. There is a provision that allows us to do a supplementary report, and we have taken advantage of that provision over a number of years now to have reports tabled at different times than the annual report but all based on that same financial year's work.

The reports that we have tabled, for example, just recently on EPAS and concessions in the Department for Community Services were both tabled as supplementary reports to last year's annual report. That is just the technicalities of the reporting. The work really all comes under the same banner of our controls mandate, our financial audit mandate, and we will be raising to the parliament any matter that I believe is of interest that arises out of the work that we have done.

Those reports are more aligned to the times that we are able to complete them to our satisfaction before the parliament, and it gives us a bit more flexibility than just the usual tabled report in October.

Mr MARSHALL: When we asked in this committee last year whether there were any other supplementary reports which were envisaged, you said that the planning for that was underway and would be completed around November last year. Can you outline to the committee what supplementary reports are currently under investigation?

Mr RICHARDSON: At the moment, we have just finished the previous year, so our next round will be the annual report. The annual report, if I do not complete some work that we were doing on the Royal Adelaide Hospital, is an ongoing review. We have tabled one particular report there. The nature of the new Royal Adelaide Hospital, of course, is that it still has got a way to go, and we will be doing some work with that.

I also mentioned to the Budget and Finance Committee that we were doing some work in relation to the Adelaide Festival Plaza, and if we do not finish that work in time for the annual report we will do that as a supplementary. We are just finishing one that I did mention last year, which was the provision of section 32. We do the local government work. We are just trying to wrap up the Brown Hill Creek work that we were doing. That has just reached the end of its natural justice cycle, so I certainly expect to be tabling that in the near future but, because of the timing now, it will probably be around the same time as we table the annual report.

They would be potentially three reports above the annual report. The way that I am anticipating tabling the annual report this year, in terms of the state finance section, is that we have dealt with that as a supplementary report in the previous year. It ended up being tabled on the same date. We have the same plan this year. We also were looking to do a compendium report, if I can put it that way, of IT matters that have more broadly come up across the public-sector audits that we have completed.

Mr MARSHALL: The three reports that you are envisaging are a supplementary report on the NRAH?

Mr RICHARDSON: That is right.

Mr MARSHALL: A supplementary report on the Festival Plaza?

Mr RICHARDSON: That is right.

Mr MARSHALL: And a supplementary report on ongoing IT projects? Are they the three?

Mr RICHARDSON: Those and one on the Brown Hill Creek project, which is a local government review.

Mr MARSHALL: But what you are suggesting to this committee is that, if the work on those is completed within the ordinary time frame of the annual audit, they will just be incorporated, but in this instance you are probably thinking that there will be ongoing work and that it will fall outside of that annual report, but there will be references to the work completed by the time that the annual report is published and there will be in a supplementary report in addition.

Mr RICHARDSON: The reporting is to a reasonable degree formed around the reasonably limited provisions that are in the existing Public Finance and Audit Act. We had a talk to Treasury about just changing the wording slightly so that we were able to table reports as soon as we had finished the work. The nature of the wording of the act is slightly restrictive in that sense to have that degree of flexibility but, for practical purposes, where we are now in the calendar, what I have just outlined are our immediate reporting goals.

Mr MARSHALL: Are you concerned that the report that was handed to parliament, the supplementary report on the NRAH, only handed down late last year, really did not envisage anything like the problems that we are currently experiencing with this major project?

The Hon. J.W. WEATHERILL: You direct the questions to me.

Mr MARSHALL: I was.

The Hon. J.W. WEATHERILL: What is the question?

Mr MARSHALL: I just gave it. Do you want me to give it again?

The Hon. J.W. WEATHERILL: You are looking at him and you are asking a question.

Mr MARSHALL: Actually, Premier, I was looking directly at you. The question is: are you concerned that the supplementary report on the new Royal Adelaide Hospital, only handed down late last year, did not envisage any of the problems that we are now currently experiencing with this major project for South Australia?

The Hon. J.W. WEATHERILL: I think the first thing that we need to be clear about is the nature of the difficulties that are essentially presenting themselves. I know that there has been gross exaggeration expressed by the opposition about the nature and extent of the problems that do exist at the hospital. This is going to be a first-class hospital which will meet the needs of our citizens. I know that there is a massive interest in the opposition in talking up the so-called problems at the Royal Adelaide Hospital, but I think in the fullness of time it will present itself as a massive and important contribution to the people of South Australia.

The truth is that the contractual arrangements and any problems that have arisen largely fall at the feet of the contracting parties, because in large measure we have been insulated because of the nature of the contract that we have entered into, so much of the downside risk really falls on the proponents that are seeking to build the project. It does create some planning difficulties for us, but much of the financial burden falls on the other contracting parties.

Mr MARSHALL: Nevertheless, Premier, are you concerned that the agency that you have given carriage to conduct these audit processes for you presented a report to the parliament in November last year regarding the Royal Adelaide Hospital, which was due for technical completion just two months later in January? We still have a position where the Auditor-General cannot provide the parliament with any indication as to when the new Royal Adelaide Hospital will be open.

The Hon. J.W. WEATHERILL: I do not think it is the job of the Auditor-General to be warranting construction time lines for public works.

Mr MARSHALL: Whose job is that?

The Hon. J.W. WEATHERILL: The Auditor-General's role, and that is the line that we are analysing here, is to analyse the financial elements and impacts and obligations in relation to government procurement in relation to the hospital. We have entered into an arrangement where that responsibility is in the hands of a private sector proponent. That was done for sound reasons, that is, that they bear the burden of the risk of a very complex project.

We could be here, presumably, being asked questions about the various failings or otherwise of state government agencies if the burden of risk had actually been allocated to state government agencies. But we made a decision in the construction of this contract to shift that burden of responsibility to a private sector proponent, and they bear much of the risk associated with this very complex project. Remembering that this is probably one of the most complex builds that the state has undertaken in recent memory, I think that was a prudent decision. In fact, the problems, to the extent that they have been identified, I think only serve to demonstrate the good sense of that arrangement.

Mr MARSHALL: Nevertheless, the situation that we have in South Australia is that this project does not have parliamentary oversight, other than by the Auditor-General. This is not a project which goes through the Public Works Committee. This is something that was discussed at this committee last year. You said that you might turn your mind to looking at some of these issues. The only course for review of the project for the parliament is via the Auditor-General's Report. This was provided to the parliament in November last year. Only two months before the technical completion date, it did not envisage that there was a delay in the project.

The Hon. J.W. WEATHERILL: I recall asking the Minister for Health about this very matter, and I think at the time we did offer the opportunity for the opposition to scrutinise this contract in a particular way—that is, through some process or committee—but it involved and required a commitment by the opposition that they would not, in my recollection from discussion with the Minister for Health, then seek to engage in a further upper house inquiry in relation to the matter.

That commitment was not forthcoming and so therefore the offer lapsed. We had indicated a capacity to engage in a further process of scrutiny of the hospital and its arrangements, but no agreement could be reached around it. I have seen no lack of scrutiny that has been applied to this project. It has been the subject of routine questions that have been asked and answered in question time over an extended period.

Mr MARSHALL: Of course, we still do not know at this stage when it will open. Who could give us an answer on that, if it is not the Auditor-General and his report?

The Hon. J.W. WEATHERILL: I just do not think it is within the province of responsibility of the Auditor-General to be talking about construction time lines. It is barely within the capacity to be known by government agencies. We are very much reliant upon the information that is being supplied to us by the contracting party. They have supplied us with information and we have undertaken our own independent assessment of that information. We are not presently satisfied with the information we have received and we are continuing to analyse it and seek further information.

Obviously, the first point of call is to rely upon what we have been told, but we are not taking that at face value. We are analysing it and subjecting it to our own scrutiny. Presently, we are not satisfied with the information that we are given, but we hope to be in a position to have a greater degree of satisfaction once we see the sorts of detail in the so-called cure plans about dealing with deficits that exist in the existing construction arrangements.

Our analysis at the moment shows that there are different categories of defects. Obviously there are small things like scuffing of surfaces on particular areas of the hospital. They are obviously small things that can be dealt with in time, but there are other more fundamental issues about the way in which the hospital operates that need to be grappled with. We need to be satisfied that they are all resolved and have a proper process for resolution for them before we can be clear about the time line for the opening of the hospital. That will then, of course, trigger a range of important decisions about moving into the new hospital.

Mr MARSHALL: Because we are on the Auditor-General's investigation or line at the moment, is the Auditor-General conducting an ongoing investigation into the new Royal Adelaide Hospital?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What is the scope of that investigation then?

Mr RICHARDSON: You are referring to it as an investigation; we are conducting an ongoing audit. Because the nature of the arrangement is that there is a PPP, as everybody knows, the

department responsible is incurring expenditure in a range of areas before the state budget for capital works and fixtures and fittings. There are equipment purchases that are being done. We have reported in the previous report and we will continue to report on the governance arrangements that are in place as far as both the Department for Health and DPTI, who manage the building contract on behalf of the Department for Health. So, we are looking at and continue to look at those aspects of the project.

In the previous report, at the time that we tabled the report, there had just been a negotiated outcome, a deed of settlement, which changed the dates that were expected to be arrived at. Those dates were then subsequently not met. In fact, at the time of the November report, there had been an agreed amendment negotiated outcome between the parties about what the delivery dates would be, and that then was evidently not met by the builder, so the state went into exercising its contractual rights with issuing notices.

Mr MARSHALL: For clarity then, it is completely within the scope of the Auditor-General to look at the time frame of the opening of the new Royal Adelaide Hospital.

The Hon. J.W. WEATHERILL: No. Can I answer that question? The construction of the hospital is not something over which the Auditor-General has any capacity to influence.

Mr MARSHALL: He reports on it. It is in the supplementary report that was handed down to parliament in November last year.

The Hon. J.W. WEATHERILL: He may well, but he has no capacity to involve themselves in any influence on the way in which that construction schedule is determined or to know anything in particular about the timing of the conclusion of that particular construction schedule. It is a matter between the constructor of the hospital and their legal obligations—

Mr MARSHALL: Well, can the Premier—

The Hon. J.W. WEATHERILL: —to pursue the hospital in an appropriate fashion.

The CHAIR: Can I just ask that the Premier be allowed to finish his answer?

Mr MARSHALL: Well, I'd like the Premier to clarify his answer actually.

The CHAIR: Well, he just needs to finish his answer first and then you can clarify.

Mr MARSHALL: How can the Premier say this has nothing to do with the Auditor-General? Was the Auditor-General operating outside of his scope, looking at the delay to the new Royal Adelaide Hospital?

The Hon. J.W. WEATHERILL: No, you are just playing with words. You are talking about the timing of the completion of the hospital. It is not within the province of responsibility of the Auditor-General.

Mr MARSHALL: So why does the Auditor-General spend so much time making an investigation into this?

The Hon. J.W. WEATHERILL: Because he audits against what people say they are going to do and makes reports on that. As for telling us when it is going to finish, it is not within his area of responsibility.

Mr MARSHALL: Premier, in November last year, the Auditor-General made a statement on page 10 of his report that the opening of the hospital is now approximately one year away. At that point he was suggesting that the new Royal Adelaide Hospital would be opening in November of this year. At the moment the health minister is suggesting that it will be September. Can you provide some clarity on this issue, or can the Auditor-General provide some clarity, or can the Auditor-General update the house because, of course, we have not had an update on his position on this now for eight months?

The Hon. J.W. WEATHERILL: But the Auditor-General is not going to be able to provide information to the house which will assist in understanding when the hospital is going to be completed.

Mr MARSHALL: He could in his last report.

The Hon. J.W. WEATHERILL: No, the Auditor-General was simply reporting on the basis of the material that was supplied to him. If there is any additional material that can be supplied to the house, the Minister for Health has been providing that and, if I have any update, I will provide it. But at the moment we have no further information about when the hospital will reach its ultimate technical completion; that is going to be a matter for us being satisfied about the responses to the various notices that we have been given to cure defects in the hospital.

Mr MARSHALL: When will the Auditor-General be presenting his next supplementary report on the new Royal Adelaide Hospital?

Mr RICHARDSON: Our goal was to be able to report by now. That changed when the builder received the notices from the state because of the situation with the contract. As the Premier has indicated, the date that I reported in the November report that it was the expectation that the hospital would open in November was based on the information provided to us as that came out of the deed of settlement, so there were changes to the time lines that were expected for the project at that time from what the Department of Health and its steering committee looking at the hospital were expecting for the project.

We do not have access to the builder, we do not have access to the details of the builder's construction scheduling. Again, as the Premier says, that is not something we have access to. What we are able to report upon is the information that is provided to the governance committees that oversee the project, although the Project Steering Committee for the new Royal Adelaide Hospital is the key steering committee that we look to.

Given the nature of the situation between the state and the builder as it stands, until there is a resolution there, however that might come out, I am certainly not going to be in any position to be able to say what the new expected time lines for that project are. Consequently, it is not my intent to report until we know that there has been an outcome here. We did that with the last review; the timing of that changed. We had fairly well completed our work at the time the deed of settlement was announced. That was something that we then needed to have a look at to see what had changed out of that negotiated outcome. I would expect to be doing the same thing here. We do not have any better information than waiting to hear how the state and the other parties resolve the current situation.

Mr MARSHALL: For clarity, you are bringing down your next supplementary report on the new Royal Adelaide Hospital very soon. Can you give us some indication when that will be?

Mr RICHARDSON: That was my intention. Very soon for me is the time line that we have for the annual report, which is the beginning of October would be its tabling. However, if the situation is not resolved for the Royal Adelaide then I will not have anything conclusive to say. I would only be reporting what was already known: that the state was in negotiation or in dispute with the other party.

Mr MARSHALL: And the Festival Plaza supplementary report?

Mr RICHARDSON: That one we are intending to have something out in October.

Mr MARSHALL: And the IT report?

Mr RICHARDSON: Similarly, in October.

Mr MARSHALL: Will that IT report be dealing with the issue of the CHIRON system?

Mr RICHARDSON: Again, it depends on the court outcome. My last information on that was that that goes back to court in December of this year. I stand to be corrected on those dates but, until that is resolved, the discussion that we had about CHIRON remains the same. It clearly is an important court case for providers of software but, similarly, it is an important court case for the users and in this case the state. I also understand that the department is beginning to look to alternative systems (EPAS) to be able to replace CHIRON, but I do not have significant information about that.

Mr MARSHALL: Will that be something that you envisage in your supplementary report: the consideration of other systems in Country Health SA?

Mr RICHARDSON: As it stands, CHIRON is the system that is still being used, so the only information we would be looking to give would be: what are the plans that the department has in place to roll out a patient system for the country hospitals?

Mr MARSHALL: The Auditor-General has no concern that we are currently using software to run our country hospitals that is out of licence and subject to what could only be described now as a very lengthy court dispute?

The Hon. J.W. WEATHERILL: Can I answer that question? Of course it is an issue of concern to the government that we have disputes in relation to the question of the application of this software and that is why we are seeking a speedy resolution of the matter. It is certainly our intention to do all things necessary to ensure that we get service continuity but also the resolution of this dispute.

Mr MARSHALL: How long has the dispute been going now, Premier?

The Hon. J.W. WEATHERILL: We will have to take that on notice. Obviously it has been a substantial period of time that we have been in dispute and I will bring back an answer.

Mr MARSHALL: Premier, are you concerned? EPAS was originally going to go across all hospitals in South Australia and then the scope was changed to focus on the majority of metropolitan hospitals and two country hospitals, leaving the rest with the remaining CHIRON system. The CHIRON system is out of licence and the provider of that software is in dispute with the government and has been in dispute with the government for an extended period of time. Are you concerned about the continuity? What are the contingencies that you have put in place if in fact CHIRON are successful in stopping the state government from continuing to use that platform?

The Hon. J.W. WEATHERILL: I have already indicated my concern, but they are matters best directed to the Minister for Health.

Mr MARSHALL: There are no further questions for the Auditor-General. Thank you very much.

The CHAIR: We can close the Attorney-General's Department and move on to the Department of the Premier and Cabinet.

Departmental Advisers:

Mr K. Winter-Dewhirst, Chief Executive, Department of the Premier and Cabinet.

Ms I. Haythorpe, Deputy Chief Executive, Department of the Premier and Cabinet.

Mr S. Woolhouse, Chief Finance Officer, Department of the Premier and Cabinet.

Mr D. Russell, Chief Executive, Department of State Development.

Mr D. Romeo, Chief of Staff.

The Hon. J.W. WEATHERILL: The Department of the Premier and Cabinet and its role is very much at the forefront of reforming our democracy in South Australia. We are seeking to effectively change the way in which we do govern in this state, which very much involves putting people at the centre of our politics and policymaking. This means mobilising something which may sound very obvious, but I think has been largely neglected in the way that many governments deal with complex decisions: to mobilise the underutilised common-sense judgment of everyday citizens.

The ultimate purpose is to approach the creation of wealth and prosperity, jobs and the transformation of our economy in a way in which people and our community need our things to operate. For this, we require government to consult more widely, to be open to more ideas and to involve more people in the decision-making process so that we can make sounder decisions and more responsive decisions, and also resolve some of the more difficult unresolved questions.

We are undertaking this process of reforming democracy because the times demand it. As I have often said in this place and on various occasions at press conferences, interviews and

speeches, South Australia is in the midst of a period of unprecedented transformation and, for many, uncertainty. We are making the transformation from the old to the new economies and we are positioning ourselves within a global economy which, with every single day, is becoming more dynamic, competitive and internationalised.

In light of this profound and prevailing trend, it is not surprising that citizens feel fearful, but it is crucial that we honestly communicate with them the size and scale of the things that are occurring around us, and to call on them to join together—businesses, industry, citizens and community groups—to actually respond to these challenges by applying themselves creatively and to be adaptive to these changed circumstances.

It seems to me that in turn the people of South Australia have every right to expect innovative thinking and actions from me as Premier and from my whole department as a lead agency within South Australian government. Before coming to specific programs and initiatives, I want to say a little about the general style of the way in which we are approaching these matters in the current environment. One of the main observations that can be made about us, and something that we certainly do not apologise for, is that we are a campaigning government. Rather than passively accept the sometimes poor treatment we receive as a member of the commonwealth, we have no hesitation in standing up.

We have no hesitation in standing up for South Australia when, for instance, federal budget cuts threaten to have a direct and negative impact on our schools and hospitals. We also stand up boldly and immediately when we are not being accorded our fair share of resources, or when our obvious capabilities or achievements are derided or blatantly overlooked. The important thing about our campaigning is that it is effective, and by and large, it works. Our Federal Cuts Hurt campaign has been a success. There is no doubt health and education funding were key issues at the 2 July federal election, and even in the lead-up to that election we saw some (albeit small) concessions in favour of the states and territories in response to a campaign which was largely led by South Australia.

Still, we have a lot of additional work. The commitments made by the Turnbull government on hospital funding remain inadequate and finding a long-term solution to this problem is a priority, not just for South Australia but for every state and territory. We have also campaigned in other areas as well. For example, we helped achieve the return of 3,200 gegalitres of water to the River Murray under the revised Murray-Darling Basin Plan through our Save the River Murray campaign.

We also, of course, in May, received the news that we had all been waiting for and hoping for, the news that the federal government had decided, after many months of giving out worrying signals, to finally come good with the promise to build the Australian Navy's 12 future submarines in Adelaide. We make no apologies for the fact that we teamed up with the Defence Teaming Centre and with their Australian Made Defence campaign to achieve that objective. But make no mistake, there are elements within the defence bureaucracy that believe that was the wrong decision and we saw echoes of that just this week through the Productivity Commission report, and you will continue to see a backsliding on that question. We need to maintain our campaign pressure in those areas.

We also know that in the most recent federal election we issued a list of 11 major local projects for which we are seeking a constructive partnership with the next commonwealth government, and that was no matter who formed the government. I can say that both major parties committed to many hundreds of millions of dollars to nine of those 11 issues. These included support for our steel industry and for the expansion of our public transport network, and we are going to continue to campaign on those issues—they remain crucial.

One which is of contemporary importance is, of course, the reform of the National Electricity Market. I think there is a growing consensus around the nation, despite some very short-sighted criticism, of the fact that South Australia has a nation-leading commitment to renewable energy. There is, I think, a national consensus emerging, including amongst the business community, that there is no turning back in relation to renewable energy. What needs to give is not renewable energy but, indeed, the National Electricity Market, it needs to accommodate what is a national imperative and, indeed, an imperative for the planet.

The second major characteristic of our work and the work of this department is the determination to have citizens play a more decisive role in making South Australia the place they want it to be. This goes directly to this question of cynicism in politics and the political process. It is at an all-time high. We saw that, I think, evidenced around the world, but in the most recent federal election. I believe that, in response to this widespread feeling in the community, we do need to move beyond announce and defend politics to what I have called debate and decide politics, a more participatory form of democracy.

People need, though, to feel motivated to be a part of that. At the heart of it is the belief that we need to trust our citizens more. If people have the scope to post questions, establish facts, initiate discussions, and explore options, then they are capable of working through complex issues and reaching considered judgements. That is why we have taken such a leadership role in this participatory democracy. So, citizens' juries, Fund My Idea, Fund My Community, country cabinet, GOVchat, even the formulation of the 10 economic priorities for our state are all areas which are examples of this progress.

Through Fund My Idea and Fund My Community a total of \$1.15 million was allocated to worthwhile projects last year, and more than 8,000 South Australians took part in coming up with those solutions. Through the recent citizens' juries, everyday South Australians have come together and devised policies in relation to creating a vibrant and safe night-life, through to cycling on our roads. I believe in citizens' juries because I think they give people a process that allows them to work through issues that are complex. It gives people the means to make the necessary three-stage process to move from mass opinion to public judgement. These steps are: consciousness raising about the issues involved, working through and, finally, resolution.

I think the recent Brexit vote in Britain demonstrated what happens when citizens are asked to deal with complex, far-reaching issues in one-off yes/no votes. There was ignorance, confusion, crude and oversimplified public debate, and, once the result was known, some regret amongst voters who simply had not explored the issue and had made an uninformed decision.

I think there are some basic rules governments should follow when asking citizens to work through an issue to reach resolution. For me the key rule more often than not is that experts on the topic, including politicians, who for these purposes are within that category, start from a position which is different from members of the public. If experts have been studying a topic for many years but others are new to it, it is not surprising that we are out of step with one another.

Leaders wanting to engage people need to provide an opportunity for the public to determine where they want the debate to start from. The largest most high-profile application of these principles of participatory democracy is the mechanism following from the royal commission into South Australia's role in the nuclear fuel cycle. This entire process, which includes the handing down of the royal commission's final report, the two citizens' juries, the statewide consultation, is, for me, an example of debate and decide writ large. It focuses on establishing and debating facts. It provides for the broadest possible kind of community involvement and includes the broadest possible range of perspectives.

In line with what I said earlier, it allows in non-expert levels of knowledge to catch up with the experts. It respects the ability of everyday citizens to have intelligent discussions about complex matters and to reach sound judgements. In June, I attended the opening day of the deliberations of the first citizens' jury at the SAHMRI building and on 10 July I received the official report of the jury's deliberations that will now set the agenda for the statewide consultation period that will run until October. The report identifies four themes the jury believes South Australians should focus on: community consent and the importance of informed opinion; economics, including the benefits and risks to the state; safety, including issues such as storage, health and transport; and trust noting that accountability and transparency must be built into any regulatory system.

I must say that the jury's deliberations were incredibly impressive. People came together with very different perspectives, as you would imagine, across the whole spectrum, but with a spirit of goodwill they worked through the issues in a mature way without rancour. It was interesting to me that the jury focused on topics which initially I did not think would attract much attention, in particular their focus on the economic benefits and wanting to get to the underpinning assumptions.

At the same time, the members were relatively unconcerned about matters I thought would be potentially a significant area of contention. This demonstrates to me the difference between expert and non-expert opinion, and the need for people of different levels of understanding to become more closely aligned. Overall, I think this process is being managed by the dedicated unit within the Department of the Premier and Cabinet in a very effective way and I look forward to the people of South Australia having their say in this most pivotal and profound topic. The next citizens' jury will be in October, which will bring forward recommendations that will inform the government's ultimate response.

The CHAIR: Leader, do you have a statement?

Mr MARSHALL: No.

The CHAIR: Leader, questions?

Mr MARSHALL: Thank you very much. Just while we are on that nuclear royal commission, I can reference Budget Paper 5, Budget Measures Statement, page 69. Does the government rule out a referendum on the nuclear opportunities for South Australia?

The Hon. J.W. WEATHERILL: No, but I do not think it is the style of approach which is going to yield the best results here. In fact, for all the reasons I just mentioned in the example of the Brexit vote, I think a referendum does not give you the capacity to reconcile different perspectives; it just gives you a yes/no answer which does seem to me to be inconsistent with the complexity of the issue at hand. It also does not give you the opportunity for something which seems to be emerging from the deliberations of the first citizens' jury, a so-called 'gated approach'.

So it may well be that what emerges is a provisional go/no-go for the first step of the process, and then a provisional go/no-go for the next step of the process with the community, in a sense, reserving the right to retrieve the decision until the final irrecoverable decision is taken. I think a referendum would not provide the level of nuance that is, essentially, necessary in this area. I note that that it is being called for in some quarters. In particular, some Green groups are calling for a referendum. Of course, they are the same Green groups that do not want a referendum on gay marriage. Leaving aside that little internal inconsistency for the moment, I think it tends to close down public debate rather than allowing it to be developed.

Mr MARSHALL: If you will not rule out the concept of a referendum, in which circumstances would it be appropriate for there to be a referendum?

The Hon. J.W. WEATHERILL: I cannot envisage any at the moment. My preference at the moment is that, one, it is not necessary, there is no constitutional requirement for a referendum, and, secondly, at the moment it seems to me to be inconsistent with the way in which we need to approach the issue.

Mr MARSHALL: The royal commissioner himself said that it would be critical to have a social licence for this project to proceed.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: You have outlined in great detail your method of engagement, and the expenditure of \$3.6 million has been put into the budget for this important process. How will you actually determine whether that social licence has been granted? Are there measures, or have you just formed the opinion?

The Hon. J.W. WEATHERILL: Yes, it is the latter. It is not capable of precise measurement—I think it is a qualitative assessment. In a sense, it gets to this: when has the community reached a point where they are prepared to say, 'We have had our say, we have expressed ourselves, we are fully aware of all of the issues for and against, and now we believe the debate is in a mature enough phase for the government to make a decision about it.' Ultimately, one measure of community consent is going to be the attitude of this parliament and the attitude of all members of parliament, and that will be a critical part of the whole question of social consent.

Mr MARSHALL: Are you convinced that you will reach that position by the end of this year?

The Hon. J.W. WEATHERILL: I do not know. It may well be that we reach that position by the end of the year—we certainly want to be in a position to make a decision, but it may well be that we reach a decision to essentially take the next step, remembering, of course, that even if we were to say tomorrow that we were going to pursue a nuclear waste facility in South Australia, there would still be the next (and critically important step) of determining a precise proposal for a facility, and then the location of that facility in a particular place. As the royal commissioner contemplates, that consultation around a particular place requires specific community consent, and that would be another whole exercise.

There are many steps to this, and it would not be something that would be resolved quickly. I would like to be in a position to make a decision about whether we are able to pass the first threshold, and there is an important go/no-go first threshold which needs to be considered by the parliament if, for no other reason, the practical considerations that are embedded in the nuclear waste facility legislation which prohibits us from taking any steps to encourage such a facility—that would have to be grappled with if we were to take any further steps.

Mr MARSHALL: That first decision would be made without a site being chosen; is that correct?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What is the time frame for then ultimately making a decision regarding the preferred site?

The Hon. J.W. WEATHERILL: I do not know the answer to that question. I have to take that on notice. There probably is some material contained within the royal commissioner's report about that, and I would have to hunt that out for you.

Mr MARSHALL: Can we now move to Budget Paper 4, Volume 3, page 153, general questions on Premier and Cabinet. You have generally described this budget that was handed down as a jobs budget. How can you justify that when there is a situation in which the jobs forecast is less than half the national figure?

The Hon. J.W. WEATHERILL: Because we are consuming the single biggest change in the South Australian economy in recent history. Where is he? Looking down at you there. It is essentially the reconstruction of the Playford legacy, of the unwinding of very significant elements of our secondary industry. If we are able to do that and at the same time still keep growing in terms of employment, it will be an extraordinary achievement. This budget forecasts that we will achieve that: every single job lost in the manufacturing sector replaced and, in addition, job growth.

That is not to be sneezed at. That is a very significant achievement. It is nothing less than the transformation of the South Australian economy. Is it enough? No, because it means that we are not going fast enough to soak up the additional people who are coming into our job market. However, it should not be underestimated as a substantial achievement, the capacity for us to essentially keep growing while there is massive destruction going on in what has been really a mainstay of the South Australian economy for decades.

So we will be running very fast just to stay still. To actually be able to achieve gains will, of course, be an even bigger challenge. Of course, you have to remember that these estimates are conservative. They are provided not by the government but certainly by agencies of government, which tend to make conservative estimates of jobs growth. We hope to exceed them. We have already seen, I think, significant job growth associated with the last budget, and we are expecting to see very significant accelerating growth associated with the budget that we have recently announced.

Mr MARSHALL: You describe this as a jobs budget and that there is projected jobs growth in this budget. That is exactly how last year's budget was framed. The reality is that we did not go anywhere near achieving those conservative estimates, as you describe them, in last year's budget. So what is it about this year's budget that makes you more optimistic that we are going to achieve jobs growth?

The Hon. J.W. WEATHERILL: I would query that. Many thousands of jobs have been created in addition to the jobs that were lost since the last state budget. Remember, of course, that

the investments that we made in that budget were about encouraging businesses to restructure their operations, to invest in plant and equipment through the reduction of stamp duties, which provided a disincentive for them to do so.

What this budget does is take the next step. So, for those businesses that have taken the step to invest in new plant and equipment, to restructure their organisations, to acquire other businesses, to change their business models, we are now encouraging them to employ additional labour. We do that by encouraging them with a substantial stimulus of \$10,000 for payrolls in excess of \$5 million for each additional person that they employ, and for less than that it is \$4,000 for any additional person they employ. We think that does provide a stimulus for people to take that step.

We know that for many small businesses these are marginal decisions. Do we employ the extra person or not is a question of sentiment as much as economics. People are choosing to take a risk, choosing to take a risk on an apprentice, somebody that may cost some money, or a trainee or a new employee. Any new employee has lower productivity when they begin, as opposed to when they are experienced, and making that choice is a difficult one for a business. We hope this will be the tipping point that will cause many businesses to make that decision.

In addition, we are also conscious of the need to keep the engine of this economy going, so there is substantial stimulus in the economy to create short-term opportunities. The investments in building the new science labs and the building and construction projects around our state not only yield long-term benefits in terms of our human capital and physical capital, they also provide a short-term impetus into the South Australian economy.

We think we have the balance right. We have delivered a budget which is in the black at a time when we are also delivering very substantial tax reform. We are also doing that in a way that does not put a sudden deflationary impact into the economy. We are using asset sales to assist us to achieve that. That is intelligent, because what that does is recycle government assets which are sitting there and not necessarily unlocking value in a way which achieves those objectives. I think it is a very intelligent budget. I think the Treasurer should be commended for the way in which he has constructed a budget that sends a positive message around financial prudence but at the same time does not put a deflationary impact into an economy which is already in a fragile position.

Mr MARSHALL: Did we create any additional full-time jobs in the South Australian economy from last year's budget?

The Hon. J.W. WEATHERILL: We certainly created additional full-time jobs, and they replaced many of the full-time jobs that went, but in net terms, in terms of jobs created over those lost, I think all of the additional jobs were part-time jobs.

Mr MARSHALL: Are we transitioning in South Australia from a state of full-time employment to part-time employment?

The Hon. J.W. WEATHERILL: Along with the rest of the nation, in large measure, yes. A number of key elements have been a big shift to the service sector, which is characterised by less than full-time employment, a shift to 'female occupations' (occupations which have traditionally been associated with female employment), and a shift to work which may not necessarily be full time. Of course, full time for the purposes of those statistics is more than 37.5 hours a week, so there are many substantial jobs that are still available. This is all employment and creates value and income in family households. But it is changing the nature and the composition of the Australian workforce, and South Australia is no different from what is occurring in the rest of the nation.

Mr MARSHALL: Maybe a better method of looking at this then is the total number of hours worked. Did we increase the total number of hours worked in South Australia from the jobs budget last year?

The Hon. J.W. WEATHERILL: I do not have that information in front of me. I will bring back an answer.

Mr MARSHALL: Do you envisage that we did grow that employment in South Australia last year?

The Hon. J.W. WEATHERILL: We certainly increased in net terms, over jobs created and lost, the number of employers, depending on which period you take, by about 5,000 jobs. I would imagine that would translate to an increase in full-time hours, because in net terms we replaced almost all of the full-time jobs and created part-time jobs in excess of that.

Mr MARSHALL: So it is your belief that we created more workable hours in South Australia last financial year?

The Hon. J.W. WEATHERILL: I will bring back an answer.

Mr MARSHALL: Can we move then on page 153 to have a look at the ministerial office resources. There was an increase in the number of resources in your office from 35 last year to 40.4. What are those additional resources in your office doing?

The Hon. J.W. WEATHERILL: Apparently, the number of people has not changed, they have just been shifted from different classifications. That is apparent when you look at the budget, because the budget has not substantially changed. We will bring back an explanation about how that works.

Mr MARSHALL: And is that the area that contains the media advisers provided to other government ministers?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Of the 40 people in your ministerial office then, how many of them are dedicated officers in other ministers' offices? Media people.

The Hon. J.W. WEATHERILL: On just a quick count, it looks like there are about 15 and two of them are in my office, so the rest are allocated to other ministers.

Mr MARSHALL: So 15 in total, two of whom are in your office and then there are another 13. Can you give us an indication of what proportion of the overall budget that would be then that is on that media advice?

The Hon. J.W. WEATHERILL: We would probably have to do those sums and bring back an answer.

Mr MARSHALL: Also on that page, we see a substantial increase in the number of employee FTEs in your department for the year, rising from 1,540 to 1,612. Can you explain the reason for the increase to 1,612 and then also the reason for the forecast reduction for this coming year?

The Hon. J.W. WEATHERILL: Once again, I think there is no substantial real increase. It is really just the way in which FTEs are allocated between staff and labour hire. The decrease of 69.6 FTEs reflects lower FTEs within Shared Services due to refined staffing structures and the CHRIS 21 payroll reform project reaching its budgeted completion date, so the increase in 112.2 FTEs between 2014-15 actual and 2015-16 estimated result primarily reflects the use of temporary contractor staff rather than public sector management employees during 2014-15 within Shared Services and Service SA.

Mr MARSHALL: If we can move to Program 1: Premier and Cabinet Policy and Support on page 156, you talk there about the Tailem Bend expenditure last financial year of \$7.5 million. Can you tell us whether that project is on target to open in June of next year?

The Hon. J.W. WEATHERILL: I am going to have to refer that one to the Minister for Tourism. It was negotiated by the Commercial Advice Unit on behalf of the Minister for Tourism, so I do not actually have the answer to that question.

Mr MARSHALL: So this is a project which has been transferred? Because previously the incentive has come from the Department of the Premier and Cabinet and last year you informed this committee that the new facility would be open in June of 2017.

The Hon. J.W. WEATHERILL: Yes, I think the funding agreement contains a date for the implementation by 30 June 2017, which gives us rights of clawback. Obviously that remains an element of the funding agreement.

Mr MARSHALL: Nothing is envisaged at this stage in terms of—

The Hon. J.W. WEATHERILL: I do not know where it is up to, and that is why I will refer that matter to the Minister for Tourism, who seems to be handling that.

Mr MARSHALL: You also talk on that same page about the establishment of the Low Carbon Economy Unit. Where does this unit sit?

The Hon. J.W. WEATHERILL: It sits within DPC. It is a unit that reports directly to me in relation to my role in chairing the Low Carbon Economy task force.

Mr MARSHALL: Can you give an indication of what the budget is, what personnel are in this unit and when it was established?

The Hon. J.W. WEATHERILL: Yes, I can. The unit has been formed through the reallocation of existing resources across government, including six FTEs from DSD; three from RenewablesSA; another three to contribute to clean technology industries, energy efficiency and energy market regulation; one FTE from DEWNR to provide climate change expertise; one FTE from DPTI to support low carbon transport and planning; one FTE for a year from PIRSA; and the director position has been funded from within the DPC operating budget.

Mr MARSHALL: What is the total budget for that unit, though?

The Hon. J.W. WEATHERILL: The total operating budget for the unit is \$1.733 million.

Mr MARSHALL: Who heads up that unit?

The Hon. J.W. WEATHERILL: Josh Carmichael.

Mr MARSHALL: When was it formed?

The Hon. J.W. WEATHERILL: I think in about January of this year.

Mr MARSHALL: What assistance, if any, is this unit providing to support wind or solar industries or opportunities in South Australia?

The Hon. J.W. WEATHERILL: That is its role. The unit is focused on initiatives to attract investment in wind, solar, PV and solar thermal renewables; develop innovative cleantech industries, and potential use of novel hydrogen and battery technologies; capture energy efficiency opportunities including in buildings; low emission vehicle transport opportunities; developing a bioenergy industry; and progress economic development opportunities from carbon offsets and bio sequestration; and also to attract sustainable energy service companies to South Australia.

It is essentially directed at ensuring that we create the jobs and opportunities that re-emerge through the renewable energy sector and make this transition to a low-carbon economy. As I touched on earlier, the imperatives around renewable energy have been established by international, national and state policy. So, South Australia has excellent renewable energy resources. We have played a leadership role in the technologies associated with them, and this is part and parcel of the transformation role of the South Australian economy. There could not be a more profound element about the new economy that it is going to be low carbon.

There are massive opportunities for first movers who are able to take a leadership role in renewable energy. As I said, while there was some hysterical commentary about the challenges of renewable energy for South Australia, I think what we have thankfully seen is the new energy minister say that renewable energy is the future, and what needs to change is not renewable energy but rather the National Electricity Market which presently does not accommodate the situation. We are talking about an irreversible international and national imperative, so it is natural for South Australia to take advantage of its endowment of renewable energy and pursue those opportunities.

Ultimately, it will lead to lower cost power. Ultimately, it will lead to jobs and opportunities as we innovate as we transition to a low carbon economy. We will be first movers and we will gain an international reputation for being a clean, green state because we have done so.

Mr MARSHALL: Are there any specific programs or grants envisaged as part of this new low carbon economy unit, or is it purely advice to you as Premier?

The Hon. J.W. WEATHERILL: We have one at the moment which is presently being evaluated which is the quarter of a million-dollar prize for the low-carbon entrepreneurs initiatives to promote South Australia's ambition to have Adelaide as its world's first carbon neutral city and indeed for the state eventually to become carbon neutral, so that is a grant program. It is presently open, and the submissions are being evaluated and will be announced shortly.

There is no other specific grant program that is associated with the low-carbon economy unit, although we are using procurement to drive innovation in this area. You would have seen the announcement of the energy minister yesterday about the 25 per cent of our state's procurement of electricity being devoted to renewable energy with associated storage battery capacity which is also designed not only to drive renewables but also provide us with that sustainable baseload contribution.

Mr MARSHALL: Coming back to page 153 when we were talking about your workforce summary, can you confirm whether Paul Flanagan, previously an executive director in your department, received any form of employee separation payment or settlement at the end of his employment?

The Hon. J.W. WEATHERILL: I will take that on notice about what he sought. I presume he has received his entitlements under his contract of employment.

Mr MARSHALL: What were the circumstances of that separation? Was that position made redundant? If he is just seeking his entitlements, I presume he did not resign.

The Hon. J.W. WEATHERILL: Entitlements involve accrued entitlements to annual leave and whatever other arrangements exist, but I think there has been a restructuring in the agency, which is something that has been undertaken by agencies. There have been a number of restructuring of arrangements within DPC and this is a further restructure which has led to a position that is no longer being filled or the duties are not being performed in the same way.

Mr MARSHALL: What position did Paul Flanagan hold before his termination?

The Hon. J.W. WEATHERILL: Head of communications within the agency.

Mr MARSHALL: So you are not having a head of communications in the agency?

The Hon. J.W. WEATHERILL: I understand the disposition of the roles has been split up in different fashions, so there is not one position that actually has all of those functions. I understand that there has been a reallocation of duties and responsibilities amongst different employees.

Mr MARSHALL: So you will come back to the committee with the total cost of the separation?

The Hon. J.W. WEATHERILL: If you are asking me to do that, yes.

Mr MARSHALL: Yes, please. Also, can you confirm the circumstances of the termination of Adele Young to the committee? Was that similarly a restructuring? What role was she in previously?

The Hon. J.W. WEATHERILL: I think that employee worked for the Commissioner for Public Sector Employment and we will have to take that on notice and find out the circumstances of that termination.

Mr MARSHALL: Thank you very much. If we could move over to page 158, Strategic Engagement and Communications. Can you explain the 12.8 FTE increase in staff between 2014-15 and the estimated results for last year?

The Hon. J.W. WEATHERILL: There are no additional employees in that section, it is just a reorganisation of the same employees into a different program. The FTE cap really reflects the fact that that program area has that number of employees, so it is not an additional 12 employees in the agency as a whole.

Mr MARSHALL: How do you explain that? Basically you are saying one year there were 17 people and the following year there were 30 people. How can you explain there were no extra people?

The Hon. J.W. WEATHERILL: We move people around.

Mr MARSHALL: Where were they previously such that they have been moved into this program now?

The Hon. J.W. WEATHERILL: They are in the department and there are a number of subprograms where people are organised and now they are reorganised in this fashion, so the total numbers have not increased.

Mr MARSHALL: Is this the unit that also engages external contractors like 57 Films?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: What area is that of DPC?

The Hon. J.W. WEATHERILL: It was done by the director of that group and that was the head of communications.

Mr MARSHALL: The expenditure though is from that group, so it would come under supplies and services in the 2015-16 budget of \$4 million; is that correct?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Why did you just tell the committee that 57 Films was not under this?

The Hon. J.W. WEATHERILL: It was by the director. It was entered into by the director of the group.

Mr MARSHALL: Who is the director of the group?

The Hon. J.W. WEATHERILL: Paul Flanagan.

Mr MARSHALL: Was he dismissed because of the 57 Films debacle?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: What were the circumstances in terms of the procurement process for 57 Films? This was just a decision of Mr Flanagan?

The Hon. J.W. WEATHERILL: No. The procurement of 57 Films was a matter for the communications director and there have been a number of procurements concerning 57 Films. The most recent has been the subject of a procurement exercise which involves the selection of 57 Films to provide various services to government.

Mr MARSHALL: Do you know what the total expenditure with 57 Films was last year?

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

Mr MARSHALL: Just for clarity, was Mr Flanagan operating independently when he contracted 57 Films to do this work?

The Hon. J.W. WEATHERILL: I do not understand what you mean. He was performing his terms and conditions of employment in exercising his responsibilities. One of his core responsibilities was to engage contractors to provide services to meet the communication needs of government, so the extent—if you want to describe that as 'independent', yes.

Mr MARSHALL: Do you support the expenditure that your department made with 57 Films last financial year?

The Hon. J.W. WEATHERILL: Absolutely.

Mr MARSHALL: At one stage, it was reported that 57 Films were paid \$12,000 to put together a message from your chief executive to his department. Have any other messages to the department been made using this methodology and using 57 Films?

The Hon. J.W. WEATHERILL: There have not been further exercises of that sort because that was about the communication of a very substantial restructure of the Department of the Premier and Cabinet, but it has been used as a template, if you like, for other work.

Mr MARSHALL: Has 57 Films been used for any other chief executive messages to the department over and above the Christmas message or that initial message that you refer to that has been reported earlier this year?

The Hon. J.W. WEATHERILL: None of the chief executives across government, if that is your question, and I think no other messages have been sent by the chief executive of the Department of the Premier and Cabinet.

Mr MARSHALL: Thank you very much. I would like to go to Budget Paper 5, page 70, which relates to the France engagement strategy. Can you perhaps give us some indication when you decided to proceed with this program?

The Hon. J.W. WEATHERILL: I think immediately upon the awarding of the Future Submarines contract, for a range of reasons. It has a number of different elements to it. One is to maximise the opportunities which are directly as a consequence of the Future Submarines project, and that involves an interrogation of the South Australian supply chain to make sure that we are able to capture as much of that work as possible.

The second element is to look at, to the extent that we do not have all the skills and capabilities here, whether we can lift our skills and capabilities to gain them and, where we cannot, to find businesses from interstate or overseas that could be part of South Australia and supply those gaps. So, that is the first fundamental exercise. The second is the other business opportunities associated with the connections with France, which include the regions of Brittany and Normandy, which house these facilities. To give you one example, Brittany has an extraordinary international reputation for food manufacturing technologies which could obviously be highly beneficial if they are paired up with South Australian produce and South Australian opportunities. So, that is one area of operation.

Then, of course, there are the broader connections between France and South Australia which emerge as a consequence of our embedding now this very substantial contract between France and Australia. There are things like cultural elements, people-to-people ties, academic institutions, cultural events, artistic events, sister state relations, sister city relations, that all need to be managed. Certainly, on the French side, they are pursuing it with this systematic approach, so we needed to have a corresponding South Australian approach.

Make no mistake, other states and territories are eyeing off this relationship, so I suppose we want to have the best relationship with France that South Australia can possibly get. We are, obviously, in the box seat because the contractual arrangements are centred here, but we cannot take any of that for granted.

Mr MARSHALL: How many people work in this—is it an agency or unit?

The Hon. J.W. WEATHERILL: No, it is not an agency, it is just a French strategy group. I have appointed Jos Mazel to lead the French engagement strategy and there is a coordination plan that will be supervised within our international section within the Department of the Premier and Cabinet which will, obviously, have a close relationship with Defence SA.

Mr MARSHALL: Has Jos Mazel been appointed to lead the team?

The Hon. J.W. WEATHERILL: Yes, she has been transferred to an executive role within the Department of the Premier and Cabinet to lead that group.

Mr MARSHALL: Previously, you have reported to parliament, and I quote:

We are currently recruiting for a project director to lead this team. Meanwhile, Jos Mazel will join DPC to begin to map aspects of the French strategy.

So, you have now made that appointment?

The Hon. J.W. WEATHERILL: No, there is a separate—Jos Mazel is not the person appointed to that position. The project director's role is the thing that is being advertised. That will sit beneath Jos Mazel and that is presently being analysed. I think we have applicants and we are about to make an appointment.

Mr MARSHALL: So, Jos Mazel sits above the project director?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What was the process put in place regarding her appointment to that position?

The Hon. J.W. WEATHERILL: It was a decision that I took to transfer her from her previous role into this role because we wanted to make sure that we had a high-level executive who was able to put effort into what I think is one of the biggest opportunities that we have as a state. She indicated a willingness to shift from her previous role and so it became convenient to apply her to this work. She also has a French background. Her mother tongue is French and she obviously has a great familiarity with the French culture.

Mr MARSHALL: What is the term of her appointment to this role?

The Hon. J.W. WEATHERILL: I do not think she has a fixed term. I think she has transferred on the same terms as her previous contractual arrangements.

Mr MARSHALL: To be clear, you approached her for this role, she did not apply for this role, or did not seek this role?

The Hon. J.W. WEATHERILL: No. We had discussions about her future employment. She indicated that she was agreeable to, essentially, looking for a different and new challenge within state government and obviously agreed to perform this role.

Mr MARSHALL: So, she had approached you saying she was looking for something other than Families SA and you thought: 'Well, this is a role that is coming up, your experience and seniority would suit this role'?

The Hon. J.W. WEATHERILL: I am in routine discussions with the chief executives about their futures, so there are ongoing discussions about where people are, what their ambitions are and where they are looking for fresh challenges. I think, though, the suggestion for her filling this role came initially from her, if I am not mistaken. Ultimately, I thought it was an excellent idea. I stand to be corrected about this, but I think when she heard of the creation of this strategy group she indicated her interest in it.

Mr MARSHALL: Were you dissatisfied with her performance as a chief executive in Families SA?

The Hon. J.W. WEATHERILL: No, not at all, but, as I say, we are in regular discussions and from time to time chief executives indicate that they are looking for new opportunities and fresh challenges and we seek to accommodate that where we can.

Mr MARSHALL: How many people will Joslene Mazel have reporting to her in this new role?

The Hon. J.W. WEATHERILL: In a sense, it is a coordination role. There are not many direct reports because she essentially is ranging across the whole of government to coordinate all of our efforts in our engagement with France. In some senses, we are seeking the whole of the Public Service to respond to this strategy but there is only a handful of people who directly report to her within DPC.

Mr MARSHALL: So at the moment there is Joanne Murray, who you have reported to parliament has been transferred there, and you have the project director who you are recruiting, but other than that it is a coordinating role. What salary package does this position attract then? Is it the same?

The Hon. J.W. WEATHERILL: If you are talking about Jos Mazel, her terms and conditions of employment are the same as her existing contract as chief executive for DCSI, and she has been transferred pursuant to section 36 of the Public Sector Act.

Mr MARSHALL: Yes, so what is her current—

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

Mr MARSHALL: Going back to the previous Premier and Cabinet policy and support, in previous years you have spoken in this area about your support for driverless cars in South Australia, but that no longer features in the highlights. Is there any specific expenditure from this area going forward in DPC or, in fact, in any other agency in government?

The Hon. J.W. WEATHERILL: There is a specific reference to driverless cars in another section of government, so it is being handled through the Minister for Transport, and I will bring back a reference to that to you. In terms of the role of DPC, DPC's role, through the international section, is to engage in discussions at an international level in terms of trade delegations, and so the general support for that work would be contained within the work of agencies.

Often, as Premier, I act on behalf the whole of government, especially in relation to international visits, but once those matters become more mature, they are then sent to line ministers to pursue. I know the Minister for Transport together with the Minister for Manufacturing is pursuing the relationship with a range of different organisations that may be able to assist us in taking the next steps in relation to driverless cars.

Mr MARSHALL: So you remain committed to the driverless cars initiative from DPC—

The Hon. J.W. WEATHERILL: Absolutely.

Mr MARSHALL: —and you will come back to us with what programs you have in place, but they are no longer something which are coordinated by your department?

The Hon. J.W. WEATHERILL: They are within line agencies, so there are areas that as I say are contained within the Department of State Development and also the Department of Transport. I think there is a specific sum of money that we allocated to it in the context of the budget.

Mr MARSHALL: So you will come back to us with that. This is also the area where you have previously talked about the Future Fund. Can you update the committee regarding your plans for the Future Fund? You have previously reported to this committee under this item, that this will be established once the budget returns to surplus. Now it is in surplus; further, it was previously reported in estimates that the legislation for this would be introduced into the parliament before the end of last year. How is that progressing?

The Hon. J.W. WEATHERILL: Obviously, the Future Fund consideration has a certain test associated with it. It is only when the surplus reaches a certain level that the excess funds will be applied to a future fund. The economic circumstances that face this state at the moment mean that there is no obvious windfall that is associated with the projected increases in revenues associated with economic activity, although a future fund is part and parcel of the analysis associated with the Nuclear Fuel Cycle Royal Commission, where there is a substantial discussion about the way in which any excess funds could be applied should the state wish to involve itself in a nuclear fuel cycle waste facility.

I will bring back an answer on where the disposition of that work is, but obviously it has become less urgent because the surplus funds have not risen to a level where there would be a contribution, necessarily, to such a fund.

Mr MARSHALL: Nevertheless, are you concerned that because we remain in a structural deficit, i.e. we only achieved the surplus because of the transfer of the one-off MAC payments, that it just is not appropriate at this point to proceed with your previously announced position regarding the Future Fund?

The Hon. J.W. WEATHERILL: No, I do not accept that analysis. We have achieved a surplus.

Mr MARSHALL: Then why have you not set up the Future Fund? As you previously told this committee, you said that the legislation would be in place I think in November last year.

The Hon. J.W. WEATHERILL: Because that is not the only test for the Future Fund. The surplus has to be of a certain quality and type before a contribution is made into the Future Fund. There is a formula that we have laid out where, obviously, the circumstances do not pertain that

would lead to the creation of the Future Fund. The sensible step in the short term is to pay down government debt associated with the surplus that we have created.

Mr MARSHALL: Previously, under this item in your budget, you have spoken about the State Strategic Plan. Have you given up on that now?

The Hon. J.W. WEATHERILL: No, not at all. We have simply sharpened up what are the key priorities under South Australia's Strategic Plan. The Strategic Plan targets remain, and they guide government—not just government, but the whole of community decision-making and goals. We have simply sharpened them up into 10 economic priorities which guide our thinking.

Those priorities are the five sectors of the economy: resources, food, health, education and tourism, and then the enablers of innovation, business environment, the vibrant city, international connections and small business. We are pursuing those matters because they are the central imperatives for the South Australian economy. That is not to suggest that there are not other measures that the government is guiding its work in having regard to; it is just that we have decided that it is important to reduce the number of areas of focus for attention.

Mr MARSHALL: Really, for the last two years you have reported that an audit would be underway of the State Strategic Plan. Is there any plan whatsoever this year to conduct that audit which is now two years late?

The Hon. J.W. WEATHERILL: We will bring back an answer to that question, but certainly we remain committed to pursuing the South Australian Strategic Plan targets. Our energies, though, are being directed at the 10 economic priorities. That is the single most important thing on the minds of South Australians—the transformation of the South Australian economy.

Mr MARSHALL: Is there anything in this year's budget, though, for that audit of the State Strategic Plan?

The Hon. J.W. WEATHERILL: It is certainly not a specific initiative, and whether there are resources that will permit it to occur—that is something that I will take on notice.

Mr MARSHALL: Is that audit committee still in place?

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

Mr MARSHALL: When was the last reported audit of the State Strategic Plan?

The Hon. J.W. WEATHERILL: Once again, I will take that on notice.

Mr MARSHALL: So you are suggesting to this committee that it is still the guiding strategy for this state. You do not know when the last report was, you do not know whether the audit committee is in place and you do not know whether there is a budget for the audit which is now running two years late; is that plausible?

The Hon. J.W. WEATHERILL: That is a comment. I have given you my answer.

Mr MARSHALL: Well, no. I am asking whether it is plausible that it remains the guiding strategy for the state, given that there is nothing in the budget, the audit is running two years late and you do not even know when the last audit of the State Strategic Plan was. Why do you not just say, 'We are not pursuing it any more'?

The Hon. J.W. WEATHERILL: Because I do not agree with that statement.

Mr MARSHALL: Can you give any evidence that you are still pursuing the State Strategic Plan, given there has been no audit as promised now for more than two years?

The Hon. J.W. WEATHERILL: As I said, we have sharpened our priorities to the 10 economic priorities. That is the thing that is on the minds of the South Australian community. Our capacity to deal with many of the other issues associated with the South Australian Strategic Plan will in large measure depend on our capacity to restructure the South Australian economy. I am surprised to hear that the Leader of the Opposition is such a supporter of the South Australian Strategic Plan, given his opposition has spent most of the existence of the life of the plan bagging it.

Mr MARSHALL: I am just asking what it is. You keep saying that you are a supporter of it.

The CHAIR: That question is on notice and you will bring that back.

Mr MARSHALL: Is there a similar audit process put in place for the 10 strategic priorities?

The Hon. J.W. WEATHERILL: What we do in relation to the 10 economic priorities is that we manage them through a cabinet committee process, and they remain the subject of regular reporting to me through the Department of the Premier and Cabinet. It is published material online, which allows people to follow our progress in relation to each of those matters. We have laid out for ourselves very clear targets—12-month and two-year targets—which will all emerge throughout the life of this government. People will be able to evaluate each of those things.

Mr MARSHALL: Just for clarity, there is no independent published audit of those 10 economic priorities; it is just something which is monitored by the cabinet?

The Hon. J.W. WEATHERILL: It is published. By the end of 2015, we achieved 59 of the 68 objectives we set for ourselves in 2015, and we are working to deliver the 72 objectives we have set for ourselves in 2017. The opposition, like anybody else in the community, will have the capacity to evaluate our success or otherwise in achieving those objectives. I do not think we can be any more transparent than that.

Mr MARSHALL: I think you could.

Mr SPEIRS: Supplementary on that: we have the State Strategic Plan and we have the 10 economic priorities. There are also the seven strategic priorities. What is the evaluation and monitoring process for those?

The Hon. J.W. WEATHERILL: As I said, we are making a very concerted effort to focus on 10 economic priorities which target the five key sectors and the five enablers. That has been our focus and our attention. I do have, though, in relation to the 10 economic priorities, a range of other, if you like, non-economic priorities that I pay particular attention to. They are the subject of regular reporting and monitoring on a weekly basis to me.

Mr SPEIRS: Are the seven strategic priorities still in place for the state government or have they fall in the same way as the State Strategic Plan?

The Hon. J.W. WEATHERILL: No, the seven economic priorities are wholly encapsulated within the 10 economic priorities and the other priorities that are reported to me on a weekly basis.

Mr SPEIRS: But I thought that the seven strategic priorities were not necessarily economically focused. I think two or three of them are, but there are three or four which are socially based.

The Hon. J.W. WEATHERILL: That is right.

Mr SPEIRS: It all gets quite confusing, Premier.

Mr MARSHALL: With the marching on of time, I suggest we move on to the Economic Development Board.

The CHAIR: Are you happy for me to close Premier and Cabinet, which I will do. We thank the advisers. We do need to refer this to Estimates Committee B this afternoon, so we will be leaving it open and adjourned.

DEPARTMENT OF STATE DEVELOPMENT, \$672,950,000

ADMINISTERED ITEMS FOR THE DEPARTMENT OF STATE DEVELOPMENT, \$10,448,000

Minister:

Hon. J.W. Weatherill, Premier.

Departmental Advisers:

Mr D. Russell, Chief Executive, Department of State Development.

Ms J. Parkinson, Executive Director, Economic Development Board, Department of State Development.

Mr D. Romeo, Chief of Staff, Department of the Premier and Cabinet.

The CHAIR: I declare the proposed payments open for examination and refer members to Portfolio Statements Volume 4. Premier, will you have an opening statement for this line?

The Hon. J.W. WEATHERILL: No.

The CHAIR: In that case, could I ask you to introduce the advisers you have with you.

The Hon. J.W. WEATHERILL: To my right is Don Russell, Chief Executive of DSD, to my left is Julianne Parkinson, who is the Executive Director of the Economic Development Board, and behind me is Daniel Romeo, the Chief of Staff.

The CHAIR: Can I just ask before you start, the table has just asked me about the Office for Digital Government. Is this going to be part?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 58. How many times did the board meet last financial year?

The Hon. J.W. WEATHERILL: There were four quarterly board meetings but numerous subcommittee meetings.

Mr MARSHALL: What are those subcommittees?

The Hon. J.W. WEATHERILL: I might have to take that on notice. They are things such as the ageing well subcommittee, the utilities subcommittee, the Tonsley subcommittee, the northern Adelaide subcommittee, but we will give you a complete list.

Mr MARSHALL: Thank you very much. How many times is the board scheduled to meet this financial year?

The Hon. J.W. WEATHERILL: It will be the same, four quarterly meetings.

Mr MARSHALL: Will you attend all those meetings?

The Hon. J.W. WEATHERILL: No, I tend to come to some of them.

Mr MARSHALL: How many did you attend last financial year?

The Hon. J.W. WEATHERILL: I cannot recall, but the real point is that the EDB is integrated into the work of the Economic Development Cabinet Committee, so the chair and deputy chair are on that cabinet committee. There are numerous other conversations I have with the chair of the Economic Development Board when they get updates of work of the board. I tend to routinely attend the meetings at the end of the year and then occasional meetings during the course of the year. That tends to be the practice.

Mr MARSHALL: Can you confirm to the committee how many meetings you did attend last financial year?

The Hon. J.W. WEATHERILL: I do not know. I will bring back an answer.

Mr MARSHALL: Thank you. What public accountability is there for the work of the EDB?

The Hon. J.W. WEATHERILL: The public accountability is with the government. They are advisers, they are not decision-makers.

Mr MARSHALL: Is there an annual report?

The Hon. J.W. WEATHERILL: No, it sits within a government agency of DSD, so DSD provides the annual report.

Mr MARSHALL: It is not subject to the Public Corporations Act?

The Hon. J.W. WEATHERILL: It is not a separate agency within the meaning of the Public Sector Act. DSD is the relevant agency.

Mr MARSHALL: Is it subject to the Auditor-General's office?

The Hon. J.W. WEATHERILL: To the extent that it comprises part of an agency which is subject to the Auditor-General's office, yes.

Mr MARSHALL: There is no annual report published and the agenda and the minutes of the meetings are not published, so the only accountability is directly to whom?

The Hon. J.W. WEATHERILL: They are not a decision-making body; they are an advisory body, so it would be in the same nature that every advisory body in government tenders their advice and then bodies advise and governments decide. The accountability goes with the decision-maker, and that is the government.

Mr MARSHALL: The current expenditure on this line for this program is just under \$3 million per year, at \$2.7 million per year. Are payments made to board members?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Can you outline the payments to board members?

The Hon. J.W. WEATHERILL: Total payments to board members over the relevant period were \$635,000.

Mr MARSHALL: Are there any other payments to board members over and above board fees, i.e. travel or work associated with any of the subcommittees?

The Hon. J.W. WEATHERILL: To the extent that there is any travel associated with the board, the board does sometimes travel to regional areas. Those costs are met through the operating budget of the Economic Development Board, but there is no additional travel allowance to that extent.

Mr MARSHALL: You referred earlier to a utilities subcommittee. Can you outline to the house who is on the utilities subcommittee?

The Hon. J.W. WEATHERILL: It is chaired by Terry Burgess, but I will bring back the composition of the committee.

Mr MARSHALL: What is the work of the utilities subcommittee?

The Hon. J.W. WEATHERILL: The work of the committee is to determine the structure and driver of utility pricing in South Australia, particularly in relation to commercial and industrial users, and it is to assist the government in making policy decisions in the areas of electricity, gas, water and wastewater.

Mr MARSHALL: Has this committee made recommendations to the government regarding utilities and electricity pricing here in South Australia?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Can you detail what advice they have provided?

The Hon. J.W. WEATHERILL: In broad terms, it was that we need to pursue reform of the National Electricity Market, and there was some detail that sits below that, but that in essence was the recommendation that was made to us.

Mr MARSHALL: In what format did they provide that advice? Was there any written advice or minutes of meetings that provided that advice that their recommendation—

The Hon. J.W. WEATHERILL: It was presented to a cabinet committee meeting verbally.

Mr MARSHALL: Who verbally presented that?

The Hon. J.W. WEATHERILL: Mr Burgess made that presentation.

Mr MARSHALL: Has that utilities subcommittee made any presentations, verbal or in writing, regarding the closure of Alinta or base load power in South Australia?

The Hon. J.W. WEATHERILL: I would have to take that on notice. I do not know what other pronouncements they have made, either verbally or in writing. The one I am familiar with is the one that was presented to me and others in the context of that committee, and certainly there was no reference to Alinta except as a fact.

Mr MARSHALL: In a speech made by the Chairman of the Economic Development Board, Raymond Spencer, in November last year, he talked about the subcommittee preparing workshops for this energy area for South Australia. Can you tell us about these workshops, when they were held and what the outcomes were?

The Hon. J.W. WEATHERILL: I understand that they have extended from January through to as late as yesterday and that we can bring back a report about the nature of those workshops.

Mr MARSHALL: Who attends those workshops? Is it generators or users or consumers?

The Hon. J.W. WEATHERILL: It is a broad cross-section of people: business, government, regulators, consumers of electricity, business consumers of electricity. They are the sorts of people associated with those workshops.

Mr MARSHALL: How many workshops have been held?

The Hon. J.W. WEATHERILL: I will take that on notice. I do not know the precise number, but they span from January through to now.

Mr MARSHALL: What is the purpose of those, and will there be a final report, and will that report be made public?

The Hon. J.W. WEATHERILL: The purpose is as I just indicated. This is an advisory body. It gathers information to make representations to the government to assist government to make policy, and it has already done that and it has been of great assistance to us.

Mr MARSHALL: Yes, but will there be a report with recommendations?

The Hon. J.W. WEATHERILL: I do not understand that there will be a report with recommendations. That has not been drawn to my attention, but there may well be. There has not been one delivered to this point that I am aware of, and I don't understand that there are plans to produce a report beyond the reporting that has already occurred to the Economic Development Cabinet Committee.

Mr MARSHALL: Can you give an update on another of the EDB's projects, the food park precinct? Are there any tenants for this new precinct at the moment?

The Hon. J.W. WEATHERILL: I can. I will just get that. This is really supervised by PIRSA, but I will give you as much assistance as I can. The EDB's involvement in this is about the initiation of the project. It was involved in the development of the food park through the representation of Rob Kerin, Göran Roos and Terry Burgess on the food park advisory committee. Rob Kerin was co-chair of the advisory committee with Mehdi Doroudi from PIRSA. PIRSA established a government steering group for the project, which is chaired by Mehdi Doroudi, and includes representatives from across government.

In a sense, it has passed from the EDB and now is in the hands of PIRSA. We have established the process that led to the selection of a location. The EDB continues to be involved in the development of the food park through the representation of Rob Kerin, Göran Roos and Terry Burgess on the project advisory committee, but it is essentially now an advisory committee that responds to PIRSA.

Mr MARSHALL: So, we have a site?

The Hon. J.W. WEATHERILL: Yes, it is at Parafield Airport in the precinct around that.

Mr MARSHALL: When was that site announced, do you know?

The Hon. J.W. WEATHERILL: I can't remember. We announced it some time ago now. I can bring back an answer, but that was announced some time ago.

Mr MARSHALL: We don't have a tenant, though, at the moment. Do you envisage—

The Hon. J.W. WEATHERILL: We don't have a?

Mr MARSHALL: Tenant.

The Hon. J.W. WEATHERILL: I think there are a range of prospective tenants, and we are obviously at an early stage in the recruiting of tenants, but there are a number of prospective tenants that I understand are in the final stages of discussion about establishing themselves in the food park.

Mr MARSHALL: When would you envisage that that food park would be operational?

The Hon. J.W. WEATHERILL: That is something I can take on notice. It would largely depend on when the first tenants begin to move in. That is something I do not presently know but I am happy to take that on notice.

Mr MARSHALL: For clarity, this is a project which is no longer within the EDB. It has moved elsewhere. Is that correct?

The Hon. J.W. WEATHERILL: It still has involvement from representation on the EDB. People who are on the EDB are now on the project's advisory committee. Rob Kerin is the co-chair of the advisory committee with Mehdi Doroudi from PIRSA. The advisory committee also has representatives from Parafield Airport Limited, the City of Salisbury and Food SA. Catherine Jamieson from the office of economic development and also representatives from the investment attraction body attend these meetings as observers, so there is a watching brief if you like, and also some cross representation.

Mr MARSHALL: Last year, we saw that the advanced manufacturing project was rolled into the EDB's responsibility, but I do not see any reference to it whatsoever in this year's program. Can you update us as to whether or not that is still an active program for the Economic Development Board? You might recall last year that one of the reasons for the increase in funding to the Economic Development Board was that the functions of the previous Advanced Manufacturing Council were rolled into this body.

The Hon. J.W. WEATHERILL: Göran Roos, who certainly headed that body, is now part of the Economic Development Board, so in a policy sense those matters fall within the province of the Economic Development Board. Other elements, if you like, of the work of the Advanced Manufacturing Council are now also within the province of the Investment Attraction Agency and the disposition of funds has followed those functions.

Mr MARSHALL: For clarity, does the Advanced Manufacturing Council exist any more or has that gone?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: The Advanced Manufacturing Council has gone and the work of the Advanced Manufacturing Council is now done by the Economic Development Board, but there is no—

The Hon. J.W. WEATHERILL: And the Investment Attraction agency.

Mr MARSHALL: And the Investment Attraction agency. Is the Premier aware that in another part of the budget the funds for advanced manufacturing programs in South Australia were substantially cut for this—

The Hon. J.W. WEATHERILL: No, that is not true. The investments in advanced manufacturing have been dramatically increased and it is all a question of definition. In our ten economic priorities, one of the areas is innovation. Innovation is at the heart of advanced manufacturing and there is a substantial innovation package that exists within the South Australian budget, including that the most significant contribution that can be made to advanced manufacturing are the defence contracts and the substantial investments that are made in realising the possibilities and potentials there.

Mr MARSHALL: I have previously asked in this committee for you to come back with an answer as to whether the advanced manufacturing ministerial task force still exists. I did not get an answer to that last year, but do you have any knowledge of that task force set up by your government?

The Hon. J.W. WEATHERILL: No, I do not think that continues in its current form. The work of the Economic Development Cabinet Committee comprehends all the work of that body.

Mr MARSHALL: Did that body ever meet?

The Hon. J.W. WEATHERILL: I do not know the answer.

Mr MARSHALL: We asked that question last year and we have not had an answer. Would it be possible to find out whether that committee ever met?

The Hon. J.W. WEATHERILL: In a sense it is somewhat irrelevant because for all intents and purposes the relevant ministers with the responsibility do meet and they discuss advanced manufacturing, but in the context of the Economic Development Cabinet Committee.

Mr MARSHALL: Can you provide details to the committee of the work the EDB is doing to identify potential future industries for South Australia?

The Hon. J.W. WEATHERILL: That is basically all they do. In fact, their whole work is devoted and dedicated to that, supervised by the ten economic priorities. This is the work of the Economic Development Board, whether it is the ageing well, which speaks directly to the economic priority in terms of health and ageing, the work on food park, which speaks directly to the premium food and wine grown in a clean environment, or the Tonsley subcommittee, which speaks directly to the innovation agenda, each of those areas is the subject of work by the Economic Development Board.

Mr MARSHALL: Previously the chairman outlined that last year a number of workshops would be held. In fact, he stated eight industry-specific workshops would be held to identify potential future industries for South Australia and then the EDB would rank those opportunities and build a case for developing the priorities. Has that work been completed?

The Hon. J.W. WEATHERILL: I certainly know that work is being done in that area and I will give you a report on where that work is up to, but I am familiar that work has certainly occurred.

Mr MARSHALL: Were those workshops held?

The Hon. J.W. WEATHERILL: I will take on notice whether they have been held in every single one of the areas, but there have been workshops held in a substantial number of areas that are the subject of the work of the subcommittees, and the subcommittees identify those particular new business opportunities.

Mr MARSHALL: For clarity, you as the Premier have not received any advice from the EDB on the work that they did last year in identifying and then prioritising the future industries for South Australia?

The Hon. J.W. WEATHERILL: I routinely get advice and input.

Mr MARSHALL: So what were they?

The Hon. J.W. WEATHERILL: It is all supplied to the Economic Development Cabinet Committee through the joint membership of the chair and the deputy chair of the committee. The work of the EDB is integrated into the Economic Development Cabinet Committee work. We have already heard the discussions that have been had around ageing well, and there have been substantial contributions made by the Economic Development Cabinet Committee in a range of areas.

There are some which have begun and there are some which are emerging. Some of the emerging areas are micrology, cell therapy, advanced cures and the internet of things. As their work progresses and they are in a position to report progress, they then supply us with reports and advice through the medium of the Economic Development Cabinet Committee.

Mr MARSHALL: Last year, there was an EDB meeting—in fact, the September board meeting was held in Port Lincoln. Following on from that meeting, a subcommittee of the EDB was formed to explore opportunities for Eyre Peninsula. Has that subcommittee met?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: And who is on that subcommittee?

The Hon. J.W. WEATHERILL: I will bring back the precise composition, but we think it includes Rob Kerin, Göran Roos and there may be other subcommittee members. We will supply the answers to those questions.

Mr MARSHALL: Is Göran Roos paid as a board member for this work, or is he paid separately as a consultant for the work that he is doing in this space?

The Hon. J.W. WEATHERILL: He is paid as a board member for his work in relation to the board and as a consultant for his work as a consultant.

Mr MARSHALL: What was the total of his payment last financial year in that consulting capacity?

The Hon. J.W. WEATHERILL: I do not have that number, but we will bring back an answer.

Mr MARSHALL: Is there any final report or indeed an interim report or recommendations from that Eyre Peninsula subcommittee that have been actioned?

The Hon. J.W. WEATHERILL: I understand that the work that occurred in relation to that is has been federal back to the regional development authority in relation to Eyre Peninsula.

Mr MARSHALL: In fact, the chairman said that the work was instigated from the regional development board. They were the ones that sought the meeting with the Economic Development Board, so feeding it back to them would not make a lot of sense, really. He was very specific in his speech which was made at a CEDA function last year, that the subcommittee was formed to explore the role the EDB could play in assisting Eyre Peninsula, not identifying issues for Regional Development Australia to go on with. Has there been any output from this subcommittee?

The Hon. J.W. WEATHERILL: I do not understand that chain of reasoning. If they are approached by the regional development authority for assistance, and then they undertook their work and they reported back to the regional development authority, I would have thought that is entirely what one would expect.

Mr MARSHALL: But has the government received any recommendations and acted upon them?

The Hon. J.W. WEATHERILL: I will have to take that on notice. Certainly, the future of Eyre Peninsula has been the subject of regular discussions and informs our work, especially in terms of the work that the Minister for Regional Development pursues in terms of the creation of opportunities and jobs in that area. I know that there are some exciting opportunities around the creation of processing facilities in Eyre Peninsula for the processing of seafood which might otherwise have to be processed overseas.

There are obviously exciting opportunities in Eyre Peninsula in relation to the development of Iron Road, a potential iron ore mine which had been the subject of numerous international representations that have been made by me on behalf of the company, and indeed back here in Australia together with the company.

Mr MARSHALL: Why did the government make the decision to move the investment attraction work of the government out of the Economic Development Board into another department?

The Hon. J.W. WEATHERILL: We did this on the advice of the Economic Development Board after we took international soundings on what is world's best practice in relation to investment attraction. We looked carefully at the Irish attraction board, the Welsh attraction board and the Singaporean Economic Development Board, which were all investment attraction bodies, and we tried to construct an investment attraction body—and we reviewed, of course, our existing

arrangements—and we believed that this was the appropriate mechanism for pursuing investment attraction. I think the early results of the Investment Attraction authority vindicate that work.

Mr MARSHALL: When did that transfer take place?

The Hon. J.W. WEATHERILL: I will bring back an answer about when.

Mr MARSHALL: One of the programs that was envisaged when Investment Attraction was the responsibility of the Economic Development Board was the Unlocking Capital for Jobs Program, which you have previously reported on. In fact, last year you said that there was one recipient, Australian Fashion Labels, under that program. In the past 12 months, have there been any other recipients of grant funding?

The Hon. J.W. WEATHERILL: No, there have not. We are reviewing that program. Remembering, of course, that this was directly responsive to what industry told us—that is, that they were having trouble getting access to capital—we wanted to set up a body which to some degree tested that proposition. There has only been one agency that has taken advantage of that at this moment. There was, I suppose, even at the time we set it up, this lively debate about the bank saying, 'There isn't any problem here,' and many businesses saying, 'Yes, there is a problem here.' We are presently reviewing the operation of that body to see whether there is a future need for it or whether it needs to be structured in a different way to permit people to take advantage of it.

Mr MARSHALL: When will you make a decision on whether that program continues?

The Hon. J.W. WEATHERILL: As soon as the review is completed.

Mr MARSHALL: What was the total cost of administering that program on the life of the program to date?

The Hon. J.W. WEATHERILL: I will bring back an answer.

Mr MARSHALL: We might need to read in some omnibus questions now.

Mr KNOLL: The omnibus questions are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2015-16 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. In financial year 2015-16 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 2016-17?

3. For each department and 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 2014-15 and 2015-16.

4. For each year of the forward estimates, please provide the name and budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2015-16 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, the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction 15.

5. For each year of the forward estimates, please provide the corporate overhead costs allocated to each individual program and subprogram administered by or on behalf of all departments and agencies reporting to the minister.

6. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2015-16?
- (b) Which department funded these TVSPs?

- (c) What number of TVSPs was funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how these packages are to be funded?

7. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2016, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

The CHAIR: I thank the Premier and his advisers for their attendance. There being no further questions, I declare the examination of this proposed payments adjourned until later today.

Sitting suspended from 11:15 to 11:30.

DEPARTMENT OF TREASURY AND FINANCE, \$56,903,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,582,470,000

Membership:

Mr Williams substituted for Mr Speirs.

Minister:

Hon. A. Koutsantonis, Treasurer, Minister for Finance, Minister for State Development, Minister for Mineral Resources and Energy.

Departmental Advisers:

Mr D. Reynolds, Under Treasurer, Department of Treasury and Finance.

Mr S. Hocking, Deputy Chief Executive, Department of Treasury and Finance.

Mrs T. Pribanic, Executive Director, Budget, Department of Treasury and Finance.

Mr K. Cantley, Executive Director, Public Finance Branch, Department of Treasury and Finance.

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

Mr G. Raymond, Director, Revenue and Intergovernmental Relations, Department of Treasury and Finance.

Mr G. Goddard, Chief Commercial Officer, Department of Treasury and Finance.

Mr B. Tuffnell, Acting Chief of Staff.

The CHAIR: I am sure you are all aware of the informal process so there is no need to stand to ask or answer questions. I understand that the Treasurer and the leader have agreed on an approximate time for the proposed payments, which will facilitate a change of departmental advisers from time to time. Can you both confirm that you are agreed on the schedule that we have before us?

The Hon. A. KOUTSANTONIS: Yes, ma'am.

Mr MARSHALL: Yes.

The CHAIR: Changes to the committee will be notified as they occur. Members should ensure that the Chair is provided with a request to discharge. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary no later than 28 October,

which is a Friday. This year, estimates committee responses will be published during the 15 November sitting week in the corrected daily *Hansard* over a three-day period.

I propose to allow both the minister and the lead speaker to make an opening statement of about 10 minutes each should they wish to do so. There will be a flexible approach to giving the call for asking questions based on about three questions a member, alternating on each side. Supplementary questions will be the exception rather than the rule. A member who is not a part of the committee can ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers, and we do ask that these question lines be identified at the beginning of each question, for us and for *Hansard*.

Members unable to complete their questions during proceedings may submit them as questions on notice for inclusion in the Assembly *Notice Paper*. There is no formal facility for tabling of documents before the committee; however, the documents can be supplied to the Chair for distribution to the committee.

The incorporation of material in *Hansard* is permitted on the same basis as it applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister, not the minister's adviser. The minister may then refer, if he wishes to do so, to the advisers for a response. During the committee's examination, television cameras will be permitted to film from the northern and southern galleries.

I declare the proposed payments open for examination and refer members to the agency statements in Volume 4. I call upon the Treasurer to make a statement if he wishes to do so.

The Hon. A. KOUTSANTONIS: Ma'am, I make no opening statement other than to introduce my officials. To my left, I have Mr David Reynolds, the newly-minted Under Treasurer. There is also Mr Stuart Hocking, our new Deputy Under Treasurer, and Mrs Tammie Pribanic, who is the head of budget branch.

The CHAIR: Questions, leader?

Mr MARSHALL: I will start with Budget Paper 3, Budget Statement, page 100, which talks about the economic outlook. The Treasurer has repeatedly said that this is a 'jobs budget'. How can he justify this statement given that the forecast is less than half the national figures in terms of employment growth?

The Hon. A. KOUTSANTONIS: In the budget forecast, employment growth for 2016-17 is 0.75 per cent, rising to 1 per cent per annum in the subsequent years. The downward revision to employment growth in 2016-17 occurred in the Mid-Year Budget Review, and since the MYBR, we have maintained our employment growth forecast for 2016-17 and increased our forecast for 2017-18 from 0.75 per cent to 1 per cent.

We will face job losses over the next 12 months—they are forces beyond our control. Decisions made at a commonwealth level not to invest and continue to invest in General Motors Holden has seen the deindustrialisation of our automotive industry. That is very hard for us to consume as a state, but we are doing our bit to try and fill that gap.

I want to thank and congratulate the Prime Minister and the member for Sturt on assisting South Australia with fulfilling their election commitment to build the submarines in South Australia. That will go a great way in filling a lot of that gap. Of course, a lot of those infrastructure projects we have been championing since we have been in office—whether it is the Northern Connector, the Torrens to Torrens, or the Darlington project, and I note the Leader of the Opposition promised to cancel one of those projects if he was elected.

We do have job measures in the budget that will grow our economy. I think the jobs accelerator package is a good one and offering stimulus to small to medium-size enterprises to hire new apprentices, new trainees, new employees grants of up to \$10,000 per FTE—and \$4,000 if you are not paying payroll tax—are very good initiatives, and I would call on the opposition to welcome those measures.

The tax cuts that have been universally welcomed by the business community, business industrial groups and advocacy groups goes to show that the government is listening to the business

community and, indeed, that we are implementing a lot of the reforms that they have asked for. I point out that the opposition cooperated quite well with the government in our WorkCover reforms, and the Leader of the Opposition is to be personally applauded. But I also think our work on tax reform is also nation leading. I note the Leader of the Opposition just rolled his eyes while I was trying to be nice to him, and he just cannot take a compliment.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I did not know that complimenting the Leader of the Opposition was out of order, ma'am.

The CHAIR: No—the rolling of the eyes.

The Hon. A. KOUTSANTONIS: I did not roll my eyes, ma'am.

The CHAIR: No—he did. I cannot see through the back of his head.

The Hon. A. KOUTSANTONIS: I think we have done a fair bit for the business community to try and incentivise that growth. As I said, there are a lot of things beyond our control, let alone the challenges we are facing in Whyalla. The Australian banks did this nation a great disservice by forcing that company into administration, and that has put that town on the brink and this state precariously closer to losing our steel industry.

I think the cooperative work between commonwealth—both the Prime Minister, the Leader of the Opposition and the state government—has been exceptional, and I want to personally thank the member for Giles for his exceptional advocacy on behalf of the people of Whyalla. I have to say, it has been a very good bipartisan response to those types of challenges.

We have seen our trade competitors dumping cheap imported steel in this state, and in this country, trying to directly attack our sovereign steel capability. There has been an immediate response by the commonwealth, and, again, I applaud minister Pyne for increasing tariffs and penalties on the import of cheap inferior steel to compete directly with Australian steel, and I applaud other governments who are now copying our procurement policies, and you have seen the national body of the Local Government Association attempt to adopt our procurement policies.

This budget delivers \$50 million for Whyalla to try and save Australian steel jobs, we deliver tax cuts which go a long way to assist small to medium-size enterprises, and we are offering massive job incentives to try to help what I think we would all agree in this chamber is the engine room of our economy, which are small to medium-size enterprises. I remember the Leader of the Opposition once saying in the early days that if every South Australian small business hired one extra person, we would go close to creating full employment.

We have offered nearly \$10,000, or \$4,000, worth of incentives per job created in South Australia. So this has been a very good budget for jobs, and I wish there was more bipartisan support rather than the petty rancour.

Mr MARSHALL: Well, this budget has been described, and just confirmed to the committee by the Treasurer, as a jobs budget, despite the fact that it, of course, forecasts jobs growth of less than half the national jobs growth. Last year, the Treasurer similarly described his budget as a jobs budget, and, unfortunately, the jobs reality was nothing like the forecast contained in last year's budget. Is there anything that the Treasurer can point to that would give us any greater sense of confidence in the forecast contained in this budget, when we consider that last year's jobs budget was halved between the original budget and the estimate that was provided in this year's budget?

The Hon. A. KOUTSANTONIS: I would refer the Leader of the Opposition to an award-winning journalist, Mr Daniel Wills. He wrote an article about the dramatic impact the tax cuts had on South Australian business. I would also refer him to CommSec, the State of States report, which saw South Australia jump two places, overtaking Queensland and Western Australia to be the fifth ranked economy in Australia. The Leader of the Opposition had boasted that South Australia was going to overtake Tasmania and be last.

Mr MARSHALL: We are talking about jobs creations here, Treasurer.

The Hon. A. KOUTSANTONIS: I am talking about confidence. I would also point to the nearly 6,900 jobs we have created. I think that disparaging part-time jobs is unfair on those small to medium-sized enterprises that are creating part-time jobs, and it disparages the people who are employed in part-time jobs in this economy. There are a lot of people who deliberately choose to work in part-time employment. They are generally carers, people who have family responsibilities, who also want to re-enter the workforce. We should not be disparaging about that at all. These are good jobs.

I think there is negativity from the opposition. What I think would be more healthy for the economy and the state would be for there to be two alternative proposed sets of ideas, where we could look at them, hold them up to the light, compare and contrast different policy outlooks and let the South Australian public choose which they think is the alternative.

What we have now is the government cutting taxes, restructuring and transitioning our economy from an old manufacturing base to an advanced manufacturing base, offering very large incentives for small to medium-size employees to go out and employ new South Australians, taking our transactional taxes out of the economy and improving the efficiency within our economy to incentivise business to go out and make new transactions and grow the economy, and compare that with an alternative set of policies that the opposition might be advocating, and that way we can have a debate. Instead, what we have now is the government moving these policy positions forward and the opposition just saying—and I will give you some very stark examples—with payroll—

Mr MARSHALL: Chair, I ask you to ask the Treasurer to return to the question, which was about the jobs growth modelling accuracy.

The Hon. A. KOUTSANTONIS: I am answering that, ma'am. What we found was that when we announced payroll tax rebates to try to stimulate employment growth, the opposition said that that would not create a single job, and then they asked us to extend them. When we announced our tax cuts—

Mr MARSHALL: Chair, I ask you to ask the Treasurer to return to the jobs growth forecast accuracy. We have got less than two hours to deal with Treasury, and so far we have had absolute waffle from the Treasurer.

The CHAIR: I think that is harsh. I think he is trying to give you some contextual information.

Mr MARSHALL: He has not gone near it.

The CHAIR: Well, we will keep listening to him.

The Hon. A. KOUTSANTONIS: I am not trying to be combative at all, ma'am; I am actually just trying to answer the Leader of the Opposition's questions. It is not my fault that he is being frustrated with his own position.

The CHAIR: Order! Let's get back to it—as close as we can.

The Hon. A. KOUTSANTONIS: I will. We brought in the payroll tax rebates to try to stimulate growth. The Leader of the Opposition said that that would not work and then asked us to extend them. We cut taxes in the transactional area, which has been applauded by every major employee group in the country. The Leader of the Opposition said that would not work, and then he asked us to bring them forward. I think creating 6,900 jobs over the last 12 months has been very, very good outcome from the last budget, and I think this budget will do a lot to try to stimulate more jobs growth. I also say that stronger growth in part-time work, which the Leader of the Opposition disparages, is growing nationally.

Mr MARSHALL: It is not even anything like the question.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I think your frustration is not so much about this.

The CHAIR: Order! No, get back to the question.

The Hon. A. KOUTSANTONIS: It is about other aspects of what is going on internally, so I will not bother with that. But I will just say this: over the last six months, for example, full-time

employment Australia-wide has fallen by 0.2 per cent. So, it is not uniquely a South Australian problem; it is an Australian problem.

Mr MARSHALL: So it is a South Australian problem, the fall in full-time employment?

The Hon. A. KOUTSANTONIS: I said it is an Australian problem.

Mr MARSHALL: You just said it is not uniquely a South Australian problem, so it is a problem in South Australia, the fall from full-time employment?

The Hon. A. KOUTSANTONIS: I just said, again, over the last six months, full time employment has fallen across the country, so it is not unique to South Australia.

Mr MARSHALL: So it is a problem in South Australia. How many full-time jobs did we lose last financial year?

The Hon. A. KOUTSANTONIS: We lost 3,700.

Mr MARSHALL: Why did you tell the radio that you had actually created 6,000 full-time jobs?

The Hon. A. KOUTSANTONIS: No. What I said was, I thought they were full-time equivalents, but we did create over 6,000 jobs—

Mr MARSHALL: Did you create over 6,000 full-time equivalent jobs?

The CHAIR: Order! Can I just ask that the Treasurer be given a chance to finish his question before we get to the next one. We will give you as much time as we can.

Mr MARSHALL: When you say you are giving me as much time as possible, are you planning to extend the time?

The CHAIR: He had not finished the answer to that question.

Mr MARSHALL: When you said that you were happy to give me all the time I need, we can extend the time?

The CHAIR: I will try to give you as much time as I can.

Mr MARSHALL: Beyond the two hours currently allocated?

The CHAIR: I think it is not an issue. He could have been going on to give you the bit you wanted. If you cut him off halfway, then you might not get—

Mr MARSHALL: So you are not going to give me any further time?

The CHAIR: I will give you as much time as I possibly can if we do not have these interruptions. Please continue.

The Hon. A. KOUTSANTONIS: I just point out, Madam Chairperson, that you asked both of us at the beginning of this estimates whether we were happy with the time allocated and we both said yes.

The CHAIR: Okay, let us just get on with the answer.

The Hon. A. KOUTSANTONIS: Unless the leader is misleading the committee.

Mr MARSHALL: All this waffle, 20 minutes of rubbish.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: It's—

The CHAIR: Order! Just get back to the answer to the question.

The Hon. A. KOUTSANTONIS: Well, I do not think you can put words into my mouth, ma'am.

The CHAIR: If you have finished the answer, that is quite okay. Leader, do you have another question?

The Hon. A. KOUTSANTONIS: No, I have not finished the answer.

The CHAIR: Alright, then let's go.

The Hon. A. KOUTSANTONIS: I think the Leader of the Opposition, in his questioning about whether this is unique to South Australia, is ignoring the stats that are occurring nationwide. There is a fall in full-time employment across the country, and what you are seeing is growth in part-time work. That part-time work is new jobs. Those new jobs are being created in our economy and they are benefiting our economy. I do not think it is fair to say that we are not creating new jobs when we are.

Mr MARSHALL: What about the number of hours worked? Can the Treasurer shed some light on whether more hours or fewer hours were worked last financial year?

The Hon. A. KOUTSANTONIS: I do not have the ABS stats here, but I will get them for you.

Mr MARSHALL: Was it an increase? You were saying before that you thought that there was the equivalent of 6,000 full-time equivalent jobs, not full-time jobs but full-time equivalent jobs. From that I would envisage that you mean that the overall size of employment and the number of hours worked—

The Hon. A. KOUTSANTONIS: I just told you that it is part-time work, so unless you are deliberately misleading the parliament again. I said to you that there were over 6,000 part-time jobs created in the economy. Full-time employment is down across the nation. I do not have the ABS stats here, but I will get them for you.

Mr MARSHALL: So why did you tell the radio interview that you thought there were 6,000 full-time jobs, because if we check *Hansard*, only a few moments ago in this committee you said that you thought that those were full-time equivalent jobs. Now you are saying you did not think they were full-time equivalent jobs, they were just part-time jobs. I have asked a very reasonable question about whether there were more or fewer hours worked last financial year and you cannot give me an answer.

The Hon. A. KOUTSANTONIS: I have just said again—

Mr MARSHALL: Have you got any idea what is going on in terms of employment in South Australia?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I have just said to you earlier that there was an error on that radio program. I have said it now three times, but obviously you are not listening. What you are attempting to do is make a point, because you have nothing else to say about this budget.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: You complained about the time allocated after we agreed to it.

The CHAIR: Order! Is there another question?

The Hon. A. KOUTSANTONIS: I am answering his questions, ma'am, and his personal attacks. I think that, if you wanted to show that you have any form of policy initiative, you would actually go to the policy initiatives in the budget. You would ask questions about those. Instead what you are trying to do is, after agreeing to the time allocated, you complain. It is an old tactic and it is tired.

The CHAIR: In the spirit of whatever the word is, let us start again with the next question.

Mr MARSHALL: Were more hours or fewer hours worked in South Australia last financial year?

The Hon. A. KOUTSANTONIS: I will get that.

Mr MARSHALL: Why do you not know that?

The CHAIR: Order! He said he would get—

The Hon. A. KOUTSANTONIS: If it is such an important—

The CHAIR: Order! I am speaking now. He said he would get to that information. Next question.

The Hon. A. KOUTSANTONIS: Well, I will just put—

The CHAIR: Next question.

Mr MARSHALL: What makes the forecast provided in this budget any more accurate than the completely and utterly inaccurate Treasury forecast provided in last year's state budget? Why should we have any faith whatsoever that we will achieve jobs that are projected in this budget?

The CHAIR: That is a comment. Next answer.

The Hon. A. KOUTSANTONIS: I think that is an appalling attack on the independent Public Service, and I think they do their very best to give us the very best modelling they can.

Mr MARSHALL: Why was it wrong last year?

The CHAIR: Hang on. He had not finished.

The Hon. A. KOUTSANTONIS: I think that given the nature of the modelling, you can look to the commonwealth budget, you could look to other state budgets around the nation, often those numbers are difficult to get right. They are very hard to model. No-one saw, for example, deflation a few quarters ago, and the Reserve Bank acted immediately, so I do not think attacking the modelling serves the opposition or anyone. I think we would be much better off talking about policy initiatives.

Mr MARSHALL: Can you explain how the estimate of 14,000 full-time equivalents has been derived?

The CHAIR: Are we still on Budget Paper 3, or have we moved on, leader?

Mr MARSHALL: Yes, Budget Paper 3.

The Hon. A. KOUTSANTONIS: I am advised that we have looked at modelling through payroll tax receipts and made assumptions on that basis, but I will get the leader a more detailed answer.

Mr MARSHALL: I do not understand the last answer, sorry. I asked how you arrived at the 14,000 figure and you said you are going to look at payroll tax receipts.

The Hon. A. KOUTSANTONIS: I said that payroll tax receipts were used to do the modelling.

Mr MARSHALL: So, who did the modelling?

The Hon. A. KOUTSANTONIS: Department of Treasury and Finance.

Mr MARSHALL: And you have no more detail that they—

The Hon. A. KOUTSANTONIS: I said I would get it for you. I do not have it here.

Mr MARSHALL: What was the split then between those companies which are liable for payroll tax and those which are smaller start-ups which will receive the lesser amount?

The Hon. A. KOUTSANTONIS: I will get that for you.

Mr MARSHALL: So, no work has been done on that?

The Hon. A. KOUTSANTONIS: Yes, and I will get it for you.

Mr MARSHALL: How are the grants being restricted to positions created in South Australia, given the measure relates to total taxable Australian payrolls?

The Hon. A. KOUTSANTONIS: People are required to abide by the rules that we set down. If they are caught not abiding by them, there will be penalties.

Mr MARSHALL: Have those rules been set down?

The Hon. A. KOUTSANTONIS: Yes, they have. I think if you go to the RevenueSA website, you will see a very detailed posting of what the rules and conditions are to apply for those grants. They were made public I think the day of the budget, and I would refer you to RevenueSA's website. In fact, I will give you the website now.

Mr MARSHALL: How would you envisage that we would be able to check whether someone is residing and employed in South Australia?

The Hon. A. KOUTSANTONIS: I will ask the tax commissioner and get an answer for you.

Mr MARSHALL: Thank you very much. What definition of full-time equivalent position is being used in calculating these grants? Is it the 35 hours per week used by the ABS?

The Hon. A. KOUTSANTONIS: If you are in the threshold of paying payroll tax from a payroll of between \$5 million and \$600,000, it is 35 hours per week as set by the ABS. If you are below the payroll tax threshold of not paying payroll tax, it is anything above 22 hours.

Mr MARSHALL: But the question was really with regard to this scheme that you have put in place, when you say it is for a full-time equivalent person, you are saying that that full-time equivalent person is 35 hours per week.

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Okay, thank you. Is there anything stopping an individual starting a business as a sole trader from accessing this scheme?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: In other words, I could just start a business tomorrow, employ myself and get \$4,000 from the state government.

The Hon. A. KOUTSANTONIS: Given your history with business, I would not suggest it.

The CHAIR: Not necessary.

The Hon. A. KOUTSANTONIS: But true, ma'am.

The CHAIR: Stop it.

The Hon. A. KOUTSANTONIS: For example, if a young fresh-faced so-called entrepreneur couldn't run dad's business, so he bought a couple of Wokinabox franchises—

The CHAIR: Stop.

The Hon. A. KOUTSANTONIS: —and then decided to hire people, yes, you would be able to claim the rebate if you purchased the franchise and you employ people. Employing yourself, though—

Mr MARSHALL: That wasn't my question, though. It was about a sole trader.

The Hon. A. KOUTSANTONIS: —I am not sure that would qualify, but I will check and get an answer for you.

Mr MARSHALL: Are you saying that whilst announcing the scheme you did not envisage that people could be sole traders and immediately access this?

The Hon. A. KOUTSANTONIS: You would have to create full-time employment.

Mr MARSHALL: Somebody could employ themselves.

The Hon. A. KOUTSANTONIS: Well, we would have to have a look at the history of that business. Obviously, it is paid in arrears.

Mr MARSHALL: How would you do that?

The Hon. A. KOUTSANTONIS: You would have to submit the turnover the business. You would have to submit BAS statements. You would have to submit how the business was running. It could not just be, for example, someone creating a \$2 business and just not doing anything.

Mr MARSHALL: Plenty of \$2 businesses employ thousands of people. So this is not open to people who open \$2 businesses?

The Hon. A. KOUTSANTONIS: If \$2 businesses employ thousands of people—

Mr MARSHALL: Are you suggesting this is not open to people who have \$2 paid-up capital?

The CHAIR: Leader, he is responding to your \$2 question.

The Hon. A. KOUTSANTONIS: I just said to you that people will have to show there has been an enterprise. It is not a matter of just starting a business.

Mr MARSHALL: How would they demonstrate that?

The Hon. A. KOUTSANTONIS: They would have to show their pay as you go statements. They would have to show all sorts of information to the Treasury to qualify.

Mr MARSHALL: Can you clarify your position made in the parliament a few minutes ago—

The Hon. A. KOUTSANTONIS: I just did.

Mr MARSHALL: —regarding the paid-up capital for the company? Is that a consideration?

The Hon. A. KOUTSANTONIS: Paid-up capital?

Mr MARSHALL: You just said a \$2 company. I presume you are talking—

The Hon. A. KOUTSANTONIS: I just said to you—

The CHAIR: Order! Leader—

Mr MARSHALL: You do know how to start a company, I presume.

The CHAIR: Order! We need to have a question and then a stop for the answer because I cannot hear—

Mr MARSHALL: I am just trying to help him.

The CHAIR: —and I am sure Hansard cannot hear either.

Mr MARSHALL: I am trying to help him.

The CHAIR: So we are on the answer to your last question. The Treasurer.

The Hon. A. KOUTSANTONIS: It would have to be an ongoing enterprise. It cannot be someone just establishing a company—

Mr MARSHALL: But what is the determination of an ongoing enterprise?

The CHAIR: No, leader, please, so we can hear the answer.

The Hon. A. KOUTSANTONIS: There would need to be a turnover, wouldn't there?

Mr MARSHALL: Not necessarily. In a start-up business? Are you saying that every start-up business has to have revenue? Have you ever run a business?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: Well, I have never run a franchise, no.

Mr MARSHALL: But have you run a business?

The Hon. A. KOUTSANTONIS: And I have never, I suppose—

Mr MARSHALL: Are you saying that—

The CHAIR: Order!

Mr MARSHALL: —only businesses that have revenue can access this money?

The CHAIR: Leader, I must call you to order.

The Hon. A. KOUTSANTONIS: You would have to show activity.

Mr MARSHALL: Is this a new ruling?

The Hon. A. KOUTSANTONIS: You would have to show activity.

Mr MARSHALL: That is not on the RevenueSA site.

The Hon. A. KOUTSANTONIS: Oh, you have seen the RevenueSA criteria, so you are asking questions about things you already know about.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: What deceit.

The CHAIR: I am standing up in case you cannot tell. I am asking both the leader and the Treasurer to ask the question and listen to the answer.

Mr MARSHALL: He does not know the answer.

The CHAIR: That is beside the point.

Mr MARSHALL: But true.

The CHAIR: No, beside the point.

Mr MARSHALL: Absolutely spot on.

The CHAIR: Leader, I will have to suspend the committee if we cannot organise some sort of question and answer turnaround so that we can all hear the question and all hear the answer, and that would be regrettable.

Mr MARSHALL: You did it last year.

The CHAIR: Well, the same bad behaviour will get the same response. Do you have a question, leader?

Mr MARSHALL: I have not had an answer to the last question. I need clarification from the Treasurer—

The Hon. A. KOUTSANTONIS: I just told you—

Mr MARSHALL: —because the Treasurer—

The Hon. A. KOUTSANTONIS: You would have to see activity—

Mr MARSHALL: Am I allowed to ask the question or not?

The CHAIR: You just said you haven't had the answer so he is moving to the answer, I presume.

Mr MARSHALL: No, well, the question—

The CHAIR: Let's hear what he has to say and we will decide if it is an answer to your question.

Mr MARSHALL: The question is that we need clarification from the Treasurer, who has now said that there will be restrictions for people accessing this program based upon their paid-up capital and also whether or not they are revenue positive.

The CHAIR: I do not know that that is exactly what he said.

The Hon. A. KOUTSANTONIS: No, that is not what I said, but the Leader of the Opposition—

Mr MARSHALL: Well, can you clarify—

The CHAIR: Order! He will be heard. Let's hear the answer.

Mr MARSHALL: He does not know the answer. He's got no idea.

The CHAIR: Audible mumbling will count as a question if you are not careful.

The Hon. A. KOUTSANTONIS: It suffices for policy apparently, too. Businesses would have to show their BAS statements over a 12-month period and that they have actually had activity and employed people. The Leader of the Opposition then says that that can be rorted. I have no doubt that there will be some people who think like the Leader of the Opposition and attempt to rort this—

The CHAIR: That was not necessary.

The Hon. A. KOUTSANTONIS: —but we have very well-trained—

Mr MARSHALL: Well, you are chairing it.

The CHAIR: You keep egging him on.

The Hon. A. KOUTSANTONIS: —people within Treasury who are attempting to make sure that this goes to enterprises and businesses in South Australia that are attempting to grow and create viable businesses.

Mr MARSHALL: Can companies with a paid-up capital of \$2 access this scheme?

The Hon. A. KOUTSANTONIS: If they have activity over 12 months, supply BAS statements and are employing new people, yes.

Mr MARSHALL: Can businesses with no revenue access this scheme?

The Hon. A. KOUTSANTONIS: If they provide BAS statements, if they are trading and they are an active business over a 12-month period and they have sustained employment over that 12 months, yes.

Mr MARSHALL: You have already, in the space of 10 minutes—

The Hon. A. KOUTSANTONIS: Fake laughter—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: No, I have not. Fake laughter is not a substitute

Mr MARSHALL: —said two completely different points and you are the Treasurer of this state.

The CHAIR: In fairness to the Treasurer, I think he has tried to rectify what may have been—

Mr MARSHALL: His earlier errors.

The CHAIR: —a misapprehension.

The Hon. A. KOUTSANTONIS: I certainly have not, Madam Chair, and I take offence to you saying that.

Mr MARSHALL: Check the *Hansard*.

The Hon. A. KOUTSANTONIS: No problem.

The CHAIR: In that case I apologise if I have offended you.

The Hon. A. KOUTSANTONIS: Thank you.

Mr MARSHALL: What is the cost of administering this scheme?

The Hon. A. KOUTSANTONIS: I am advised that the capital in building the operating system is going to cost in 2016-17 about \$522,000 and an ongoing operating cost of about \$360,000 per year.

Mr MARSHALL: Are you expecting the committee to believe that there will be just \$360,000 used to assess and process each of these applications?

The Hon. A. KOUTSANTONIS: That is my advice, yes.

Mr MARSHALL: Does that seem right to you?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Why?

The Hon. A. KOUTSANTONIS: Treasury is one of the most efficient agencies in the government and I have complete faith in them.

Mr MARSHALL: How many companies do you envisage that they will be administering as part of this scheme?

The Hon. A. KOUTSANTONIS: How many companies? It depends on how many applications there are.

Mr MARSHALL: Correct; how many do you envisage as part of that modelling? How did you arrive at \$360,000?

The Hon. A. KOUTSANTONIS: That is again on the basis of the Treasury modelling that I sought to undertake to bring to you.

Mr MARSHALL: So you are going to bring me the modelling that arrived at the \$360,000?

The Hon. A. KOUTSANTONIS: No, I am not going to bring you the modelling; I am going to tell you how we came to expect that it would cost us the \$109 million that it was, and—

Mr MARSHALL: So—

The Hon. A. KOUTSANTONIS: Hang on a second.

The CHAIR: He is trying to seek some extra information for you, leader.

The Hon. A. KOUTSANTONIS: We will give you the basis of the operating cost going forward.

Mr MARSHALL: Is it reasonable to expect that just 2.4 extra FTEs can administer this scheme which could be processing thousands and thousands of applications and now, by your own determination in the committee today, accessing BAS statements, checking paid-up capital and seeing whether people are revenue positive or not. Is it in any way plausible that 2.4 FTEs can do this work?

The Hon. A. KOUTSANTONIS: I would also point out that it is not just the role of those extra FTEs. There are also existing compliance officers within RevenueSA. It is an innovative agency which can divert resources when needed to do multitasking functions. I would imagine someone who is in compliance in land tax or payroll tax can quite easily be diverted to do this work as well.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 168. Given that this innovative Revenue Collection and Management Unit that you describe is going to be able to do this with just 2.4 people, can you explain why on earth they had a massive, multimillion-dollar blowout in their budget for last year?

The Hon. A. KOUTSANTONIS: I would not categorise it as a blowout. I understand it is a carryover, but I will get you a more detailed answer.

Mr MARSHALL: When you say, 'It's not a blowout, it's a carryover,' the budget for the Revenue Collection and Management Sub-Program of your department was \$32 million for the last financial year, with 202 employees. It went up to 229 employees and had a budget performance of \$35 million. It was a multimillion-dollar blowout. This is the same agency that you think, with just 2.4 extra FTEs, can administer this brand-new scheme. It is completely implausible.

The Hon. A. KOUTSANTONIS: I am advised it is the money that we carried over to complete the finalisation of the RISTEC program, but I will get you a more detailed answer. You can criticise Treasury if you like, but I think they are an exemplary agency within government.

Mr MARSHALL: Not very good at forecasts.

The CHAIR: Leader, another question?

Mr MARSHALL: Yes, absolutely. I would like to turn the Treasurer's attention to Budget Paper 3, page 38, where we deal with payroll tax. I just say that in December 2009, the government announced a payroll tax rebate scheme for wind and solar projects, whereby up to \$1 million in

payroll tax would be rebated on major wind projects and up to \$5 million on solar projects. As of this morning, RevenueSA still had the information circular on this rebate available on its website that the Treasurer very kindly pointed me towards only a few minutes ago. How much has the state government paid in payroll tax rebates on wind projects since 2010 and, in particular, how much was paid in the 2015-16 and how much is budgeted for the 2016-17 year?

The Hon. A. KOUTSANTONIS: On wind projects?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: I do not know if we have broken it down by wind projects, but I will find out what the breakdown for wind projects are.

Mr MARSHALL: Well, how would you refer to them?

The Hon. A. KOUTSANTONIS: Renewable energy.

Mr MARSHALL: There are wind renewable energy projects, there are solar renewable—

The Hon. A. KOUTSANTONIS: I am glad that the Leader of the Opposition admits that renewable energy creates jobs.

Mr MARSHALL: Do you know the answers to the questions that I have asked?

The CHAIR: He just said it is not broken down and he will get you that information.

Mr MARSHALL: How much was paid in total then for renewable projects for the payroll tax?

The Hon. A. KOUTSANTONIS: In all rebates for payroll tax? Last financial year?

Mr MARSHALL: For renewable projects.

The Hon. A. KOUTSANTONIS: I do not have it broken down by industry.

Mr MARSHALL: How much in total then?

The Hon. A. KOUTSANTONIS: It would be like asking me how much rebate was paid to Wokinabox franchises. I do not know.

The CHAIR: Order!

Mr MARSHALL: Do you know how much has been budgeted for this current year?

The Hon. A. KOUTSANTONIS: For renewables?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: No, it is a universal payroll tax rebate for all employers who meet that threshold requirement. We do not discriminate against industries. Why would we?

Mr MARSHALL: Have you just had another whoopsie moment?

The Hon. A. KOUTSANTONIS: Did I?

Mr MARSHALL: Well, I am asking the question.

The Hon. A. KOUTSANTONIS: Are you asking about the payroll tax rebates we have budgeted this year?

Mr MARSHALL: For payroll tax on renewable energy projects.

The Hon. A. KOUTSANTONIS: For this year?

Mr MARSHALL: Yes. Why did you state in the media—

The CHAIR: Are we getting you some information or not?

Mr MARSHALL: Here we go. Someone knows what is going on.

The CHAIR: Did you have a question, member for Fisher?

Ms COOK: Yes.

Mr MARSHALL: Do not tell me they are doing Dorothy Dixers. We have less than two hours and we have had no answers so far. If this is about the Cockle Bay pony club or something—

The CHAIR: The first I have heard of it, the member for Fisher has a question, so in a minute we will get to you.

Members interjecting:

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: We have not budgeted anything for it this year because there have been almost no applications.

The CHAIR: The member for Fisher has a question.

Mr MARSHALL: I am still on this line. Surely we can—

Ms COOK: Treasurer, can I take you to Budget Paper 3.

Mr MARSHALL: Surely we can complete a line.

The CHAIR: Hang on, I have about 30 questions you have asked already. We are just having one from the member for Fisher.

The Hon. A. KOUTSANTONIS: You will love this one, Steven.

The CHAIR: Order!

Ms COOK: Can I take you to Budget Paper 3, page 35. There have been revenue measures announced since the Mid-Year Budget Review. Can you outline for us the increase to the solid waste levy.

The Hon. A. KOUTSANTONIS: Yes, I can. This has been something I have been very keen to talk about because it is something that has been criticised by a number of people as just another tax. What we are attempting to do by increasing the solid waste levy from \$62 a tonne to \$103 a tonne by 2019, by raising an additional \$64 million over the period, is we want to see an incentivised program that will go towards local governments for waste recovery.

We estimate that this increased levy, a lot like the container deposit legislation, will create up to 350 jobs in an industry that is actually growing this state and employs, I understand, nearly 5,000 people, I am advised. The funding will go to local government and waste and resource recovery infrastructure, and there have been some very strong advocates of this issue. We know that in 2006, when the Leader of the Opposition was chairman of Compost SA, he wrote a proposal to increase the subsidy, say, to \$10 a tonne, to \$8 per tonne for two years and then get rid of it.

Mr Marshall interjecting:

The CHAIR: Order!

Mr MARSHALL: What is it going to go to now—\$100?

The CHAIR: He is going to get to that, I hope.

The Hon. A. KOUTSANTONIS: I am, because this is a very good measure in the budget, and the question—

Mr MARSHALL: This is a complete waste of time.

The Hon. A. KOUTSANTONIS: It is alright. It will be over soon.

Mr MARSHALL: You do not want to answer any questions, so you are now—

The CHAIR: Order!

Mr MARSHALL: —resorting to getting Dorothy Dixers asked so you can just waffle on because you do not want to answer questions from the opposition. You do not answer any questions in question time—

The CHAIR: No, order!

Mr MARSHALL: —and now you do not want to answer any questions in estimates.

The CHAIR: Leader! This is one question. Please move on with the answer.

The Hon. A. KOUTSANTONIS: There is a letter dated in—

Mr MARSHALL: The Treasurer's colleague could ask this question in the corridor or in caucus or in any other of their party forums—

The CHAIR: In fairness, I do not know what the question is until it is asked, leader.

Mr MARSHALL: —not chew up the time provided to the opposition—

The CHAIR: Let's move on and get the answer out and you can have another question.

Mr MARSHALL: —to ask questions in estimates. It is a disgraceful waste of time.

The Hon. A. KOUTSANTONIS: You are trying to stop me from reading out—

The CHAIR: Order!

Mr MARSHALL: I am surprised that the member for Fisher would participate. Ask him in the corridor.

The Hon. A. KOUTSANTONIS: It is interesting that he does not want me to read this out.

The CHAIR: No.

Mr MARSHALL: Is this your only avenue to ask him?

The CHAIR: I am on my feet. Stop, please. The Treasurer needs to move on with the answer to the question so we can move to the next question.

The Hon. A. KOUTSANTONIS: Sure. The head of Compost SA wrote a subsequent letter the following year and, on the levy rate, this is what the chairman had to say—

Mr MARSHALL: This has nothing to do with the question.

The CHAIR: Well, I do not know yet until I hear what he says.

Mr MARSHALL: He is reading out a submission that I made to the Productivity Commission.

The CHAIR: But I do not know that, do I? In fairness, leader, I do not know that you wrote it.

Mr MARSHALL: Well, he just said it right then.

The Hon. A. KOUTSANTONIS: No, this is a subsequent submission, and this submission is different from the one that has been raised publicly. This is one that has not been raised publicly, one that you have not talked publicly and have been trying to stop me to read it to the chamber now:

Compost SA believes that the levy should be higher than the proposed \$55 as disposal to landfill costs and not in line with other states or overseas. The low landfill rate in SA makes it difficult to encourage (non local government) customers to recover resource from the landfill stream. A substantial differential is required to ensure that source separating of clean organic material is attractive and economically viable for customers.

Conclusion: Compost SA thanks ZWSA for the opportunity to provide input into this important revision of the Waste Deposit Landfill levy for SA. We would be pleased to provide a presentation on this submission if required. If you require any further information regarding any of the comments, please do not hesitate in contacting me.

Yours sincerely,

Steven Marshall, Chairman—Compost SA

The CHAIR: Next question then I think.

The Hon. A. KOUTSANTONIS: In the media—

The CHAIR: No.

The Hon. A. KOUTSANTONIS: —the Leader of the Opposition has criticised this move as being just another tax.

Mr MARSHALL: Which it is.

The Hon. A. KOUTSANTONIS: There you go. When he was in the private sector and advocated for a dramatic increase in the waste levy to create jobs, employment and growth, that was okay. Now that he is in the parliament and he is working for the Liberal Party, quite a similar organisation, he says, 'It's just another tax that will increase the cost-of-living pressures and make unemployment in South Australia even worse.' The truth is that, if this statement is what he believes, what was he saying in his submission to Zero Waste SA, or is this what you believe and then you say something different in the media?

The CHAIR: Okay, that is enough. Leader, do you have a question?

The Hon. A. KOUTSANTONIS: No consistency in policy at all, not one bit.

The CHAIR: The leader has a question.

The Hon. A. KOUTSANTONIS: That is a whoops moment.

The CHAIR: Order! Leader, you have a question.

Mr MARSHALL: Following on from that very briefly, will the increase in the solid waste levy be used to fund the Frome Street bikeway?

The Hon. A. KOUTSANTONIS: I do not know, I will have to check. Certainly, we would be very interested in using any increase in resources we have to encourage alternative forms of transport because we believe that getting people to use public transport, or bikeways or walking, are great ways of minimising carbon emissions and go a long way to meeting our target of being a carbon neutral city. It also creates a stimulus in employment, but I will check if that program in particular is being funded out of this line.

Mr MARSHALL: Back to what we were actually talking about before we had that little hiatus on the solid waste levy—that is, the renewable energy projects—you have said that despite the payroll tax rebate program still being on the website there is nothing in the budget for it this year. Can you tell us what has been paid in previous years under this scheme?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer on notice of what we have paid historically.

Mr MARSHALL: Thank you. Does the Treasurer accept that the statement that he made in the media on Monday, 'The state government has not invested a dollar in wind generation' is untrue?

The Hon. A. KOUTSANTONIS: We have not invested in wind generation—

Mr MARSHALL: Well, what is a payroll tax rebate?

The CHAIR: Order! We need the answer to the question.

The Hon. A. KOUTSANTONIS: A payroll tax rebate is like saying we are investing in small businesses across the state, that I am some sort of shareholder in any business that receives a payroll tax rebate—

Mr MARSHALL: So you are now telling us—

The CHAIR: Hang on.

The Hon. A. KOUTSANTONIS: —and that is not the case. I think payroll tax and tax concessions that are available to industries are very different from direct investment.

Mr MARSHALL: That reference that you made that we have not invested a single dollar in wind energy was about direct investment into these projects, rather than providing incentives to business to bring renewable energy to South Australia?

The Hon. A. KOUTSANTONIS: Tax cuts and tax rebates are not investing in business.

Mr MARSHALL: In other words, there have been multiple projects and multiple programs which the state government has put forward to provide incentive for wind power in South Australia?

The Hon. A. KOUTSANTONIS: What we do is incentivise job creation, and the largest incentive for wind generation is the Renewable Energy Certificates initiative which are issued by the commonwealth government on a bipartisan platform by both the Prime Minister and the Leader of the Opposition. Former minister Macfarlane and, previous to that, former minister Bourke, and current shadow minister Butler and current minister Frydenberg all endorse the renewable energy target. The Prime Minister has signed Australia up to meet its Paris obligations, and he expects the nation to meet them, and we support him in that endeavour.

In regard to payroll tax concessions, it is like arguing that by making WorkCover more efficient we are incentivising renewable energy. I do not think it is a fair comparison to directly invest in wind energy. I have no problem with wind energy. I think wind energy is quite good for the state and has a lot of benefits. I do not know why the Leader of the Opposition would think that we would be embarrassed about an investment in renewables. I am just pointing out a fact that we do not directly own any interest in any wind farms.

Mr MARSHALL: No, but you have provided significant encouragement, and indeed incentive, for renewable wind energy to come into South Australia.

The Hon. A. KOUTSANTONIS: The Development Act does support the development of economic assets like renewable energy as it does other forms of investment, and I support that. I do not know why a tax concession is seen as a direct investment, but if that is what the Leader of the Opposition views tax cuts as I think it is a strange definition to have.

Mr MARSHALL: Would a better term be 'incentive'?

The Hon. A. KOUTSANTONIS: No, I think it is trying to improve the efficiency of the economy.

Mr MARSHALL: Has the government provided incentives to bring renewable wind energy to South Australia?

The Hon. A. KOUTSANTONIS: There are a number of incentives in place. We have one of the best regulatory frameworks in the nation for development assessment. We are very proud of that, and we are continually improving it. We have a very proud record of decarbonising our energy mix, and we are working in concert with the commonwealth government. I was very pleased to see the remarks of minister Frydenberg today, where he said that decarbonising the energy system was a bipartisan policy. It seems that someone here in South Australia has not received the memo.

Mr MARSHALL: In 2009-10, the government established the renewable energy fund in South Australia. In 2010, the government announced that it had awarded \$1 million to a consortium, comprising Macquarie Capital, WorleyParsons and Baker & McKenzie, for a feasibility study into renewables, including wind projects on Eyre Peninsula. Given this fact, does the Treasurer accept that the statement he made in the media on Monday, that the state government has not invested a dollar in wind generation, remains accurate?

The Hon. A. KOUTSANTONIS: Feasibility studies are not investing in wind generation. What they are doing is looking at whether industries are viable. It is like saying that we are directly investing in the nuclear fuel cycle—we are holding a royal commission to look at it. Whether it is state owned or private owned, or who does the investment, that will all be worked out through the process. I do not think feasibility studies qualify as a direct investment in generation, and I think that fundamentally misunderstands the National Electricity Market.

Mr MARSHALL: Can the Treasurer inform the house or does he concede that the state government has had a policy to encourage and incentivise wind energy here in South Australia and that it remains the position today?

The Hon. A. KOUTSANTONIS: We believe that renewable energy is the energy mix of the future. We want to do everything we can to transition to a low-carbon economy. We want to make Adelaide the first carbon neutral city in the world. These aspirations are public, but we do not invest in direct generation.

Mr MARSHALL: Do these payroll tax incentives for wind energy remain going forward, despite there not being a budget for it?

The Hon. A. KOUTSANTONIS: I will check. I think they do. I understand that it is being reviewed as we speak.

Mr MARSHALL: It is being reviewed at the moment, but you would still like to see more wind energy coming into South Australia?

The Hon. A. KOUTSANTONIS: Absolutely, yes.

Mr MARSHALL: Thank you. Can we move now to Budget Paper 5, page 13, public sector wage increases. Can you confirm which public sector EBAs will be exempt from the new policy of limiting public sector wage increases to 1.5 per cent per annum?

The Hon. A. KOUTSANTONIS: Only the ones whose negotiations have begun in good faith on the basis of the past 2.5 per cent policy.

Mr MARSHALL: Can you outline to us which ones they are?

The Hon. A. KOUTSANTONIS: I do not have them here, but I will get you a list. I refer you to minister Rau on those negotiations.

Mr MARSHALL: I refer to Budget Paper 3, page 100, table 7.1. Given the CPI forecast for every year of the forward estimates is above the 1.5 per cent cap, how can you justify your public comments that this does not constitute a wage reduction in real terms?

The Hon. A. KOUTSANTONIS: There have been very large real wage increases over the last two years, I am advised, which I think have been very generous to South Australian public servants. We value their employment, and we have asked them to help us with restraint. We are not legislating this. We are going to do everything we can to match the private sector. There are a number of people in the private sector who are being asked for very real wage cuts.

I am looking at the member for Giles and thinking about his constituents in the Arrium workforce who have been asked to take up to 15 per cent wage cuts now by the administrators, and they have taken wage cuts previously. There are other companies like Santos and BHP and other very large employers who are asking for wage restraint as well.

I think many South Australians in the private sector are happy with the levels of the public sector that we have got now in terms of numbers, but I do not think they want to see wages grow at a much higher rate than the private sector. I think it is a reasonable question for us to be asking those employees, if they are happy to negotiate with us in good faith, to keep wages growth to about 1.5 per cent per annum.

Mr MARSHALL: Why did you say that it would not constitute a wage reduction in real terms, when your own document provides the CPI forecast above 1.5 per cent for each of the forward estimate years?

The Hon. A. KOUTSANTONIS: I think I have answered that question.

Mr MARSHALL: If we look at table 2.6 within the Budget Statement on page 25, how can you reconcile your comments with the fact that this table shows general government employee expenses falling in real terms in the 2017-18, 2018-19 and 2019-20 years? That is your own table, which shows there is actually no real growth; in fact, it is going backwards in three of the four years of the forward estimates.

The Hon. A. KOUTSANTONIS: I am advised that over the three years to 2014, 2015, 2016 and 2017, CPI is estimated to be 4 per cent, based on current forecasts. This compares to projected wages growth of 7.5 per cent of the previous policy benchmark of 2.5 per cent per annum. The revised wages policy will still provide for maintenance of real wages over the previous and next enterprise agreements for the public sector. I do not believe that the opposition is right to criticise us. The Western Australian Liberal government has announced a similar limit to the public sector wage outcomes of 1.5 per cent per annum. They are currently negotiating a number of agreements on that basis.

Tasmania has confirmed an upper limit of 2 per cent. New South Wales and Victoria have maintained a 2.5 per cent wage outcome, but obviously their budgets and their economies are in much stronger positions than ours. I think we have to acknowledge that South Australia's

unemployment rate is unacceptably high and that average weekly earnings in the private sector have only grown by 1.5 per cent in the past 12 months. I think what you are seeing from the government is an attempt to bring some restraint to the public sector without further job losses. I think it is a much better policy.

Mr MARSHALL: Do you accept, though, that there will be a real wages cut in three of the four years if the 1.5 per cent wages cap is in place across the Public Service? That is certainly what your own budget table, table 2.6, is clearly showing. Either the budget is wrong or you got it wrong—whoops—on FIVEaa on 8 July.

The Hon. A. KOUTSANTONIS: I am advised that table 2.6 that you are talking about has a number of factors in it, including FTE reductions, TVSPs, so I do not think your question bears scrutiny.

Mr MARSHALL: Table 2.6 shows that the employee expenses real growth actually diminishes in three of the four years. Do you accept that there is actually a real wages cut in those three years of the forward estimates?

The Hon. A. KOUTSANTONIS: I think you are misunderstanding the table.

Mr MARSHALL: Well, can you explain whether or not you think there is a real wages cut?

The Hon. A. KOUTSANTONIS: I have answered that.

Mr MARSHALL: Can you tell me whether the TAFE EBA is exempt from the 1.5 per cent cut?

The Hon. A. KOUTSANTONIS: The policy is that if negotiations have been entered into in good faith with the employees at a different benchmark, that will be honoured. I would have to refer you to minister Rau. He is doing the negotiating, not me.

Mr MARSHALL: I understand that, but you are the one who has put this cap in place. I would like to know whether it relates to TAFE. TAFE began its EBA negotiations 18 months ago. You are the one who has said 'in good faith'. What does that mean? I would like a determination with regard to TAFE, whether they have entered into negotiations in good faith 18 months ago, or what the situation is.

The Hon. A. KOUTSANTONIS: If they have started their negotiations before the announcement, before budget day—

Mr MARSHALL: Which they have.

The Hon. A. KOUTSANTONIS: —then their negotiations would have been done in good faith at 2.5 per cent. I will have to check with the Attorney-General to confirm that, that those negotiations began before then.

Mr MARSHALL: Thank you very much.

The Hon. A. KOUTSANTONIS: Hang on, I have not finished answering the question. As a proviso, unless negotiations started after the budget, then the new policy applies.

Mr KNOLL: I have one final question on this line in terms of real wage reduction. The final estimate, the 2019-20 estimate of real wage growth, is minus 0.7 per cent, yet if I look at 2019-20 the estimate of full-time equivalents actually goes up by exactly 150 people. Does the Treasurer want to revise his comments before suggesting that it is a reduction in FTEs that actually shows that real wage growth and contend that in that 2019-20 year we are seeing an increase in the number of FTEs but still a subsequent decrease in real wage growth over that period?

The Hon. A. KOUTSANTONIS: I am advised that there are a number of factors, and they are not just FTE reductions. I think I have covered off this question pretty comprehensively.

Mr KNOLL: Except that the other statement that you made in relation to the factors that are included in this include TVSPs, which do not necessarily reduce the wage bill of the government; in fact, they increase it in the short term. We will move on to—

Mr MARSHALL: I have a quick question here. I refer to Budget Paper 3, page 23, Interest expenses. Can you explain the fall in budgeted interest expenses from \$375 million in the 2017-18 financial year to \$300 million in the 2018-19 financial year?

The Hon. A. KOUTSANTONIS: I understand it is fluctuations in the interest rates we will be paying on the NRAH payments which will see a reduction from a fixed rate to a floating rate which will mean a saving for the government.

Mr MARSHALL: That is the total of the \$75 million reduction in that year?

The Hon. A. KOUTSANTONIS: I am advised yes.

Mr MARSHALL: Thank you very much. A question on executive bonuses, referring to Budget Paper 3, page 25 and we can look at the table on 26: can you confirm whether there were any executive bonuses paid either to chief executives or other executives in the 15-16 year and whether there is a provision for any such payments in the 16-17 year?

The Hon. A. KOUTSANTONIS: I would have to check with the Minister for the Public Sector for that. We have not budgeted for any in Treasury and Finance but I will check with minister Rau for you.

Mr MARSHALL: Does the government still maintain a policy of banning executive bonuses?

The Hon. A. KOUTSANTONIS: I would have to refer you to minister Rau.

Mr MARSHALL: You are not aware of whether there has been a change in policy in that area?

The Hon. A. KOUTSANTONIS: I would have to refer you to minister Rau.

Mr MARSHALL: Thank you very much.

Mr KNOLL: On payroll tax, if we go to Budget Paper 3, page 35, table 3.2, can the minister explain why the annual value of the extension of the small business payroll tax rebate is less than the \$11.3 million budgeted in 15-16? We have seen a continuation of it.

The Hon. A. KOUTSANTONIS: I am advised there are a number of factors. Obviously the rebate changes depending on your payroll. It is very hard to know the exact number per year and there are a number of issues based on timing, based on businesses which have previously claimed the rebate which had grown or maybe had shrunk, and it changes the amount of rebate that they are offered. It is very difficult for us give you a much more accurate answer. I am not trying to be difficult. It is just very hard to know at any one time how many of these businesses will be eligible for the rebate, I am advised.

Mr KNOLL: If I could go on to Budget Paper 3, page 38, paragraph one, it talks about a \$68 million downward revision since the 15-16 budget and it goes on to talk about how payroll tax growth has been impacted by compositional factors including firms moving above and below the payroll tax threshold and differential growth rates of larger employers. Has Treasury performed any analysis to understand the movement above and below the payroll tax threshold?

The Hon. A. KOUTSANTONIS: It is an initial analysis, I am advised, but nothing detailed enough to give you the answer you are looking for. If we do that modelling in the future, I undertake to give you a full briefing.

Mr KNOLL: You have stated in this paragraph the compositional factors, the reasons why there has been a reduction in payroll tax growth, so how did you come up with the \$68 million figure?

The Hon. A. KOUTSANTONIS: There are obviously a number of factors. Some are the level of bracket creep that used to occur previously that is not occurring now. We make comparisons with the ABS data that is released quarterly to try to anticipate what is occurring and we are always, I understand, very cautious.

Mr KNOLL: So you are not able to provide figures on the number of businesses that have moved between threshold brackets or indeed those that began or ceased paying payroll tax?

The Hon. A. KOUTSANTONIS: There are a whole number of reasons businesses can cease to pay payroll tax, remembering that we have removed a lot of transactional taxes on restructuring, depending on the grouping requirements that are put in place and how you structure these businesses. It is very difficult to give an accurate answer and follow this because businesses are able to now restructure so freely in this state and you are seeing a lot more of that occur. I cannot give you an accurate answer other than to say that I will undertake to find out how much we do track this and get back to you.

Mr KNOLL: Okay. Except that when you talk about transactional tax freedom you are really talking about the ability of firms to be able to merge together where they were not before—

The Hon. A. KOUTSANTONIS: And separate.

Mr KNOLL: —which would have a positive impact.

The Hon. A. KOUTSANTONIS: Yes, and some can separate, too. We are a very big family business state so there are a lot of family businesses, as you would be aware, running a very successful family business yourself, that seek to separate as people reach a certain age. While, yes, some do consolidate and grow, others do shrink.

Mr KNOLL: We are obviously still on the same page, but also with reference to Budget Paper 5, the table on page 6 talks about the different payroll tax threshold brackets. Can you provide a breakdown in terms of the number of rebates provided within each payroll bracket for which the rebate is available?

The Hon. A. KOUTSANTONIS: I do not have it here but I will undertake to get you a full briefing.

Mr KNOLL: Thanks. Can the minister confirm whether Arrium has been afforded any payroll tax relief or any other kind of state taxation relief?

The Hon. A. KOUTSANTONIS: They do have, under their indenture, royalty relief for feedstock for the plant, which is considerable. I do not know if we have given them in the past any payroll tax relief or any other rebates, but I will check. My memory is that we have not, other than the royalties, which is dramatic, but I will endeavour to find out for you. My initial thought is no, other than the royalties.

Mr KNOLL: Is that royalty relief something that has recently been put in place or is that something that has been in place for a long period of time?

The Hon. A. KOUTSANTONIS: We updated it; it used to be in pounds and pence and we have now changed it.

Mr KNOLL: When was that updated?

The Hon. A. KOUTSANTONIS: I cannot remember. I think it might have been 2015 or 2014. I cannot remember when but I will undertake to find out for you.

Mr KNOLL: Thank you. Can you confirm whether ALDI supermarkets has been provided with or offered any incentives to begin trading in South Australia?

The Hon. A. KOUTSANTONIS: In terms of tax incentives, I am advised no. I do not know if the Coordinator-General has given them any assistance through any other measures or whether Renewal SA has given them any assistance; I would have to check. In terms of payroll tax or any taxes and charges that we would levy against them, I am advised no but, again, I will go back and check and get you a thorough answer.

Mr MARSHALL: I refer to Budget Paper 3, page 6. What evidence does Treasury have that South Australian household income is growing at 4.5 per cent per annum in trend terms?

The Hon. A. KOUTSANTONIS: I am advised that is their estimate of the medium to long-term growth rate.

Mr MARSHALL: So that was an estimate which was done internally in Treasury?

The Hon. A. KOUTSANTONIS: I understand in the Department of the Premier and Cabinet.

Mr MARSHALL: So the economic modelling unit still remains within Premier and Cabinet?

The Hon. A. KOUTSANTONIS: That is my understanding, yes.

Mr MARSHALL: Do they also do the employment modelling?

The Hon. A. KOUTSANTONIS: Yes, they do, but they obviously coordinate with Treasury.

Mr MARSHALL: To clarify, because I think we have been reporting for some time now that Treasury has done the estimates for the employment growth forecast for this financial year, that is incorrect; it is actually the Department of the Premier and Cabinet?

The Hon. A. KOUTSANTONIS: In consultation with Treasury, yes.

Mr MARSHALL: Are you satisfied with their performance?

The Hon. A. KOUTSANTONIS: Yes. It is very difficult to get this modelling right. I have been in politics a long time and forecasting and polling is very difficult to get right. These are statistical averages that you have to try to assume will occur going forward and they are very difficult to model. There are some proven formulas that sometimes just do not work and people get it wrong. I think attempting to criticise or be frustrated by it is counterproductive. I think they are what they are and you work within the parameters you have, and you focus on policy.

Mr MARSHALL: When did that modelling unit move from Treasury to the Premier's department?

The Hon. A. KOUTSANTONIS: I do not know, I would have to find out for you. We will check. The guess is 2013, but I will have to go back and check.

Mr MARSHALL: Does Treasury commission any of its own independent modelling to verify the forecast provided by DPC?

The Hon. A. KOUTSANTONIS: They work cooperatively together, but whether we ask third parties to model and check, I am advised no, we do not.

Mr MARSHALL: What does the Treasurer think of the Deloitte Access Economics employment growth forecast for South Australia this year?

The Hon. A. KOUTSANTONIS: I do not have them here in front of me, but—

Mr MARSHALL: It is significantly lower than what is provided in the budget.

The Hon. A. KOUTSANTONIS: Deloitte's, CommSec and NAB all come out with estimates. You can take an average of the average, you can rely on the ABS data, or you can rely on the Treasury or DPC data. It is very difficult to have accurate forecasting, so we are better off focusing on policy and doing everything we can—to borrow a term from the Leader of the Opposition—to take the handbrake off and allow the economy to grow by investing in it and cutting taxes.

I have never seen a set of numbers forecast by any government in Australia come out spot on. It is probably the exception rather the rule that they come out accurate. It is very difficult to forecast. I remember talking with treasurer Hockey and current Treasurer Morrison about it as well. It is very difficult to model, and it is a bugbear of the Council of Australian Governments and finance ministers, but it is something that you have to work within.

Mr MARSHALL: Are there better methods of forecasting employment growth? Let's be quite serious: the DPC estimate for employment growth last financial year was double what was actually achieved. Has anything changed or should we essentially halve the estimate this year as well?

The Hon. A. KOUTSANTONIS: The revisions, I am advised, for the last budget were 1 per cent. In the Mid-Year Budget Review, they revised down to 0.25 per cent. In this budget they are back up to 0.5, then going forward, going up to 1 per cent. There is a lot of volatility in them. The best thing we can do is focus on policy outcomes to try to stimulate as much growth as we can. I do not get that hung up on the forecasts.

Mr MARSHALL: What is the employment growth forecast for this year?

The Hon. A. KOUTSANTONIS: It is 0.75 per cent.

Mr MARSHALL: You just said, less than a minute ago, 0.5. Which one is it?

The Hon. A. KOUTSANTONIS: No, that was 2015-16.

Mr MARSHALL: So the forecast for 2015-16 was—

The Hon. A. KOUTSANTONIS: It started at 1 per cent, then we revised it down in the Mid-Year Budget Review, and then back up.

Mr MARSHALL: After you finished the year? You had a forecast after you had finished the year?

The Hon. A. KOUTSANTONIS: We had April data so we put that in.

Mr MARSHALL: How confident are you—are you using exactly the same methodology for this year that was used last year?

The Hon. A. KOUTSANTONIS: I think it is best that politicians do not get involved in the methodology that the independent agencies—

Mr MARSHALL: It is pretty important.

The Hon. A. KOUTSANTONIS: Well, yes, but it is also better that there be no political interference in the way the methodology is done to suit a political preference.

Mr MARSHALL: But it is the same methodology last year and this year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: No changes?

The Hon. A. KOUTSANTONIS: No. I want to make the point that it is very important that politicians do not get involved in the drafting of the methodology to try to draft outcomes to suit policy announcements. It is very hard for agencies to model policy initiatives and what impact they will have on employment growth. It is very hard for them to do that without knowing, obviously because generally policy announcements are kept within government, so it is very hard to go out and consult on them. You try to get as much information as you can from industry groups and individual employers to try to understand it.

Mr MARSHALL: Are we the only jurisdiction in Australia where the employment modelling is done in the Department of the Premier and Cabinet rather than Treasury?

The Hon. A. KOUTSANTONIS: I do not know. I would have to check for you.

Mr MARSHALL: Are you aware of any other jurisdiction where employment modelling has been moved to a Premier's department?

The CHAIR: While we are looking for the answer, which sounded very similar to the question beforehand, I just want to acknowledge that the member for Schubert has retired and has been replaced by the member for Davenport.

Membership:

Mr Duluk substituted for Mr Knoll.

The Hon. A. KOUTSANTONIS: I have just been advised by the Under Treasurer that generally this forecasting is done cooperatively between first ministers and Treasury and their agencies do it cooperatively across the country. Where the individual agency is located between either the first minister and the Treasury might be unique in South Australia, I do not know. I would have to check with other Treasurers. But I do not think it really matters where it is located, because they do work so cooperatively well together, and they have to.

Mr MARSHALL: You are in a difficult position, are you not, Treasurer, because you rely on those models to project state-based taxation revenue, and it is so wildly inaccurate that in the Mid-Year Budget Review you were forced, I think humiliatingly, to have to writedown the forecast for

state-based taxation review by approximately \$360 million or \$370 million, and then a further \$100 million in the state budget that has just been brought down. This is a dangerous situation if you do not get those forecasts right.

You are completely reliant, as you have just suggested, on the Premier's department giving you this forecast. Are we heading for another massive writedown in state-based taxation revenue in the Mid-Year Budget Review this year?

The Hon. A. KOUTSANTONIS: Treasury does its own modelling on its tax receipts. You are talking about jobs growth modelling, and I think you should not confuse the two. I do not think there is anything humiliating or otherwise about having to reflect what is actually going on in the economy. We are facing some serious challenges. I do not think there is anyone in the government or the community who says our current level of economic growth is satisfactory or that the unemployment rate is good enough. We want, obviously, to improve all those numbers, so I think terms like 'humiliating' are wearing on the goodwill I am trying to show you in this estimates committee.

Mr MARSHALL: What was the total writedown in state-based taxation revenue effected in the adjustments made to the forward estimates, both in the Mid-Year Budget Review and the budget brought down in July?

The Hon. A. KOUTSANTONIS: Budget to budget, from the total taxation revenue writedowns since the 2015-16 budget across the forward estimates, there is a writedown of \$795.9 million.

Mr MARSHALL: What is the driver? Because, let's face it, you have done modelling that suggests what that state-based taxation revenue is, and I think you have just given a figure of \$795 million worth of state-based taxation revenue writedowns. What is the driver of that? Is it just the slowing economy? Is it the high level of unemployment? Is it people giving up confidence to effect transactions in this state after a 14-year government?

The Hon. A. KOUTSANTONIS: The biggest reductions are in gambling taxes. Gambling taxes have taken a very big hit, and part of the reason for gambling taxes decreasing is harm minimisation measures are working.

Mr MARSHALL: How much of the \$795 million was that?

The Hon. A. KOUTSANTONIS: The big number there was \$121 million.

Mr MARSHALL: Can you provide to the committee the breakdown of that \$795 million?

The Hon. A. KOUTSANTONIS: I will give it to you now.

Mr MARSHALL: Thank you.

The Hon. A. KOUTSANTONIS: The other one, of course, was payroll tax, which was down \$416 million across the forward estimates. So, yes, it is reflecting a low wage growth environment where there is lots of wage restraint in the economy, which is something we are trying to reflect in our own measures in the budget, and our next largest one is gambling taxes. Insurance taxes are down nearly \$50 million across the forward estimates, land tax is down \$53 million, conveyance duty is down \$90 million and motor vehicle taxes are down \$51 million. I think that reflects writedowns in changing circumstances in the economy but, as I said, I hope that we get these wrong and that we do return to trend and we have an upside.

Mr MARSHALL: Last year you had a similar story, that they were tough times and that there was a tough forecast. Since that time, in just a 12-month period you have had to write down revenue into the state by almost \$800 million over the forward estimates. This year's jobs budget provided a centre point of a \$109 million stimulus. Last year's stimulus measures did not work, but this year it is a comparatively small \$109 million to solve a revenue problem created by the policy settings of almost \$800 million. They are completely inadequate.

The Hon. A. KOUTSANTONIS: Without wanting to quarrel with the Leader of the Opposition, I am not going to increase taxes to fill the gap, which I think is what he is arguing for.

Mr MARSHALL: Well you have. That is exactly the point—you have.

The CHAIR: Order! He is answering your question.

Mr MARSHALL: The emergency services levy, solid waste levy.

The Hon. A. KOUTSANTONIS: I am just following your advice on the solid waste levy, and the emergency services levy is hypothecated and does not go towards—

Mr MARSHALL: Taxi tax.

The Hon. A. KOUTSANTONIS: —our ability to fund measures.

Mr MARSHALL: Sorry, did you just say that it is a hypothecated—

The Hon. A. KOUTSANTONIS: Yes, it goes towards the emergency services. I cannot collect that money and spend it on something else. It goes towards spending within the emergency services.

Mr MARSHALL: It certainly offsets what the government had previously provided out of general revenue. It completely and utterly props up the bottom line of this state government.

The Hon. A. KOUTSANTONIS: That is right. So, by returning those remissions, you would be either having to take a look at whether you would increase taxes or whether you would have to not proceed with tax cuts that are in place or job stimulus measures because you have made the largest spending commitment of the opposition almost immediately after the last state election and you will have to explain to the people of South Australia how you can fund those.

I remind the committee that those remissions are paid for out of other state taxes, and those state taxes are ones that we are endeavouring to try and lower for business. If the Leader of the Opposition returns those remissions, instead of cutting taxes that will create jobs and employment growth, he put South Australians at a disadvantage. I think what the underlying changes in taxation revenues are since the last budget just reflect the changes in the economy. We are trying to consume the closure of Holden, and that has dramatic impacts on our confidence.

One of the biggest problems we have in this state is that our components sector is so large. It does not just supply General Motors Holden: it supplies Toyota and Ford as well. Given the commonwealth government's cuts to the automotive assistance scheme, and losing that industrial base in the nation, we have a much larger over-representation on a per capita basis of those types of manufacturing industries in this state, which is going to make it very hard for us to consume them.

A lot of these numbers reflect the uncertainty that we face with that industry leaving, so that is why we have cut taxes, that is why we have reformed WorkCover, that is why we have campaigned very hard to get the subs, that is why we are investing dramatically in STEM subjects in schools and upgrading schools, and that is why we are offering South Australian businesses jobs incentives to go and employ people by paying them \$10,000 or \$4,000, depending on their eligibility. I think we are doing a lot within our current circumstances to try to stimulate the economy.

Mr MARSHALL: With respect, it is clearly not working because last year you made it clear that we were in a perilous situation, and you brought down the jobs budget to arrest the situation. Since then, it has got worse by about \$800 million in terms of state-based taxation revenues. So, is it going to get even worse? Can you rule out any further writedown or diminution of state-based taxation revenue in the Mid-Year Budget Review or in next year's state budget?

The Hon. A. KOUTSANTONIS: The economy is still growing. It is just not growing as fast as we—

Mr MARSHALL: Can you rule out any further writedowns in state-based taxation revenue?

The Hon. A. KOUTSANTONIS: Hang on—no Treasurer can.

Mr MARSHALL: So you cannot rule out further writedowns.

The Hon. A. KOUTSANTONIS: I do not want to quarrel. I just want to answer the question without you trying to interject constantly. What I am saying to you is that we are forecasting growth, just not as fast as we had hoped. We did create 6,900 jobs—

Mr MARSHALL: Part-time jobs.

The Hon. A. KOUTSANTONIS: They are good jobs. I do not think you should be disparaging people in part-time work. I think the economy is doing better—it is growing. Trying to equate revenue writedowns as a sole link to a healthy or bad economy is unfair. If that is the case, you are arguing against what is occurring in the commonwealth, where they are having similar issues.

Mr MARSHALL: I am not concerned about that. I am concerned about our state budget.

The Hon. A. KOUTSANTONIS: I am concerned about the nation, and I think you should be too. What we are showing is that there is growth in the economy. We are going to create jobs, we are going to grow the economy, we are investing in stimulus and we are cutting taxes. I think there is a much more positive outlook, if the Leader of the Opposition assisted us rather than talking South Australia down constantly, and always refusing to accept that we have created new jobs. I think he hurts the South Australian economy.

Mr MARSHALL: How many hours does somebody need to be working to be qualified as employed in South Australia with the ABS statistics—part-time employed, which seems to be your focus at the moment?

The Hon. A. KOUTSANTONIS: One.

Mr MARSHALL: One hour. So, if somebody works for one hour, this is the employment that you are celebrating in South Australia, that part-time jobs are really good jobs. How do you justify the projected 4.5 per cent increase in household income in your document with the very clear almost strategy of this government now towards the casualisation of employment in this state?

The Hon. A. KOUTSANTONIS: I think that is a damning criticism of the commonwealth government and the Prime Minister and does not serve you well, and probably reflects—

Mr MARSHALL: Just get on with the answer.

The Hon. A. KOUTSANTONIS: I am—it probably reflects why you have had the worst result in this state since 1983 under your leadership. I think that type of—

Mr MARSHALL: Have you got an answer?

The Hon. A. KOUTSANTONIS: I am.

Mr MARSHALL: What is it?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: It is that type of negative—

Mr MARSHALL: What is your answer?

The CHAIR: Order, leader!

The Hon. A. KOUTSANTONIS: That type of negative commentary—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —on part-time employment is really unnecessary.

The CHAIR: Order!

Mr MARSHALL: What, one hour a week is enough?

The CHAIR: Order! Order!

The Hon. A. KOUTSANTONIS: That assumes that every single one of those 6,900 people working one hour a week—

Mr MARSHALL: You do not even know whether we worked more hours last year.

The CHAIR: Leader, leader!

The Hon. A. KOUTSANTONIS: What an appalling thing to do and say.

Mr MARSHALL: You do not know the answer.

The CHAIR: Leader!

Mr MARSHALL: First of all, you said there were 6,000 full-time jobs created in South Australia last year.

The Hon. A. KOUTSANTONIS: Screaming will not—

The CHAIR: I am standing up again, leader!

Mr MARSHALL: You do not care about people in South Australia.

The CHAIR: Leader! Let us have the answer to a question and then you can go into your next question. Treasurer.

The Hon. A. KOUTSANTONIS: I do not think screaming is a substitute for policy, ma'am. It does not suit this committee to have the Leader of the Opposition screaming when it is not going his way.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: What we are saying is that not every single one of those 6,900 jobs created is just one hour's work. It is the criterion that the ABS uses.

I think that the Prime Minister and all the Australian governments—states, federal and local government—are working very hard to try and do everything we can to improve our nation's economy, and that includes South Australia. There has been a lot of cooperation at a federal and state level, and I think that cooperation has been borne out in infrastructure works across the state.

We have seen the state partner with the commonwealth government on Torrens to Torrens, on Darlington, on the Northern Connector, on the Australian submarine program, on future of frigates and on the offshore patrol boats. We have seen the South Australian government and the commonwealth government partner in focusing innovation. You have seen minister Frydenberg, and the state government talking on the same level about energy intensity schemes being discussed at the COAG. I think cooperation is a much better way to try to solve our issues rather than this fake conflict.

Mr DULUK: Of those 6,000 part-time jobs, is there a breakdown of hours worked within that?

The Hon. A. KOUTSANTONIS: We do not have that here. We will check with the ABS and get back to you.

Mr MARSHALL: I refer to Budget Paper 3, page 96. Can you explain why private new business investment in South Australia declined by 11 per cent in the 12 months ending March 2016?

The Hon. A. KOUTSANTONIS: Sorry?

Mr MARSHALL: It is in your document, Budget Paper 3, page 96, paragraph 3. Can you explain why private new business investment in South Australia declined by 11 per cent in the 12 months ending March 2016?

The Hon. A. KOUTSANTONIS: I am advised that a large portion of that is the resources sector. We have seen a dramatic drop in commodity prices. I think, other than gold, you have seen a dramatic decrease. You have seen, obviously, a decreased level of investment in onshore investment and exploration of petroleum and minerals.

Mr MARSHALL: Have you produced a forecast—if so, who has done it—for private business investment in South Australia for this current financial year?

The Hon. A. KOUTSANTONIS: No, we do not do that. That is the ABS.

Mr MARSHALL: Just to clarify this, there is no projection by government any more regarding likely future investment in this state for this current financial year?

The Hon. A. KOUTSANTONIS: I understand that has always been done by the ABS. I am not sure that is a function that we ever did, but I will check and get back to you.

Mr MARSHALL: Have you not previously produced press releases talking about the number of projects which are on the books going forward? Is that not being done any more?

The Hon. A. KOUTSANTONIS: I think that is a separate question from whether Treasury do modelling on this, whether we tally new private approvals. The major projects directory is still ongoing; that still occurs. I think that is what you are talking about.

Mr MARSHALL: When will that be published next?

The Hon. A. KOUTSANTONIS: I would have to speak to the minister responsible.

Mr MARSHALL: So that is not something which is across government, out of Treasury? That is just sector by sector?

The Hon. A. KOUTSANTONIS: No, I think that is traditionally done by the Minister for Infrastructure.

Mr MARSHALL: Have you done any modelling to potentially look at whether stamp duty cuts would bring forward any investment in South Australia? Currently, we have the stamp duty concessions, which cut in on 1 July next year and 1 July of the year after. Has there been any work done to bring that forward to stimulate further business investment in South Australia?

The Hon. A. KOUTSANTONIS: Have we accelerated the tax cuts; is that your question?

Mr MARSHALL: Correct. Has any modelling been done to accelerate those tax cuts?

The Hon. A. KOUTSANTONIS: No, we have not done any modelling on bringing them forward and what the impacts of those would be. We did bring them forward in the last Mid-Year Budget Review. I am not planning on bringing them forward now with the other measures that are in place. They are working together in concert well. I do not think bringing them forward would create too much instability within the property market in terms of commercial sales. I do not want to increase any uncertainty there. It is now factored into the market and I do not want to change that.

Mr MARSHALL: In the 12 months until the end of March, there was a fall in private business investment in South Australia of 11 per cent. A lot of that was related to mining, as you have already pointed out. What do you envisage that will be for this current financial year? You say you have not done any specific modelling, but—

The Hon. A. KOUTSANTONIS: I hope it improves.

Mr MARSHALL: Do you think it will be an improvement?

The Hon. A. KOUTSANTONIS: I hope it does. Given the rate that gas prices are increasing, I think there is now very little argument for the market not to be investing in more exploration in the Cooper Basin. At the upcoming COAG, I would like to see the moratoriums lifted in Victoria and policies in New South Wales liberalised to allow more exploration of unconventional gas, which will no doubt benefit the South Australian Cooper Basin. I would like to see copper prices returned to trend, which would see a lot more investment in South Australia. I would like to see uranium commodity prices improve.

A lot of this is dependent on commodity prices, until they improve. Given that we are heading into a US presidential election cycle, I do not know what impact that will have on worldwide commodity prices in the uncertainty about that, but I understand that will bring about some uncertainty. I do not know what impacts on commodity prices Brexit will have, and I do not know how reliable the growth forecasts are in China or how large their stockpiles of commodities are there.

There are a number of variables to that new private investment. There are things going in our favour: the Australian dollar dropping in value, which I think is quite substantial. I think our permissive regime, our exceptional regulatory framework, does a lot to incentivise a lot more investment here in South Australia than in other jurisdictions. In the end, it comes down to the ability to raise capital, and raising capital is very difficult in the commodities business.

Mr MARSHALL: Would you hope that South Australia would be comparable with other states, though, in terms of attraction? They would be subject to the same international vagaries of exchange rates and Brexit and other issues that you raise. Would you expect that South Australia

should be able to achieve the national average private business investment percentage increase this year?

The Hon. A. KOUTSANTONIS: I would like us to meet our per capita results on every metric, but the truth is that with commodities you cannot use those generic qualifications because we have different commodities from other jurisdictions. For example, South Australia has overwhelmingly the largest amount of resources of copper of all the jurisdictions, so copper prices decreasing has a much larger impact on South Australia than it does on other states.

We are the largest onshore producer of oil, so when the oil price drops it has a larger impact on South Australia than on other jurisdictions. When the gold price increases, or the iron ore price increases, it dramatically improves Western Australia's metrics. When the coal price increases and decreases, it affects New South Wales and Queensland. I do not think you can use those generic assessments.

Mr MARSHALL: I refer to Budget Paper 3, page 62, table 4.5. Can you explain what has driven the \$181 million revaluation of the workers compensation liability? Could it perhaps be the revaluation related to the changes to cancer compensation for CFS and MFS workers?

The Hon. A. KOUTSANTONIS: I am advised that they are actuarial assessments, but that question is better directed to the Attorney-General.

Mr MARSHALL: On Budget Paper 5, page 89, can you confirm the cost of administering the wireless small business loan scheme?

The Hon. A. KOUTSANTONIS: Can you repeat that, sorry?

Mr MARSHALL: The cost of the wireless small business loan scheme, Budget Paper 5, page 89.

The Hon. A. KOUTSANTONIS: The cost of administering it or the cost of delivering it?

Mr MARSHALL: Administering it.

The Hon. A. KOUTSANTONIS: Administering it. I would have to check with State Development and get back to you.

Mr MARSHALL: Thank you very much. I refer to Budget Paper 3, page 15. I would like to explore the issue of carryover expenditures. Can you confirm the key drivers of the \$55 million in carryover expenditures from the 2015-16 financial year into future years? I am generally interested in the mechanism for agreeing to a carryover because often departments are given a budget, 'Use it or lose it,' but in this instance you have authorised \$55 million. Can you tell us your methodology for approval and what departments they were?

The Hon. A. KOUTSANTONIS: The Leader of the Opposition is right. We do not generally like approving carryovers, but sometimes they are tied to commonwealth money or commonwealth grants. It could be a time-limited project. Another reason is that infrastructure could be delayed where there are contractor problems. Those are general reasons why we would accept carryovers.

Mr MARSHALL: But I think they are more on a capital item. This is more a current expenditure. No, sorry; they are capital investment expenditures. Okay, thank you very much. I refer now to Budget Paper 3, page 21, which talks about the payment to non-government schools:

In addition, a low interest loan facility of \$250 million has been established for capital support for non-government schools. Schools will be able to apply for loans for the construction of new and updated learning facilities...

Is this broader than STEM?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: So, they have a different regime?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: They have greater flexibility. What is the impact of this loans program on the net operating balance for each of the forward estimates years?

The Hon. A. KOUTSANTONIS: There is no impact on the operating balance across the forward estimates.

Mr MARSHALL: Why is that?

The Hon. A. KOUTSANTONIS: Because it is borrowings.

Mr MARSHALL: Is there not an interest—

The Hon. A. KOUTSANTONIS: They pay the interest. We do not pay the interest.

Mr MARSHALL: Say that again, sorry.

The Hon. A. KOUTSANTONIS: The schools pay the interest. We do not pay the interest.

Mr MARSHALL: They pay the total. There is no—

The Hon. A. KOUTSANTONIS: Subsidy? No.

Mr MARSHALL: No subsidy and no cost for administering the scheme.

The Hon. A. KOUTSANTONIS: We are developing the framework with the independent schools, the Catholic sector and the other religious organisations.

Mr MARSHALL: The costs of administering it are just dealt with in the—

The Hon. A. KOUTSANTONIS: There is a small administration fee. We are not charging guarantee fees or anything like that but there is a small administration fee. They borrow at our borrowing costs and they pay the interest.

Mr MARSHALL: Thank you very much. I am interested in the explanation given on page 24 regarding expenditures between agencies. Essentially, note B on table 2.5 talks about a new treatment. If we look at that same table last year, the budgeted expenditures for 2015-16 were in excess of \$15 billion. They are now \$13.99 billion. Can you give us details of how this has occurred and whether you will be providing a detailed reconciliation of these figures to demonstrate how the financial report has specifically changed?

The Hon. A. KOUTSANTONIS: I will let the Under Treasurer answer this. Apparently, last year we used the Australian accounting standard to match the agency statements, and this year we used the government financial statistics for a consistent approach. I will allow him to expand on it.

Mr MARSHALL: Thank goodness.

Mr REYNOLDS: In this table last year each agency was listed with their expenditure matching the numbers in the agency statement.

Mr MARSHALL: Yes.

Mr REYNOLDS: That is done on an Australian accounting standards basis the Auditor-General would use.

Mr MARSHALL: Yes.

Mr REYNOLDS: The rest of this document is done on a government financial statistics basis for ABS purposes. That is where you get net operating balance net lending, so we have made this table match the rest of the numbers in this document. So, now the total number of spend matches the expenditure for agencies on the previous table, otherwise they were an inconsistent treatment. The biggest difference between those is where agencies pay each other. An example of that is where agencies pay Shared Services for their works. Previously, that was accounted twice on this table—once where the agency paid it, and once where Shared Services and DPC purchased the services or their employee costs. So, we have made it internally consistent with the rest of the document so that it only gets counted once.

Mr MARSHALL: Are any other states or territories using this new standard?

Mr REYNOLDS: This is not a new standard. We are just making this table match this document.

Mr MARSHALL: Sure, but is any other jurisdiction using this new interagency reconciliation methodology?

Mr REYNOLDS: Every government across the country uses this methodology. It is just a choice for us as to which numbers we showed on this particular table to add up, but everyone uses government financial statistics in line with the ABS requirements; that is the COAG agreement.

Mr MARSHALL: Is it possible though, for clarity, for you to provide a reconciliation between the table of both methodologies so that we can see that, using the old methodology and the current methodology and what those items would be of where they basically cancel each other out?

The Hon. A. KOUTSANTONIS: I am not sure how that would assist the committee.

Mr MARSHALL: It is a new format and it does diminish by more than a billion dollars. We accept the explanation that was provided, but we would like the detail of what they were.

The Hon. A. KOUTSANTONIS: I will consider the request.

Mr MARSHALL: What aspect of it do you need to consider?

The Hon. A. KOUTSANTONIS: All of it.

Mr MARSHALL: You would have to get a briefing to find out what it even is first; you have no idea. Do you actually know the difference—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: Either do you; you are asking the questions.

The CHAIR: Order!

Mr MARSHALL: —between a debit and a credit?

The CHAIR: We are nearly there. You have all been very good; let's keep going.

An honourable member interjecting:

The CHAIR: Okay, I was exaggerating.

Mr MARSHALL: I refer to Budget Paper 3, page 24, which is the exact place we were at so you do not even need to turn the page. With the Health and Ageing line, can you provide any plausible explanation as to why the health budget in South Australia is actually falling between the current year and next year and then between next year and the year after? Is the Treasurer suggesting in this table provided in his budget that we are actually going to be cutting overall expenditure to health for the next two years?

The Hon. A. KOUTSANTONIS: There are a number of efficiencies being made in Transforming Health where they are doing the same amount of activity with less and some of the operating portions of capital projects are coming to an end, but it is still a substantial spend across the forward estimates.

Mr MARSHALL: But you do confirm that that is what that is specifically showing: that next year and the year after health expenditure for two consecutive years will be falling? There is no other odd treatment here?

The Hon. A. KOUTSANTONIS: When you say 'health expenditure', we are not talking about treatment of patients, we are talking about—

Mr MARSHALL: Departmental expenditure.

The Hon. A. KOUTSANTONIS: —some expenditure that is dropping because projects are coming to an end or there are efficiencies being made within Transforming Health.

Mr MARSHALL: For clarity, there is no other explanation that the Department for Health is actually going to have a lower budget next year and the year after, two years in a row?

The Hon. A. KOUTSANTONIS: I understand that the Department for Health will be before estimates; you can ask the minister.

Mr MARSHALL: Thank you very much. I refer to Budget Paper 3, page 57 on the HomeStart privatisation. What aspects of HomeStart is the government looking to privatise: the entire loan book, a portion or the entire institution itself?

The Hon. A. KOUTSANTONIS: I think we would like to keep the institution in public hands, but we certainly are interested in the loan book. We have had a lot of interest from the private sector through the unsolicited bid process about HomeStart's book. I would like to do it in an orderly way where we go out to the market and have a look at: is it worth our while offloading the loan book? But I think, as an institution, I would like to keep it in public hands.

Mr MARSHALL: Can you explain what has enabled the \$15.6 million return of capital from HomeStart in the 2015-16 year? It is on page 81, table 5.11.

The Hon. A. KOUTSANTONIS: It was a dividend announced in last year's budget.

Mr MARSHALL: But what has enabled that? Was it an overaccumulation in HomeStart?

The Hon. A. KOUTSANTONIS: They were above their benchmarks so they had surplus funds and we took it as a dividend.

Mr MARSHALL: Is there any further repayment likely this financial year in the budget?

The Hon. A. KOUTSANTONIS: Not that we have made any decision on, no.

Mr MARSHALL: What has been done on the privatisation to date? Who is responsible for managing this process? Is it within Treasury and Finance?

The Hon. A. KOUTSANTONIS: I am advised it is an across-government task force with Treasury advisers on board, headed up by the Coordinator-General.

Mr MARSHALL: Thank you very much. When did that process start?

The Hon. A. KOUTSANTONIS: I will take that on notice and get back to you.

Mr MARSHALL: Will the state government guarantee first homeowners and seniors will continue to have access to low-deposit and low-rate mortgages?

The Hon. A. KOUTSANTONIS: Who currently have loans, or are seeking new loans?

Mr MARSHALL: Seeking new loans—although, now that you raise it, both. I would be flabbergasted if you would act retrospectively, but seeing as you raised it—

The Hon. A. KOUTSANTONIS: No-one would be changing people's contract conditions. We will wait to see what this process throws up.

Mr MARSHALL: But can you guarantee that first homeowners and seniors will continue—

The Hon. A. KOUTSANTONIS: It is not my intention to not have the institution offering this service. What I am interested in is to see whether or not the loan book is of value to the private sector. I think there is a value in the government having HomeStart.

Mr MARSHALL: Sure, but there is also a value to low-income earners and seniors to having access to low-rate mortgages.

The Hon. A. KOUTSANTONIS: I agree.

Mr MARSHALL: So how do you balance those two issues off against each other?

The Hon. A. KOUTSANTONIS: There have been no policy announcements or policy shifts that we would stop issuing these types of loans. That is not what I am interested in. What I am interested in is to see what the value of the loan book is.

Mr MARSHALL: Is the government receiving or seeking any external advice on this privatisation process?

The Hon. A. KOUTSANTONIS: Yes, we will be.

Mr MARSHALL: Is that already underway?

The Hon. A. KOUTSANTONIS: I will get more advice for you, but I am advised we are in the process of recruiting a firm to do the scoping study for us.

Mr MARSHALL: What is the time line for the privatisation?

The Hon. A. KOUTSANTONIS: I can come back to you with a more definitive answer after we have the consultants in place and they have completed their scoping study.

Mr MARSHALL: How will the state government protect the interests of existing HomeStart customers?

The Hon. A. KOUTSANTONIS: They have contracts in place.

Mr MARSHALL: Would you envisage that the privatisation would be complete by the end of this year?

The Hon. A. KOUTSANTONIS: I cannot answer that.

Mr MARSHALL: I refer to Budget Paper 3, page 56. I just have a couple of questions regarding commonwealth/state relations. In relation to the proposal to give states a share of personal income tax revenues, are you able to provide an update on how this proposal put forward by the Premier—

The Hon. A. KOUTSANTONIS: Premiers.

Mr MARSHALL: —and I am sure never supported by you, but publicly you are standing as one with him—is progressing?

The Hon. A. KOUTSANTONIS: Premiers Baird and Weatherill.

Mr MARSHALL: That wasn't the question. How is it progressing?

The Hon. A. KOUTSANTONIS: I am just telling you who was actually putting up the proposal. It was rejected by the Prime Minister.

Mr MARSHALL: Is the proposal included on the agenda for the next COAG meeting?

The Hon. A. KOUTSANTONIS: The Prime Minister put up a separate proposal which was for a different type of ability for states to live with their own income tax, as opposed to what we were advocating, which was for a portion of the national income tax take. We are working at a departmental level. I think it was pretty obvious from the last COAG meeting that the Prime Minister offered a form of tax reform to the states. That was rejected, and we then went off to continue to work on how we reform our tax-based system. I think the Prime Minister will probably have more to say about that over the next few months as he gets his feet under the table.

Our view has not changed: there is a fiscal gap between our health needs and commonwealth funding. I thought it was quite interesting that the Prime Minister made a speech just after the election where he conceded, I think quite bravely, that the 2014-15 budget, which made dramatic cuts to health, did a great deal of damage to the commonwealth government. He acknowledged that there is a gap, and he did go some way to filling that gap, but not entirely. I think this Prime Minister, probably more than the last, understands the fiscal gap and understands state governments better than his predecessor. I am meeting with Treasurer Morrison next week—

Mr MARSHALL: I am just asking about whether it was on the agenda for the COAG meeting. That was the only question.

The Hon. A. KOUTSANTONIS: Tax reform is a constant agenda item.

Mr MARSHALL: Does it remain the position of the state government that we should increase the GST to 15 per cent in South Australia?

The Hon. A. KOUTSANTONIS: It is certainly the position of the government that we should extend GST to financial services.

Mr MARSHALL: Which financial services in particular? For example, would it affect deposits? Withdrawals? Which financial services?

The Hon. A. KOUTSANTONIS: More about turnover from banks rather than individuals.

Mr MARSHALL: Which financial services in particular would you like to see the GST extended to?

The Hon. A. KOUTSANTONIS: That is the whole body of work that the Premier has been asking to be done, is to—

Mr MARSHALL: But I asked him this same question last year and did not get an answer. It is one thing to say that it is our position, a firm position, to extend the GST to financial services. Can we get some clarity for the people of South Australia as to what your policy is? Which financial services? Deposits, withdrawals, insurances—

The Hon. A. KOUTSANTONIS: I think to be fair to the Premier, which I have no doubt you do not want to be, what we are attempting to do is have a discussion with the commonwealth government about the fiscal gap and ways to help them assist the states to meet that fiscal gap from cuts that they have made. One area that is taxed in other jurisdictions around the world is financial services. There is a body of work to be done between the commonwealth and the states about how extensive that tax is and what that extends to. It is far too early to say how far it will extend, other than to say there is a large body of work that needs to be done.

Mr MARSHALL: Will you rule out returning to your policy of increasing the GST to 15 per cent in South Australia?

The Hon. A. KOUTSANTONIS: Unfortunately for the Leader of the Opposition, I have no power to increase the GST. That is a matter for the commonwealth parliament, not the state parliament.

Mr MARSHALL: On competition reform, have you or has Treasury had any advice or conversations with the commonwealth as to whether incentive payments will be made available for the implementation of recommendations from the Harper review?

The Hon. A. KOUTSANTONIS: This is something I am very keen on. I think the Harper review is an excellent body of work and I think he should be congratulated on that. I am very glad that Treasurer Morrison has now elevated the Harper review to a much higher level of scrutiny by the commonwealth government. I think it is important to note that the commonwealth government, in its attempt to advocate this, is talking about incentive payments. We would like to know exactly what they are intending and how that will look. He thinks that the most important thing we can do is obviously work out collaboratively how exactly we are going to do this incentive payment scheme.

Mr MARSHALL: In terms of the omnibus questions, do we need to read them in here for Treasury?

The CHAIR: We are double-checking because I think you can leave the omnibus for everything; is that what you were just asking?

Mr MARSHALL: We did them for the Premier's department, but whether or not Treasury are happy for us—

The CHAIR: Do you have another question while we clarify what we are doing?

Mr DULUK: Treasurer, in relation to targeted voluntary separation packages, Budget Paper 3, page 22, for each department and agency can you provide the number of TVSPs offered and accepted in 2015-16?

The Hon. A. KOUTSANTONIS: Are these omnibus questions?

Mr DULUK: No.

The Hon. A. KOUTSANTONIS: Within Treasury and Finance or within the entire government?

Mr DULUK: For each department and agency.

The Hon. A. KOUTSANTONIS: I will get that for you on notice.

Mr DULUK: Wonderful, and being the total cost of those TVSPs and obviously who paid for them within each department.

The Hon. A. KOUTSANTONIS: Of course.

Mr MARSHALL: Shall we read them in just to be safe? Because this is closing in 30 seconds.

The Hon. A. KOUTSANTONIS: I undertake to answer your omnibus questions.

The CHAIR: The adjudication is we have to ask the omnibus questions of each minister, so we are going to have them now.

Mr DULUK: Thank you.

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2015-16 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. In financial year 2015-16 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 2016-17?

3. For each department and 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 2014-15 and 2015-16.

4. For each year of the forward estimates, please provide the name and budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2015-16 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, the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction 15.

5. For each year of the forward estimates, please provide the corporate overhead costs allocated to each individual program and subprogram administered by or on behalf of all departments and agencies reporting to the minister.

6. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2015-16?
- (b) Which department funded these TVSPs?
- (c) What number of TVSPs was funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how these packages are to be funded?

7. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2016, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

The CHAIR: I thank everyone for their help and cooperation and look forward to seeing you all again.

Sitting suspended from 13:32 to 14:30.

Departmental Advisers:

Mr D. Reynolds, Under Treasurer, Department of Treasury and Finance.

Mr K. Cantley, Executive Director, Public Finance Branch, Department of Treasury and Finance

Mr S. Hocking, Deputy Chief Executive, Department of Treasury and Finance.

Mrs T. Pribanic, Executive Director, Budget, Analysis and Performance, Department of Treasury and Finance.

Mr A. Blaskett, General Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Mr T. Burfield, Director, Insurance, South Australian Government Financing Authority, Department of Treasury and Finance.

Ms J. Hart, Acting Claims Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Ms J. Townsend, Chief Executive, Funds SA

Mr A. Pamula, Deputy Commissioner, RevenueSA.

Mr J. Montague, General Manager, Super SA.

Mr B. Tuffnell, Acting Chief of Staff.

The CHAIR: Thank you, everyone, for being here so promptly. We have no changes to announce to the committee membership, so I shall open the portfolio of Treasury and Finance. Estimate of proposed payments for the Department of Treasury and Finance are still open for examination, and I refer members to portfolio statement Volume 4. I call on the Treasurer, if he wishes to make an opening statement of any variety.

The Hon. A. KOUTSANTONIS: No, thank you, ma'am. I will introduce my advisers. We have with us Mr Andrew Blaskett, who is the General Manager of SAFA.

The CHAIR: The other advisers are as they were. Leader, do you have a statement?

Mr MARSHALL: No, thank you.

The CHAIR: We will go straight to questions.

Mr MARSHALL: On Budget Paper 3, page 52, with regard to SAFA's special dividend, can you perhaps explain to the committee, the dividend payment of \$30 million in the 2015-16 year in relation to the return of excess capital from SAFA's fleet and treasury operations?

The Hon. A. KOUTSANTONIS: That was announced in last year's budget. There was an excess of capital needed by SAFA to undertake its operations, so the prudent thing to do was to return that to the budget.

Mr MARSHALL: So it is an excess of capital? Was it through the sale of assets?

The Hon. A. KOUTSANTONIS: I am advised it was retained earnings built up over time.

Mr MARSHALL: To be clear, this is an agency which has a series of areas that it receives income from and then it has its annual expenditure, and there has been a build-up of retained earnings that have been transferred to the balance sheet, and then over a period of time you determined that there was \$30 million excess and you have transferred that as a special dividend to the state; is that correct?

The Hon. A. KOUTSANTONIS: I answered it in the earlier question.

Mr MARSHALL: Say that again, sorry.

The Hon. A. KOUTSANTONIS: I answered that in my previous answer.

Mr MARSHALL: What was the retained surplus for SAFA as of 30 June 2016?

The Hon. A. KOUTSANTONIS: We will not know that until the audit is completed, and we will not know that until the Auditor-General has finished his audit.

Mr MARSHALL: Sure, but there is an estimate in the budget for every agency. Every department essentially has an estimate of the result of 30 June, all subject to a range of finalisation of figures, so what was the estimated 2015-16 year result?

The Hon. A. KOUTSANTONIS: We do not have that here; we will provide you that on notice.

Mr MARSHALL: What was on the balance sheet as retained earnings as of 30 June?

The Hon. A. KOUTSANTONIS: We do not have that here; we will provide that to you.

Mr MARSHALL: Did you bring anything with you? I mean these are pretty basic questions.

The Hon. A. KOUTSANTONIS: You can be argumentative if you like.

Mr MARSHALL: It is not argumentative, but—

The CHAIR: Order!

Mr MARSHALL: —I have asked four questions and they are pretty basic questions.

The CHAIR: Order! I need to ask members to refrain from interjecting. So you are getting that on notice.

The Hon. A. KOUTSANTONIS: Yes, ma'am.

Mr MARSHALL: What was the budgeted income for the 2015-16 year for SAFA?

The Hon. A. KOUTSANTONIS: We do not have that here.

Mr MARSHALL: You do not have that here? What have you got? What is in your bag? This is ridiculous.

The CHAIR: Order! Next question.

Mr MARSHALL: What was your budgeted expenditure for SAFA for the last financial year?

The Hon. A. KOUTSANTONIS: The Leader of the Opposition is asking questions that do not make up part of the budget statement, so we will get that information for him.

Mr MARSHALL: What was the budgeted expenditure for SAFA for last year?

The Hon. A. KOUTSANTONIS: I am happy to provide this information to the Leader of the Opposition. We do not have it here. I will provide it to him on notice.

Mr MARSHALL: With respect, Chair, we are here to investigate the budget, and so I ask a question. We have got the SAFA people sitting in front of us. I think it is a reasonable question for this committee to ask the Treasurer what the projected income for SAFA was last financial year and the reply is, 'I don't have that information.'

The CHAIR: I am mindful of the time constraints.

Mr MARSHALL: Then I asked what was the budgeted expenditure for last year, and the reply is, 'I don't have that information.' What was the surplus at the end of the financial year—these are not difficult questions.

The CHAIR: Leader, regrettably we cannot control if they do not have that.

Mr MARSHALL: Can the Treasurer provide the committee—

The CHAIR: Could we perhaps move on to the next question? Keep it moving.

Mr MARSHALL: Can the Treasurer provide any explanation to the committee as to why these figures are not available at this point?

The Hon. A. KOUTSANTONIS: My advice is that the only interaction that SAFA has with the budget statements is in the dividend they provided, so the rest of the questions he is asking do not make it a part of the budget statements. I undertake to bring them to him. I am not trying to hide them; it is just that we do not have them here.

Mr MARSHALL: Extraordinary. I refer to Budget Paper 4, Volume 4, page 170. To what extent was the return of excess capital by SAFA's fleet and treasury operations enabled by the disposal of fleet assets?

The Hon. A. KOUTSANTONIS: Part of the normal operations of SAFA is to buy and sell cars as part of the fleet. They have built up surplus funds over a period of time and they returned a dividend. That is just the normal course of their operation.

Mr MARSHALL: What did SAFA raise from the disposal of the 3,100 vehicles that it disposed of last financial year?

The Hon. A. KOUTSANTONIS: I will get that for you.

Mr MARSHALL: Who is responsible for the IT system which is used in SAFA?

The Hon. A. KOUTSANTONIS: Which IT system?

Mr MARSHALL: Well, that was going to be my question because last year in this estimates committee you provided information about the implementation of a new IT system. I am just wondering whether you can give progress update on the implementation of that new system? I have the name of that if you want to know it.

The Hon. A. KOUTSANTONIS: I understand Findur is in place and operational.

Mr MARSHALL: What is the name of that system?

The Hon. A. KOUTSANTONIS: I think the acronym is F-I-N-D-U-R.

Mr MARSHALL: What does that system cover?

The Hon. A. KOUTSANTONIS: I will get you a much more detailed briefing, but I understand it just covers the general operations of SAFA and their detailed settlement processes. I will get you that on notice.

Mr MARSHALL: What was the total cost of the implementation of that system?

The Hon. A. KOUTSANTONIS: We will get that for you.

Mr MARSHALL: What was the budget?

The Hon. A. KOUTSANTONIS: We do not have it here, and we will get it for you.

Mr MARSHALL: I think we will just finish off with SAFA because so far they have not been able to provide one single, solitary useful piece of information to this committee.

The CHAIR: We are moving to Funds SA?

Mr MARSHALL: Perhaps the member for MacKillop might have a better chance.

The CHAIR: So the member for MacKillop is going to stay with SAFA?

Mr WILLIAMS: I refer to Budget Paper 3, page 66, Insurance arrangements. I have a couple of questions about insurance arrangements with the state. The budget papers state:

All government departments and statutory authorities are included in the arrangements, unless specifically exempted by the Treasurer.

Are there any agencies exempt from these insurance arrangements?

The Hon. A. KOUTSANTONIS: The only bodies that do not have SAICORP insurance, that are government owned, are the desalination plant, the Adelaide Oval and the Convention Centre. They all have private insurance through their operating bodies.

Mr WILLIAMS: So, all the agencies within government are covered under this. One of the dot points here says that moneys that are generated, including from premiums received from agencies, 'pay premiums for the government's catastrophe reinsurance program and other insurances deemed necessary and appropriate in connection with the arrangements'. What is the basis of the catastrophe insurance covered by the government?

The Hon. A. KOUTSANTONIS: Do you mean whether it is for fire, water or a flood?

Mr WILLIAMS: Yes, fire, flooding, storms.

The Hon. A. KOUTSANTONIS: Earthquakes?

Mr WILLIAMS: Yes, those sorts of things.

The Hon. A. KOUTSANTONIS: We buy insurance for property, public and products liability, professional indemnity, directors and officers liability, medical malpractice, aviation liability, terrorism, property insurance and network security and privacy.

Mr WILLIAMS: When you say 'for property', does that include assets such as roads and other infrastructure which might be destroyed or damaged in a fire, and does it include assets which come under the Coast Protection Board's management, such as severe beach erosion?

The Hon. A. KOUTSANTONIS: We insure infrastructure on roads—things like bridges, culverts—but we do not insure land. If a road is burnt, flooded or washed away, if it is not hard infrastructure that is built as part of that road, we do not insure that; we self-insure for that.

Mr WILLIAMS: What about storm damage?

The Hon. A. KOUTSANTONIS: I would have to check on that, but I think not, no.

Mr WILLIAMS: You do think that would not be covered?

The Hon. A. KOUTSANTONIS: No, but I think jetties might be, but I do not think that we cover land erosion, no.

Mr WILLIAMS: Say an esplanade got washed away—

The Hon. A. KOUTSANTONIS: That would be very bad.

Mr WILLIAMS: But if that happened in an extreme storm event? I am quite happy for you to take this on notice.

The Hon. A. KOUTSANTONIS: Sure. The first options are, of course, that a lot of the esplanade is covered by local government, and they would have their own forms of insurance. It would be their own local roads. Local government would cover a large portion of it. I can get you the breakdown. We would cover things like, I imagine, jetties and ports if we owned them. To the extent that we own infrastructure, we would cover it.

In the end, if there was a major event on the esplanade and we lost homes, infrastructure and public utilities, no amount of insurance would cover the full cost of remediation. The government would have to make a decision about how much of that local councils could bear. I imagine that the commonwealth would make the same decision about how much a state government could bear, and there would be some arrangement. Natural disasters being what they are cannot always be insured against because there are a lot of things within a natural disaster that you cannot insure. In the end, we insure ourselves through our borrowing capacity, through the taxes we raise, but we do as much as we can.

Mr WILLIAMS: So you hold a fair bit of the risk within government?

The Hon. A. KOUTSANTONIS: As much as we can. In terms of the major pieces of infrastructure, I am advised, the private operators of the desal plant, for example, are required to take out insurance, as with the Convention Centre, as with the Adelaide Oval. If something were to occur on something that was not government-owned property, and there was a large-scale terrorist attack somewhere on a private hospital or somewhere that impacted on public infrastructure that was not covered, late roads or whatever it might be, yes.

Mr MARSHALL: My question relates to Budget Paper 5, page 88, the South Australian Venture Capital Fund. How many full-time equivalents will be dedicated to administering the program?

The Hon. A. KOUTSANTONIS: It is yet to be determined.

Mr MARSHALL: It is yet to be determined, but I presume that the \$750,000 per year operating expenses will be mainly full-time equivalents; is that correct?

The Hon. A. KOUTSANTONIS: As I said, it is yet to be determined.

Mr MARSHALL: How did you come up with the \$750,000 budget, or is that yet to be determined?

The Hon. A. KOUTSANTONIS: We have yet to determine exactly how many FTEs we will employ in the fund management process. Once we determine that with State Development, I undertake to come to you and let you know the full details of it.

Mr MARSHALL: Nevertheless, the government has proposed a \$50 million venture capital fund as a budget here of \$750,000 operating expenses each year. How did you arrive at \$750,000?

The Hon. A. KOUTSANTONIS: We do our very best to estimate what we think it will cost.

Mr MARSHALL: That is not the question: the question is: how did you arrive at it? What is it made up of?

The Hon. A. KOUTSANTONIS: You may think it was not the question. I am answering the question the way I see fit. You do not have to agree with me. I have undertaken to come back to you once we have a better understanding of how this will interact with the other agencies. Once I have that, I will undertake to give you a full briefing.

Mr MARSHALL: What are the components of the \$750,000 worth of annual expenditure? Are there other issues, other than staff, that would be incorporated into that?

The Hon. A. KOUTSANTONIS: Once we have sorted it all out, I will give you a full detailed briefing.

Mr MARSHALL: What could they be?

The Hon. A. KOUTSANTONIS: As I said, I do not want to hypothecate here in the—

Mr MARSHALL: It is not hypothecating; it is your budget. You actually set this.

The CHAIR: Order! The minister has undertaken to bring you back an answer.

Mr MARSHALL: Hypothecate is not even a word that you would use in this—

The CHAIR: Order! Next question.

The Hon. A. KOUTSANTONIS: It is word you would use here. What I would say is that we are yet to determine exactly the make-up of how this allocation will be spent.

Mr MARSHALL: When was the venture capital fund first envisaged?

The Hon. A. KOUTSANTONIS: I have not finished answering your question.

Mr MARSHALL: When was the venture—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I understand that your talking over me gives you an advantage. Once we have determined how this will operate and the structure of it, I am happy for you to be given a full briefing. I am not trying to be tricky here. I am just saying that we are working with other agencies in its administration.

Mr MARSHALL: When was the venture capital fund announced by the government?

The Hon. A. KOUTSANTONIS: We commissioned the McCreadie report, which was released in full. I cannot remember the date it was released, but it was well before the budget. I think the announcement of the innovation fund and the response to the McCreadie report was on budget day, but I stand to be corrected if we made it earlier. I cannot remember

Mr MARSHALL: So this was announced in the budget. This was on a recommendation of the Economic Development Board. It was the McCreadie report. It came to the government and it said that you should actually establish this venture capital fund.

The Hon. A. KOUTSANTONIS: I am not sure if the EDB made a recommendation or not. They may have supported it. It was certainly considered in the budget process.

Mr MARSHALL: What source of funds is being used to provide the \$50 million?

The Hon. A. KOUTSANTONIS: Borrowings.

Mr MARSHALL: Yes, so are you going to put that capital fund in place just on an ongoing basis or a proportion of a larger capital raising?

The Hon. A. KOUTSANTONIS: It would just be part of SAFA's normal capital raising.

Mr MARSHALL: It would be part of this, so you are not putting a \$50 million fund in place. It would just be as the funds are required that they will be accessed. What do you consider would be the cost of that capital?

The Hon. A. KOUTSANTONIS: It depends on when it would be required and what the borrowing rates are at the time.

Mr MARSHALL: What is the most recent cost of capital?

The Hon. A. KOUTSANTONIS: In the McCreadie report, if you read it, there were a series of stages, so we do not expect this to be ready for access this financial year unless they are well advanced projects that are prepared to access it. It will require, I am advised, matching funds from other venture capital funds. There are a series of toll gates, I suppose.

Mr MARSHALL: Tollgates?

The Hon. A. KOUTSANTONIS: Sort of, yes.

Mr MARSHALL: You mean stage gates?

The Hon. A. KOUTSANTONIS: Tollgates is fine.

Mr MARSHALL: Tollgates? That is just something else you are wanting to—is that a new toll or something?

The Hon. A. KOUTSANTONIS: This little smart alec backwards and forwards between you and me serves no purpose other than you trying to—

The CHAIR: Order!

Mr MARSHALL: You have an answer the question.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —puff up your own chest because of your own shortcomings. It is not my fault you lost the last election. None of it is my fault.

The CHAIR: Could we use the word 'marker' perhaps?

The Hon. A. KOUTSANTONIS: I will use whatever word I want.

The CHAIR: 'Marker' will do.

Mr MARSHALL: It is a new tollgate apparently. Who pays that toll on the toll gate?

The CHAIR: Have you finished your answer, Treasurer?

The Hon. A. KOUTSANTONIS: I am trying to be as civil as I can.

The CHAIR: Thank you.

Mr MARSHALL: The question was: what was the cost of the most recent debt?

The Hon. A. KOUTSANTONIS: As we reach those tollgates—

The CHAIR: Markers.

The Hon. A. KOUTSANTONIS: Markers. Tollgates.

The Hon. S.W. KEY: Thresholds.

The Hon. A. KOUTSANTONIS: Thresholds—you would obviously have a requirement once you get to that point where there are matching funds available. I will make a decision then. I cannot give you an estimate now. It would be too premature.

Mr MARSHALL: Yes, but the question was: what was the most recent cost of debt when SAFA issued a bond?

The Hon. A. KOUTSANTONIS: I am advised around 2.5 per cent.

Mr MARSHALL: What period of time was that issued over?

The Hon. A. KOUTSANTONIS: Over a 10-year period, I am advised.

Mr MARSHALL: What was the size of that?

The Hon. A. KOUTSANTONIS: \$500 million.

Mr MARSHALL: Can the Treasurer advise the committee what types of projects would qualify for the venture capital funding?

The Hon. A. KOUTSANTONIS: No, I would have to refer you to minister Maher.

Mr MARSHALL: So, this would be completely administered by him?

The Hon. A. KOUTSANTONIS: No, SAFA will administer it but it will be operated by minister Maher.

Mr MARSHALL: Well, we have SAFA here now. I am just asking what sort of projects are envisaged to be covered by this?

The Hon. A. KOUTSANTONIS: We will administer the contracts. The program would be administered by minister Maher, so you refer those questions to him.

Mr MARSHALL: Would minister Maher be doing the full investigation of whether people qualify not?

The Hon. A. KOUTSANTONIS: There will be a structure established around the Venture Capital Fund to consider and critique the proposals being put to it and there will be a series of requirements for that fund that will be determined out of the basis of the McCreadie report. The McCreadie report was made public in full. I refer that to the Leader of the Opposition; he should read it. If he would like a briefing on it, we could arrange one, and these questions should be directed to minister Maher.

Mr MARSHALL: But I am just asking the question: will it be SAFA who will be doing the due diligence on these deals, or will that be completely done by minister Maher's office or department?

The Hon. A. KOUTSANTONIS: SAFA will certainly play a role but the first part of the McCreadie report and the innovation fund is for DSD to work with these early commercialisation grants with people putting up ideas who are eligible for the grants. DSD will work with them, and once they are ready for access to venture capital, they will work with SAFA about their eligibility and the terms of those contracts.

Mr MARSHALL: In fact, SAFA is actually going to be involved in the assessment; therefore, I am asking a pretty reasonable question as to what the scope is.

The Hon. A. KOUTSANTONIS: And I have been pretty reasonable in my answer—

Mr MARSHALL: You haven't given an answer yet.

The Hon. A. KOUTSANTONIS: —saying you should address those to minister Maher.

Mr MARSHALL: I don't think you know the answer.

The Hon. A. KOUTSANTONIS: Well, I have answered the question.

Mr MARSHALL: Is there any appropriation beyond the \$750,000 in other departments for this assessment of all of these applications?

The Hon. A. KOUTSANTONIS: You would need to ask those other departments you are seeking information from.

Mr MARSHALL: I am actually asking you and I will tell you the reason why. I am reading from your statement, the Budget Measures Statement. Under the heading of Department of Treasury and Finance, South Australian Venture Capital Fund it says the administration costs are all in SAFA. None of them are in minister Maher's department, as you have just told this committee. Either you are misleading the committee or you just do not know what you are talking about but, either way, we would like an explanation.

The Hon. A. KOUTSANTONIS: Sure. Then refer to the other money I have allocated in the budget on top of the \$750,000 that you are referring to.

Mr MARSHALL: Why would that not be in the Budget Measures Statement?

The Hon. A. KOUTSANTONIS: You are asking me about—

Mr MARSHALL: This the Budget Measures Statement as it—

The CHAIR: Order!

Mr MARSHALL: —pertains to the venture capital board.

The CHAIR: Order!

Mr MARSHALL: It does not mention the other department.

The CHAIR: Can we have one question at—

Mr MARSHALL: It only mentions the one that is up for discussion at the moment.

The CHAIR: Could we have one question at a time and allow some time for an answer?

The Hon. A. KOUTSANTONIS: Budget Paper 5, page 78, investment and innovation. You have a whole series of explanations there for the allocation issued in the budget and I would refer you again to minister Maher.

Mr MARSHALL: I am sure that talks about some excellent concepts, but I am actually interested in the Venture Capital Fund. I have asked the question: 'Who is doing the assessment?' and you have said minister Maher, but page 88, which actually deals with the Venture Capital Fund—

The Hon. A. KOUTSANTONIS: I do not think you are interested in any answers; you are just being combative.

Mr MARSHALL: You cannot even tell me who could access this.

The Hon. A. KOUTSANTONIS: You are not interested in an answer; you are just being combative. It is style over substance.

Mr MARSHALL: Is the state government taking an equity position in these ventures or the private financiers with whom the government is intending to partner with?

The Hon. A. KOUTSANTONIS: I am advised that the very definition of applying venture capital is that we will have an equity stake in the venture.

Mr MARSHALL: Who will therefore be making that assessment? Will that be minister Maher's department?

The Hon. A. KOUTSANTONIS: We will develop a governance structure, as I have already told you we would, and I will get back to you about that governance structure, which will advise and help the government make these decisions.

Mr MARSHALL: So this is not providing interest-free loans, this is the government taking equity stakes—

The Hon. A. KOUTSANTONIS: That is what venture capital is.

Mr MARSHALL: —within businesses and minister Maher's department is going to be making—

The Hon. A. KOUTSANTONIS: State Development, yes.

Mr MARSHALL: —those assessments?

The Hon. A. KOUTSANTONIS: I have just said to you—

Mr MARSHALL: Yet there is nothing in the budget for that.

The Hon. A. KOUTSANTONIS: I have just said to you they will be collaborative decisions made between SAFA and State Development and there will be a governance structure around that decision-making process which we will make public.

Mr MARSHALL: What exposure will the taxpayer have under this fund?

The Hon. A. KOUTSANTONIS: Fifty million dollars.

Mr MARSHALL: So we could lose the lot?

The Hon. A. KOUTSANTONIS: If we invested with you, we probably would.

The CHAIR: No, order!

Mr MARSHALL: I would not make an application.

The CHAIR: Order! Next question.

The Hon. A. KOUTSANTONIS: You would not be successful.

The CHAIR: Next question.

Mr MARSHALL: Is SAFA administering the Unlocking Capital for Jobs program as well?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Were there any payments made under this program in the past 12 months?

The Hon. A. KOUTSANTONIS: I am advised that we do not make payments, we guarantee loans.

Mr MARSHALL: Were there any loans guaranteed in the past 12 months?

The Hon. A. KOUTSANTONIS: One.

Mr MARSHALL: That was made in the past 12 months?

The Hon. A. KOUTSANTONIS: On 15 March, sorry; it remains current.

Mr MARSHALL: So there were none made in the past 12 months?

The Hon. A. KOUTSANTONIS: No, only Australian Fashion Labels.

Mr MARSHALL: In fact, there have been none made in the past 16 months?

The Hon. A. KOUTSANTONIS: Only Australian Fashion Labels.

Mr MARSHALL: That does not in any way relate to my question. Can you confirm the state's total exposure under the Unlocking Capital for Jobs program as that 30 June 2016?

The Hon. A. KOUTSANTONIS: I am advised it is \$3.5 million.

Mr MARSHALL: How many loans in total have been made under this scheme?

The Hon. A. KOUTSANTONIS: I think I have already answered that.

Mr MARSHALL: Just for clarity.

The Hon. A. KOUTSANTONIS: It is a guarantee fee; it is not a loan process.

Mr MARSHALL: How many loans have been guaranteed under this process?

The Hon. A. KOUTSANTONIS: One.

Mr MARSHALL: And that was a loan for \$3.5 million to one company in March 2015?

The Hon. A. KOUTSANTONIS: That is correct, I am advised.

Mr MARSHALL: What has the program cost to administer for the past two years?

The Hon. A. KOUTSANTONIS: It has been absorbed within our existing operations within the agency.

Mr MARSHALL: What is the budgeted cost over the forward estimates?

The Hon. A. KOUTSANTONIS: They will continue to absorb it within their existing structures.

Mr MARSHALL: Has there been any external review of this program carried out?

The Hon. A. KOUTSANTONIS: I am advised that the EDB is conducting a review of it as we speak.

Mr MARSHALL: Who is conducting that?

The Hon. A. KOUTSANTONIS: The Economic Development Board.

Mr MARSHALL: Is it not correct that Ernst & Young have carried out a review of this program?

The Hon. A. KOUTSANTONIS: They may be doing it for the EDB but I will check.

Mr MARSHALL: Have you an explanation as to why the Budget and Finance Committee were not informed when they asked this question? In fact, they were told that Deloitte were doing some work on it.

The Hon. A. KOUTSANTONIS: I do not appear before the Budget and Finance Committee.

Mr MARSHALL: What were the findings—

The Hon. A. KOUTSANTONIS: If the Budget and Finance Committee has information that is not accurate, we will correct the record. I am giving you the best information I have at the advice available. There is no deliberate attempt to mislead you. Whatever the appropriate information, we will get it to you, if indeed the Budget and Finance Committee were told it was Deloitte.

Mr MARSHALL: Has this program been successful as envisaged by the government?

The Hon. A. KOUTSANTONIS: I think if you were an Australian fashion label, you would think it was very successful, yes.

Mr MARSHALL: But as taxpayers, has it been successful?

The Hon. A. KOUTSANTONIS: I think anchoring one of the great South Australian success stories is quite good for South Australia.

Mr MARSHALL: Are you disappointed that no loans have been guaranteed over the past 16 months?

The Hon. A. KOUTSANTONIS: My personal views are irrelevant. I think there are a number of programs that are sometimes oversubscribed and undersubscribed. The question for us is—as long as we are continually trying new policy approaches. Sometimes they work, sometimes they don't.

Mr MARSHALL: Is it time to wrap this one up?

The Hon. A. KOUTSANTONIS: I think it is too early to tell.

Mr MARSHALL: Did you have any applications last year?

The Hon. A. KOUTSANTONIS: I would have to go back and check.

Mr MARSHALL: Well, they are sitting next to you.

The Hon. A. KOUTSANTONIS: I have undertaken to go back and check.

Mr MARSHALL: So you are not aware of one single application in the past 12 months for this program?

The Hon. A. KOUTSANTONIS: I think I have already answered that question.

Mr MARSHALL: How much is this external review by Ernst & Young costing?

The Hon. A. KOUTSANTONIS: I do not know; I will have to get that information for you.

Mr MARSHALL: Who will bear the cost of that review? Will it be the Economic Development Board?

The Hon. A. KOUTSANTONIS: I do not know; I will have to find out and get back to you.

Mr MARSHALL: Isn't this something that is administered under SAFA, which we are here to—

The Hon. A. KOUTSANTONIS: If the Economic Development Board are conducting a review and they have hired external consultants to conduct the review, I undertake to come back to you, as part of the estimates process and give you that full briefing. The media are just asking me if that letter you wrote has been public before so I told them no, it is not; it is exclusive. It is brand new, because you have kept it hidden.

Mr MARSHALL: It is great that the Economic Development Board is going to do a review, but is SAFA doing a review, or have they done a review of their own?

The Hon. A. KOUTSANTONIS: They administer these programs and the review is being conducted by the EDB, as I have previously said.

Mr DULUK: Quickly getting back to the administration of the venture capital fund, in the government's RedFire report, it says the annual cost to run a venture capital fund is typically the equivalent of 2 per cent of the committed capital. So, on a \$50 million fund, that would imply a cost of about \$1 million. Obviously you would be aware of that. In deriving that figure of \$750,000, obviously SAFA would have done some work on how to get to \$750,000. What would be behind that?

The Hon. A. KOUTSANTONIS: That is a good question, and we have undertaken to get back to you with a full detailed answer. I have to say, it is a much better reasoned question than that of your leader, but you are a real Liberal—that is the difference.

Mr MARSHALL: Is it SAFA that administers the Nyrstar indemnity facility?

The Hon. A. KOUTSANTONIS: I am advised yes.

Mr MARSHALL: Budget Paper 3, page 93, table 6.1. Is Nyrstar drawing on its indemnity facility?

The Hon. A. KOUTSANTONIS: There have been no calls on us, but they are drawing down on loans that are guaranteed by the government, yes.

Mr MARSHALL: Say that again, sorry?

The Hon. A. KOUTSANTONIS: I was pretty clear. I said there have been no calls on the government, but they are using the guarantees to draw down loans they have made that the government has guaranteed.

Mr MARSHALL: What guarantee fee is Nyrstar paying?

The Hon. A. KOUTSANTONIS: I would have to check and get back to you, but I am advised they are paying a fee.

Mr MARSHALL: What is the total indemnity facility that is in place on this project?

The Hon. A. KOUTSANTONIS: I am advised that the facility is for \$291.25 million.

Mr MARSHALL: Can you advise the committee how much has been drawn down so far?

The Hon. A. KOUTSANTONIS: We do not have that on us, but I will get it for you.

Mr MARSHALL: Sorry, what was the answer to what guarantee fee is Nyrstar paying?

The Hon. A. KOUTSANTONIS: We do not have that here, but I will get it for you.

Mr MARSHALL: Has Nyrstar requested any other extension or any other support with regard to their Port Pirie project?

The Hon. A. KOUTSANTONIS: I do not disclose discussions any South Australian company has publicly in the parliament and I think it is disturbing that you are inquiring into it without speaking to me privately, given the—

Mr MARSHALL: You just did. You just said the maximum was \$291 million.

The Hon. A. KOUTSANTONIS: —nature of companies wanting to operate in a state where there is a certain level of confidentiality when they are dealing with government.

Mr MARSHALL: With respect, you have just told the committee that there is a maximum \$291 million indemnity—

The Hon. A. KOUTSANTONIS: That is public.

Mr MARSHALL: I am just asking whether there has been an approach for any other support from the company.

The Hon. A. KOUTSANTONIS: I do not make those matters public.

Mr MARSHALL: Any other SAFA questions here? Otherwise I think we have to move on, don't we?

The CHAIR: We have some new advisers?

The Hon. A. KOUTSANTONIS: John Montague from Super SA.

Mr MARSHALL: In regard to Super SA, I refer to Budget Paper 3, page 61: the Superannuation Act 1988 requires a triennial review of the South Australian superannuation scheme. When was the last triennial review completed?

The Hon. A. KOUTSANTONIS: I am advised the last review was conducted in 2014.

Mr MARSHALL: So why does your budget paper say that it was conducted and completed and reported back in June and July 2013?

The Hon. A. KOUTSANTONIS: I am advised that, if you read the paragraph, it says:

As required by the Superannuation Act 1988, a triennial review of the South Australian Superannuation Scheme was undertaken by an independent actuary at 30 June 2013 and tabled in Parliament in July 2014. The next triennial review will be undertaken during 2016–17 for the scheme as at 30 June 2016.

Mr MARSHALL: So in fact the last independent actuarial advice regarding this was provided in—

The Hon. A. KOUTSANTONIS: June 2014.

Mr MARSHALL: —June 2013; is that correct?

The Hon. A. KOUTSANTONIS: 2014.

Mr MARSHALL: No, that was when the report was tabled.

The Hon. A. KOUTSANTONIS: July 2014 was when it was tabled in the parliament.

Mr MARSHALL: I understand when it was tabled.

The Hon. A. KOUTSANTONIS: That is when it was provided.

Mr MARSHALL: Can you just confirm that the independent actuarial advice was provided in June 2013?

The Hon. A. KOUTSANTONIS: No, I am sticking to my answer. It was provided to the parliament, as I am advised, in July 2014.

Mr MARSHALL: When was it undertaken?

The Hon. A. KOUTSANTONIS: It began at 30 June 2013.

Mr MARSHALL: That is when it began? I see, so what you are suggesting to the committee is they began an inquiry in June 2013 and they concluded it sometime between then and—

The Hon. A. KOUTSANTONIS: No, I am sorry, I have misled you. The review is as of at 30 June 2013 and it was tabled in July 2014.

Mr MARSHALL: Why did it take 13 months to table?

The Hon. A. KOUTSANTONIS: I am advised that is the normal timing of the way in which the report is conducted.

Mr MARSHALL: So it is perfectly adequate for it to take 13 months from the time of the actuarial work to the tabling? That would be commonplace?

The Hon. A. KOUTSANTONIS: I am advised, yes.

Mr MARSHALL: Can you confirm to the committee that the actuarial advice that you are going to be relying on, as required by the act, has been completed?

The Hon. A. KOUTSANTONIS: I am advised by my officers that the act has been satisfied.

Mr MARSHALL: That that was not the question.

The Hon. A. KOUTSANTONIS: That was my answer.

Mr MARSHALL: The question was, if you have to do this triennial review and it takes 13 months to deliver the report to parliament—

The Hon. A. KOUTSANTONIS: If you are asking me for a legal opinion, I will not offer it.

Mr MARSHALL: I certainly would not be asking you for a legal opinion. I might ask you how long it takes to get to the airport or something—

The Hon. A. KOUTSANTONIS: I am telling you that the advice that I have from my officers—

The CHAIR: We just need to have the answer first, followed by your next question.

Mr MARSHALL: —but I certainly would not be asking you about legal advice; that would be the last thing I would be asking about. I would like a decent—

The Hon. A. KOUTSANTONIS: I am satisfied that the act has been satisfied.

Mr MARSHALL: When do you envisage that that will be presented to parliament?

The Hon. A. KOUTSANTONIS: It was presented—

Mr MARSHALL: You are required under the act to do it every three years; that is what triennial means, so when would you envisage the next one will be provided to the parliament?

The Hon. A. KOUTSANTONIS: I am advised around June 2017.

Mr MARSHALL: So has the actuarial advice that the report would rely on been completed?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Who is going to do that work?

The Hon. A. KOUTSANTONIS: The actuary.

Mr MARSHALL: Who is the actuary?

The Hon. A. KOUTSANTONIS: I am advised, PwC.

Mr MARSHALL: Did PwC do the last work?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Does the act require the work to be done or the report to be tabled every three years?

The Hon. A. KOUTSANTONIS: I am advised that the act has been satisfied.

Mr MARSHALL: I would like, as a point of clarification, whether the act requires—

The Hon. A. KOUTSANTONIS: You can ask as much as you like, the act has been satisfied.

Mr MARSHALL: Was the 2014 publication of the report in line with the act?

The Hon. A. KOUTSANTONIS: The government abides by all laws.

Mr MARSHALL: I see, so the next one will be provided by July 2017 and PwC will be doing the work. How much will it cost?

The Hon. A. KOUTSANTONIS: I am advised that will be in the order of \$150,000.

Mr MARSHALL: \$150,000 and that is in the budget for this year?

The Hon. A. KOUTSANTONIS: It will come out of the fund; it will not come out of the budget.

Mr MARSHALL: It will come out of the actual superannuation fund itself. Is the Treasurer satisfied then with the accuracy of the numbers presented in the budget for the unfunded superannuation liability, given that there has been no actuarial work done since June 2013?

The Hon. A. KOUTSANTONIS: I have full faith in my advisers.

Mr MARSHALL: Has there been any actuarial advice since 2013?

The Hon. A. KOUTSANTONIS: I am advised that the actuaries within SuperSA give advice and I am satisfied that they are capable of doing a good job.

Mr MARSHALL: Would the Treasurer suggest that the investment environment has been very stable since June 2013 when the last formal actuarial advice was provided?

The Hon. A. KOUTSANTONIS: I am not qualified to make that assessment; I do not think anyone in this room is.

Mr MARSHALL: You are completely satisfied that the last actuarial advice in 2013—

The Hon. A. KOUTSANTONIS: Unlike the Leader of the Opposition who thinks he is the smartest man in the room, I take advice from my officers and I trust them.

Mr MARSHALL: In Budget Paper 3, page 59, I am interested in table 4.2 and in particular note (e) which says, and I quote:

The assumed earnings rate for 2015-16 is 2.1 per cent for the 2016-17 Budget compared with 2.8 per cent assumed in the 2015-16 MYBR.

Can the Treasurer advise the committee what advice has informed the assumption of the earnings rate of 2.1 per cent as outlined in that note?

The Hon. A. KOUTSANTONIS: I am advised it is advice from Funds SA on the earning rate.

Mr MARSHALL: Would this not point to significant volatility?

The Hon. A. KOUTSANTONIS: You just said previously it was stable.

Mr MARSHALL: No, I said would you describe it as stable because you have not sought any actuarial advice since 2013, which presupposes that you think that it is stable.

The Hon. A. KOUTSANTONIS: No, that is not what I said. You are misleading the parliament again.

Mr MARSHALL: One page earlier in your own document and we have got wild fluctuations.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: No, that is not what I said.

Mr MARSHALL: Is it prudent not to get—

The Hon. A. KOUTSANTONIS: Given the criticism that you are laying on professionals who do not have the ability to defend themselves, which, one, I think is appalling, and given your lack of professionalism in your career, I do not think you are in any position to criticise the professionalism—

Mr MARSHALL: No, I am not—I am just asking questions.

The Hon. A. KOUTSANTONIS: —of these people. They do an exceptional job. I have not received any advice from the Treasurer to say that any of the advice I am getting is substandard. If you have any evidence or advice to say that it is substandard, you should provide it to the committee now.

Mr MARSHALL: None whatsoever.

The Hon. A. KOUTSANTONIS: Then I think these attacks on professionals are completely unacceptable, and given the way you conduct yourself I think it is a bit rich. None of them has humiliated their political party by—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —telling them on the eve of the election to vote for their opponents and ruin their election chances.

The CHAIR: Order, Treasurer!

The Hon. A. KOUTSANTONIS: You stand alone as a joke.

The CHAIR: Treasurer!

The Hon. A. KOUTSANTONIS: To take these people on is ridiculous.

The CHAIR: Treasurer, to order thank you. Next question, leader.

The Hon. A. KOUTSANTONIS: You lost a by-election and you—

The CHAIR: Order! The leader has the floor for his next question.

The Hon. A. KOUTSANTONIS: It is a bit rich.

The CHAIR: Order!

Mr MARSHALL: Any answer to the question?

The Hon. A. KOUTSANTONIS: It is a bit rich.

Mr MARSHALL: Any answer to the question?

The Hon. A. KOUTSANTONIS: You just got it—in spades.

Mr MARSHALL: No, the question was: what advice has informed the assumption of the earnings rate of 2.1 per cent this year?

The Hon. A. KOUTSANTONIS: I just gave it to you.

The CHAIR: He has answered that question, or given you the answer he is prepared to give. So we need another question.

Mr MARSHALL: Well, what was the answer then?

The Hon. A. KOUTSANTONIS: You heard it—check the *Hansard*.

Mr MARSHALL: I think the committee deserves a little bit more respect.

The Hon. A. KOUTSANTONIS: Exactly, I agree with you—it does. I think the way you are treating the officers, and the way you are denigrating them—and they cannot defend themselves—is appalling.

The CHAIR: Order! Next question, leader.

Mr MARSHALL: No, this is actually quite significant, Madam Chair. That is, on page 59 it clearly states that the assumed earnings rate of 2.8 per cent, which was in the Mid-Year Budget Review, was significantly altered from 2.8 per cent to 2.1 per cent, and I would just like to know what is actually driving it. If he does not know, just say 'Don't know—we'll come back to you.'

The Hon. A. KOUTSANTONIS: I refer to my answer in *Hansard* where I advised you that it was advice from Funds SA, but you are just not listening.

Mr MARSHALL: You said it was from advice, but that was not the question. It was what was driving that advice.

The Hon. A. KOUTSANTONIS: I will get an answer for you from Funds SA. I am advised it was actual returns.

Mr MARSHALL: I have some questions for RevenueSA, if that is possible.

The CHAIR: Yes, just tell us what page you are at?

The Hon. A. KOUTSANTONIS: To my left, I now have Adam Pamula, the Deputy Commissioner for RevenueSA.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 168. RevenueSA is obviously responsible for collecting revenue in the state. Can you provide some explanation to this committee, with the officers now present, why there was a budget for full-time equivalents in this area last financial year of 202 staff members, but this was blown out massively to 229?

The Hon. A. KOUTSANTONIS: I am advised that it was a transfer of FTEs from DPC to Treasury. All the ICT and support was housed in DPC. That has now been transferred to DTF.

Mr MARSHALL: So that is just a once-off transfer. When we look at the FTEs for last financial year, 229, or let's just say 230, rounded off, and this financial year there is an increase of only 2.4 FTEs. I ask the question with the RevenueSA people present: is this going to be sufficient to administer the new \$109 million rebate that you have announced in the budget?

The Hon. A. KOUTSANTONIS: As the leader would be aware, we have also cut a number of taxes, which means that compliance and enforcement and work done on those taxes can be redirected to other areas. We are satisfied that we do have sufficient people in place to administer the program.

Mr MARSHALL: How many people will be dedicated to the activities of this subprogram?

The Hon. A. KOUTSANTONIS: We are still calculating that.

Mr MARSHALL: What is the process? If somebody thinks that they qualify for either of the two schemes, they will apply online; is that envisaged?

The Hon. A. KOUTSANTONIS: I am advised that there is a portal through RevenueSA's website that allows eligible businesses to apply.

Mr MARSHALL: Is that in place at the moment?

The Hon. A. KOUTSANTONIS: I am advised that it is, yes.

Mr MARSHALL: So that is currently underway? I could have, as of 1 July, or as soon as it was announced, I think on 4 July—

The Hon. A. KOUTSANTONIS: I am not sure of the start date, but I think it was budget day. That was 7 July. I am advised that, yes, the portal opened up on 7 July. Anyone employed on or after 1 July is eligible.

Mr MARSHALL: Have any applications been made and processed? How does that work? Do they just have to register at this point, and they receive the money back at the end of the year?

The Hon. A. KOUTSANTONIS: Yes, they will have to maintain that FTE count increase for a 12-month period from the anniversary date that they applied, and then they will receive their first payment. If that FTE increase count is maintained for a further 12 months, they will receive a further payment.

Mr MARSHALL: Just to clarify, then, nothing will be paid out this financial year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: When it was announced that this was \$109 million over two years, it is envisaged that that two-year payment would be half or one portion of \$109 million next year and one portion the year after—nothing in this financial year whatsoever?

The Hon. A. KOUTSANTONIS: Yes; I refer you to Budget Paper 5, Budget Measures Statement, page 13. Operating expenses are set out over the forward estimates.

Mr MARSHALL: What is the cost for next year?

The Hon. A. KOUTSANTONIS: In 2017-18?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: It is \$30.9 million.

Mr MARSHALL: And the following year would be the remainder of the \$109 million less \$38 million.

The Hon. A. KOUTSANTONIS: It is \$54.6 million.

Mr MARSHALL: Have there been any applications into the system so far, since it was announced?

The Hon. A. KOUTSANTONIS: I am advised that there are.

Mr MARSHALL: How many?

The Hon. A. KOUTSANTONIS: We will get back to you on that.

Mr MARSHALL: Are both schemes starting to receive applications?

The Hon. A. KOUTSANTONIS: I am advised that they are, yes.

Mr MARSHALL: Can you run through what verification processes the RevenueSA will put in place? Is it online, and people have to tick a box to reduce the cost on the applicant? What verification activities will it be? Will it be 100 per cent verification or will it be some sort of audit?

The Hon. A. KOUTSANTONIS: What do you mean by 100 per cent verification?

Mr MARSHALL: I mean is every applicant going to receive a full audit to determine that they actually—

The Hon. A. KOUTSANTONIS: What do you mean by audit?

Mr MARSHALL: Sort of an assessment.

The Hon. A. KOUTSANTONIS: What do you mean by assessment?

Mr MARSHALL: For example, if somebody says, 'As of this date, I had 23 employees,' and then they get to the end of the year and they say, 'I have 38 employees,' how do you verify, audit, assess that that is correct? What evidence do you ask for? My question is whether you will be seeking full evidence from all applicants or whether it is going to be done on a sample basis.

The Hon. A. KOUTSANTONIS: I am advised that we will be asking for business activity statements and return-to-work statements at the beginning, ongoing and at the end of the period. The basis of audit will be on the same risk basis that all our taxation compliance measures have in place now, whether it is payroll tax or land tax or anything else.

Mr MARSHALL: Let's just say an applicant applies on 15 July. What are they are required to provide in terms of evidence of the number of FTEs they have at that point?

The Hon. A. KOUTSANTONIS: Things like their business activity statement, payroll records, if they are paying payroll tax their payroll tax payment records, return-to-work statements.

Mr MARSHALL: Are you suggesting that the applicant needs to attach their payroll, for example, to this online application?

The Hon. A. KOUTSANTONIS: I am advised yes.

Mr MARSHALL: What is to stop somebody from sacking five people, doing their payroll, putting five people on and getting the \$10,000?

The Hon. A. KOUTSANTONIS: A number of things. Obviously, there are unfair dismissal laws in place. That kind of fraud would have to have widescale cooperation. They are already committing a crime. It is a very large risk to take to commit that type of fraud. I do not think South Australian businesses are like that. I have a much more considered view of South Australian business leaders and small to medium-size operators.

I do not think their intention is to go out and rot the system. I have a very different view about South Australian family businesses from you. I think that the overwhelming majority of people will provide the evidence, will have a risk-based approach to assessment and need to be in ongoing employment for a 12-month period. The idea that people are going to start wholesale sacking people, ending their entitlements and starting them again will not work.

Mr MARSHALL: You are going to come back to us and let us know how many applications you have actually received in each of those two categories. How many applications are you budgeting or forecasting in terms of your—

The Hon. A. KOUTSANTONIS: As I said on budget day, I hope we exceed our budgeted estimates.

Mr MARSHALL: What is your budget?

The Hon. A. KOUTSANTONIS: It is \$109 million. I hope that we go well above that. I hope that South Australians do make the decision, that this does push them over that threshold decision-making process of putting someone else on. In the end, there are a number of reasons people will make a decision to hire someone new. Generally, it is because the business demands it, or they have been holding off on the decision for a while and this scheme may push them over the edge. I think it is a good scheme and I think it will work.

Mr MARSHALL: As I asked this morning—now you have RevenueSA in here they might be able to answer the question—currently, it is very difficult to tell whether an employee is based in South Australia or in Victoria. Is there any safeguard, for example, or is there a question in the application, that gives you some confidence that a South Australian firm based in South Australia is not paying somebody interstate and claiming the \$10,000 for themselves? Is there any sort of failsafe mechanism to ensure that cannot occur?

The Hon. A. KOUTSANTONIS: There are always risk assessments in place for eligibility for tax rebates. This is no different. Obviously, with the bona fides provided—whether it is payroll tax, receipts or provisions or return-to-work statements or business activity statements—there are a lot of measures in place to ensure that this only applies to South Australians. Obviously there are other risk-based measures that we have in place that I am not going to make public here today to give the agency the ability to root out people who will attempt to rot this. There are people who attempt to say that an investment property is their principal place of residence to avoid land tax. The agency has measures in place to try to uncover that. This will be no different.

Mr MARSHALL: Before, you said that this would be subject to the same sort of audit procedures as other tax areas. What are those? What sort of sampling have you used? Are you taking one in every 3,000 applicants to do a detailed audit? I cannot imagine that it would be any greater than that?

The Hon. A. KOUTSANTONIS: I am happy to answer this question privately to the member. I do not want to make that public. I am happy to give him a private briefing on the understanding that it remains confidential.

Mr MARSHALL: No.

The Hon. A. KOUTSANTONIS: I would be more than happy for the Leader of the Opposition to be aware of this, but I do not think it should be made public.

Mr MARSHALL: I think it should be. We are expending \$109 million worth of taxpayer funds. It is not your money. It is being paid for by people paying their taxes. I think there are a lot of loopholes. I think this was envisaged in a very rushed period of time.

The Hon. A. KOUTSANTONIS: Sure.

Mr MARSHALL: I have looked at some of these other schemes operating in other states, and they have not delivered the benefits and they have been open to widespread rorting.

The Hon. A. KOUTSANTONIS: That is a damning criticism of Mike Baird, and I do not think he deserves that. He is a successful Liberal leader who has done remarkable things for New South Wales, and his Treasurer is doing an exceptional job. For someone like you who has lost an election to attack him I think is a bit rich. He is actually someone who his party can be very proud of, as opposed to what you have done.

In terms of making these things public, I think law-abiding taxpayers would not want the agency that is instructed to make sure that tax avoidance is caught out—what that means is law-abiding taxpayers usually end up paying more because others are avoiding it. I am not going to make public our anti-avoidance measures. I am happy to give you a briefing in private on the basis that you keep it confidential. I am not trying to keep it hidden from the opposition but I do not think it would serve law-abiding taxpayers to make it public, and I am disappointed that is your attitude.

The CHAIR: Can I just ask the leader: do you want to stay on revenue or do you want to move to the Motor Accident Commission because it is 3.30pm already?

Mr MARSHALL: Yes, I know. We have to read in those omnibus questions as well. Can you confirm that there is no greater avoidance measure put in place over and above the normal taxation measures in South Australia?

The Hon. A. KOUTSANTONIS: I do not have the view that you do that South Australians—

Mr MARSHALL: That is not the question. I just want to know if there is anything over and above.

The Hon. A. KOUTSANTONIS: Sure. I do not have the view that South Australian business owners—small to medium size business operators, mums and dads—are setting out to try to cheat the state. I think the overwhelming majority of people do the right thing.

Mr MARSHALL: Sure.

The Hon. A. KOUTSANTONIS: We have a risk based approach to that assessment. I have complete confidence in the agency that they do it exceptionally well, and I am happy to offer you a briefing on those measures on the basis that they remain confidential, but what it looks like is that you are not prepared to keep them confidential which is disappointing.

Mr MARSHALL: No, my question was: is there anything over and above?

The Hon. A. KOUTSANTONIS: I have answered the questions.

Mr MARSHALL: Is there anything over and above?

The Hon. A. KOUTSANTONIS: I do not know why you would believe that South Australian businesses are dishonest. They are not. They are good, hardworking people who risk everything to start a business, and I do not think they deserve to be disparaged in this place by the opposition trying to—

Mr MARSHALL: I am acting here on behalf of taxpayers—

The Hon. A. KOUTSANTONIS: It does not sound like it.

Mr MARSHALL: —who want to make sure that there is no rorting. It is not like—

The CHAIR: I think, leader, we need to move on to another area.

The Hon. A. KOUTSANTONIS: There are anti-rorting measures in place.

Mr MARSHALL: What are they?

The Hon. A. KOUTSANTONIS: I am happy to offer you a briefing in private.

Mr MARSHALL: What are they?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I am not going to let the reporters know what they are so that they can get around them.

The CHAIR: Order!

Mr MARSHALL: What? Is it like one in every 5,000 that are sampled?

The CHAIR: Order! The minister has—

The Hon. A. KOUTSANTONIS: That is an—

The CHAIR: I am on my feet again.

The Hon. A. KOUTSANTONIS: That is an appalling attitude.

The CHAIR: Order! He is not going to give you another answer apart from the one you already have so, unless you want to keep asking the same question, it would be good to move on to something new. Do you want to stay on Revenue or move on to something else?

Mr MARSHALL: No, I think we will read those omnibus questions in for that first section and move on.

The CHAIR: You do not need to do that because it is the same minister and we are quite happy to accept that they are already on the record, if that is okay. You do not need to do that.

Mr MARSHALL: While we are on that area then, before moving on to the Motor Accident Commission, I have a question with regard to the emergency services levy, which is also administered by RevenueSA, in Budget Paper 5, page 15, the budget implications table in particular. Can you confirm the total cost of the response to the Pinery bushfire as well as the amounts recovered through the ESL and consolidated revenue?

The Hon. A. KOUTSANTONIS: We will get those to you.

Mr MARSHALL: Can you explain why the state government decided to donate to the relief fund appeal rather than paying for the fire response directly?

The Hon. A. KOUTSANTONIS: Yes. We wanted to get the donations started by putting in some money up front on behalf of South Australians to start the appeal.

Mr MARSHALL: So to start the appeal?

The Hon. A. KOUTSANTONIS: Yes, and I think it was a very good measure.

Mr MARSHALL: Was the donation funded from the Consolidated Account or the ESL via the community emergency services fund?

The Hon. A. KOUTSANTONIS: The Consolidated Account.

Mr MARSHALL: So it was from the Consolidated Account rather than funding it directly. Thank you very much.

The Hon. A. KOUTSANTONIS: So I am advised.

Mr MARSHALL: I will move on now to the Motor Accident Commission, if possible.

Departmental Advisers:

Mr D. Reynolds, Under Treasurer, Department of Treasury and Finance.

Mr A. Chia, Chief Executive Officer, Motor Accident Commission.

Mr S. Hocking, Deputy Chief Executive, Department of Treasury and Finance.

Mr G. Goddard, Chief Commercial Officer, Department of Treasury and Finance.

Mr K. Cantley, Executive Director, Public Finance Branch, Department of Treasury and Finance.

Mr D. Price, Director, Market Reform, Department of Treasury and Finance.

Mr A. Blaskett, General Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Mr T. Burfield, Director, Insurance, South Australian Government Financing Authority, Department of Treasury and Finance.

Ms J. Hart, Acting Claims Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Mr B. Tuffnell, Acting Chief of Staff, Treasurer.

The CHAIR: We have some new advisers.

The Hon. A. KOUTSANTONIS: Aaron Chia, who is the chief executive of the Motor Accident Commission, and Mr Gary Goddard, Chief Commercial Officer.

Mr MARSHALL: Why are CTP premiums rising by 2.9 per cent this year—

The CHAIR: Any particular page that you will start on, leader?

Mr MARSHALL: Yes, page 54—rather than Treasury's forecast increase in CPI of 1.75 per cent?

The Hon. A. KOUTSANTONIS: I am advised that is the determination of the independent Third Party Premiums Committee.

Mr MARSHALL: Sure. But you have repeatedly said to the people of South Australia that we would have CTP increases capped, I think, for three years at no more than CPI. Now your own Treasury documents provide that the CPI—

The Hon. A. KOUTSANTONIS: Do you want to revise that statement? Is that what I said? Do you want to revise your accusation to me?

Mr MARSHALL: It is not an accusation.

The Hon. A. KOUTSANTONIS: You just said that I said it would be just CPI. Is that what I said in the parliament?

Mr MARSHALL: I think—

The Hon. A. KOUTSANTONIS: Are you sure? Are you positive?

Mr MARSHALL: You tell us what you said.

The Hon. A. KOUTSANTONIS: Are you prepared to mislead the committee?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: Is that what I said? You know what I said.

Mr MARSHALL: What did you say?

The Hon. A. KOUTSANTONIS: I said they would be CPI-like, and the idea that I have capped it at CPI—

Mr MARSHALL: Sorry, CPI lite?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I have said that publicly many times.

Mr MARSHALL: What is CPI lite?

The CHAIR: Order! Leader, we are having an answer.

The Hon. A. KOUTSANTONIS: Not lite; like.

Mr MARSHALL: CPI like. So it is like the CPI?

The Hon. A. KOUTSANTONIS: Oh, my goodness.

Mr MARSHALL: So it is like the CPI but it is not the CPI?

The Hon. A. KOUTSANTONIS: I have made it very clear from the very beginning—

Mr MARSHALL: Not really that clear.

The Hon. A. KOUTSANTONIS: I know you are opposed to the private sector entering the compulsory third-party premiums industry and that you would prefer government monopolies to run these issues, and that is why I have always reached out to the younger members of the Liberal Party to retake their party and retake the badge of conservatism off—

Mr MARSHALL: Anyway, any answer to the question?

The Hon. A. KOUTSANTONIS: —left-wing green Liberals.

Mr MARSHALL: Any answer to the question?

The Hon. A. KOUTSANTONIS: As I have said, it is a recommendation made by the independent Third Party Premiums Committee and I have always told the parliament that it would be CPI-like increases.

Mr MARSHALL: Are you suggesting to this committee that 1.75 per cent is like 2.9 per cent?

The Hon. A. KOUTSANTONIS: No, what I am saying—

Mr MARSHALL: That is ridiculous.

The CHAIR: Order!

Mr MARSHALL: That is preposterous.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: Posing a question and then laughing at your own joke afterwards is not policy.

Mr MARSHALL: Anyway, sorry, go on. Try to explain this one.

The CHAIR: Order!

Mr MARSHALL: Try to explain—

The CHAIR: Order! Let's just have the answer first and then we can analyse that shortly.

Mr MARSHALL: Here comes Einstein with an implausible explanation.

The CHAIR: It might be, it might not.

Mr MARSHALL: What percentage was it out by? What is 1.2 as a percentage of 1.75?

The Hon. A. KOUTSANTONIS: The important matter to remember is that the costs in this industry, which are generally based on healthcare costs, increase—

Mr MARSHALL: Based on which costs?

The Hon. A. KOUTSANTONIS: Healthcare costs.

Mr MARSHALL: Healthcare costs?

The Hon. A. KOUTSANTONIS: Yes; it is insurance against injury. I know this is a complex issue for you.

The CHAIR: Order!

Mr MARSHALL: No, I just want to know how you are going to explain that 1.75 is like 2.9.

The Hon. A. KOUTSANTONIS: I am telling you now.

The CHAIR: We are getting to the bottom of it, aren't we?

The Hon. A. KOUTSANTONIS: Given that the costs in this industry are growing at around 5 per cent to 6 per cent per annum and the announced increase is 2.9 per cent for class 1, I am advised, and 2.5 per cent across all classes, what you are seeing is the major impact on the cost of these premiums being well above the increase being charged to motorists. It is actually a very good outcome for the people of South Australia, let alone the fact that it is a good reform. It is a reform that I think will incentivise more private sector jobs in South Australia and remove South Australians from being forced to pay a government monopoly to operate compulsory third-party premiums. Why shouldn't South Australians have a choice about who their insurer is?

Mr MARSHALL: What has happened in other jurisdictions when they have moved from a government-guaranteed scheme to a private scheme? Have the CTP premiums gone up or down?

The Hon. A. KOUTSANTONIS: I do not think there has been a scheme like this that has been—

Mr MARSHALL: No, that was not my question.

The Hon. A. KOUTSANTONIS: I am explaining the answer.

Mr MARSHALL: I doubt it.

The Hon. A. KOUTSANTONIS: Generally, when assets are privatised, there are two types of privatisations that are undertaken. There is one like you have defended recently (the privatisation of ETSA) which is privatising to a monopoly to maximise the sale price. We have not done that here. What we have done is, by allowing the private sector to enter the market, we have actually increased competition, not decreased it. The stats that I read out to you earlier show that the actual inflators in this industry are well above the premium increases, because the costs associated with this industry are around 5 per cent to 6 per cent for healthcare costs.

The increases that consumers are getting are well below those inflators. We have actually done a good job of keeping those costs down, and have more competition in the market. I cannot speak for other jurisdictions that have attempted to maximise the sale price of their assets, like you did when you were in government. You sold ETSA and privatised it to a monopoly to try to maximise your sale price and stop all other competition so that the people who bought the assets. That is what the ACCC was complaining about in the *Financial Review* yesterday.

We are trying to create more competitive attention by the private sector. I completely disagree with your assertion. I do not understand why a modern Liberal Party would fear this type of reform; I thought you would be embracing it. In fact, I would have thought you would be calling out for it. Instead—

Mr MARSHALL: I just asked a question and we have not had an answer. A load of rubbish.

The Hon. A. KOUTSANTONIS: You are embracing it?

The CHAIR: Order!

Mr MARSHALL: I said it is a load of rubbish from you.

The Hon. A. KOUTSANTONIS: Well, there you go; that is what I mean. This sort of—

Mr MARSHALL: The question was: in other jurisdictions, when it was not a government-guaranteed scheme, are the premiums paid on compulsory third-party premiums higher or lower? I think the answer is 'higher', and we have just had five minutes of waffling. Please do not do it again.

The Hon. A. KOUTSANTONIS: It is not fair to compare other jurisdictions—

Mr MARSHALL: This is a complete waste of time. I have Peter Goers' birthday party to go to. It will be far more interesting that this.

The CHAIR: Order! They might have finished all their hamburgers by now.

Mr MARSHALL: No, I am on my way.

The Hon. A. KOUTSANTONIS: It is unfair to compare other jurisdictions. There are different healthcare costs in other jurisdictions—

Mr MARSHALL: What do you think will happen—

The CHAIR: Hang on, he has not finished his answer.

The Hon. A. KOUTSANTONIS: I think the important comparison here is the cost of providing healthcare services for injured motorists in South Australia, and how they are increasing every year, compared to the premium increases that are being offered to motorists. If you compare the two, we have done exceptionally well.

Mr MARSHALL: The reality is, Chair, that motorists in South Australia have been absolutely gouged; 2.9 is nothing like 1.75. When you said that the CTP insurance increase will be 'CPI-like', nobody thought it would be 60 or 70 per cent more than what the CPI actually is. It was incredible that you would even say that without your fingers crossed behind your back.

The Hon. A. KOUTSANTONIS: It is 2.5 per cent on average, and I am stunned that the Leader of the Opposition—the leader of a once proud party, is arguing against—

The CHAIR: I need to call you both to order. Unfortunately, I cannot hear either of you if you—

The Hon. A. KOUTSANTONIS: The feeling of—

The CHAIR: Hang on, whose turn was it?

Mr MARSHALL: I was asking a question, you might recall.

The CHAIR: Well, it is hard to keep up when there are so many overrides happening.

Mr MARSHALL: You said that this new rate of 2.9 per cent was—

The Hon. A. KOUTSANTONIS: It is for class 1.

Mr MARSHALL: —determined by the CTPI Regulator. When was this determination made?

The Hon. A. KOUTSANTONIS: I am advised that these arrangements were entered into before the legislation was enacted or passed—

Mr MARSHALL: I was wondering about that.

The Hon. A. KOUTSANTONIS: —and before the regulator was enacted because of your delays in the upper house to supporting the legislation. So, we used the standing provisions in place, which was the old CTPI committee, which came up with these figures.

Mr MARSHALL: So in fact it is not correct to suggest that the independent regulator has come up with this because in fact the independent regulator's legislation did not pass the parliament until April of this year. We have not even set up the regulator yet, have we?

The Hon. A. KOUTSANTONIS: You delayed it. You are delaying the reforms, yes.

Mr MARSHALL: That is not the question. The question is has—

The Hon. A. KOUTSANTONIS: Well, it is a consequence of your question. You say the legislation was delayed. Yes, it was delayed because the Liberal Party's support—

Mr MARSHALL: But this was not determined by the independent regulator because the regulator was not even in place.

The CHAIR: Order! Leader, we are still getting the answer.

The Hon. A. KOUTSANTONIS: I think what is occurring is that the leader is not actually looking for answers: he is looking for conflict. In looking for conflict, he is trying to argue an ideological point that no other Liberal leader in the country holds.

The CHAIR: So the answer revolved—

Mr MARSHALL: Did you just informally—

The CHAIR: Order! Hold on just a second. Treasurer, continue your answer and then we will have the next question.

The Hon. A. KOUTSANTONIS: I answered it earlier. I told the committee earlier it was the CTPI committee (the Third Party Premiums Committee) that came to these numbers. These numbers are nearly half what the inflators in this industry are, which are running at 5 to 6 per cent. So, it is a good outcome for motorists.

Mr MARSHALL: Is the Treasurer indicating that, post the regulated three-year period, motorists in South Australia could be forced to endure 5 to 6 per cent increases and that the only reason they have been protected from this under this new arrangement is simply that a cap has been put in place as part of this legislation? Because that is what he just told the committee, and that is a real worry for what is going to happen to CTP insurances once this cap is complete.

The Hon. A. KOUTSANTONIS: The independent regulator will determine the rates and it will be based on a number of costs and indicators, including the cost of health care, the cost of how the facilities are running within the premium class, whether they are solvent or not or what level of solvency they have, how many accidents and crashes and how many payouts they have had in every class. It will depend on the insurer, it will depend on the number of claims—there are a whole series of variables. To make blanket statements that it will be above 5 per cent is inaccurate.

Mr MARSHALL: No, but you just informed the committee that if the cap were not in place for the regulated period (this year, next year and the year after), we would have seen 5 to 6 per cent increases.

The Hon. A. KOUTSANTONIS: No, I never said that.

Mr MARSHALL: I am sorry, but you did.

The Hon. A. KOUTSANTONIS: No, I did not say that. I said to you that the healthcare costs, the inflators in this industry, are running at—

Mr MARSHALL: You said it was a good deal, that 2.9 per cent was a good deal.

The Hon. A. KOUTSANTONIS: —5 to 6 per cent.

Mr MARSHALL: You said it was going to be CPI-like, which is 1.7 per cent.

The Hon. A. KOUTSANTONIS: What I am saying to you is the independent Third Party Premiums Committee that did the assessment of this has come out with premium increases that are almost half of what the inflators are. It is a good outcome for the industry and a good outcome for motorists. This is an ideological argument. This is not an argument about good reform. There is no-one in the Liberal Party who agrees with the leader on his position here, other than maybe Tammy Franks and Mark Parnell.

Mr MARSHALL: Has the CTP regulator been appointed?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Who is the CTP regulator?

The Hon. A. KOUTSANTONIS: Kim Birch.

Mr MARSHALL: When was he appointed?

The Hon. A. KOUTSANTONIS: She was appointed—

Mr MARSHALL: When was she appointed?

The Hon. A. KOUTSANTONIS: I will check the *Gazette*. She began her role on 1 July, but I do not know when the Governor and Executive Council appointed her.

Mr MARSHALL: On page 81, in relation to return of equity from the Motor Accident Commission over the forward estimates, can you confirm these estimates reflect the expected cost of winding up the tail?

The Hon. A. KOUTSANTONIS: The numbers in the budget that you are seeing across the forward estimates are what we expect to return from the tail. We have already funded and conducted work.

Mr MARSHALL: It is the net, and there are costs associated with winding up the tail.

The Hon. A. KOUTSANTONIS: That is already funded.

Mr MARSHALL: Can you tell us what the costs are likely to be for that?

The Hon. A. KOUTSANTONIS: I will take that on notice.

Mr MARSHALL: What is the remaining value of the Motor Accident Commission's asset portfolio as of 30 June 2016?

The Hon. A. KOUTSANTONIS: These are unaudited numbers, so I will get you the numbers once they are audited.

Mr MARSHALL: What are the last audit numbers?

The Hon. A. KOUTSANTONIS: I am advised it was \$823 million.

Mr MARSHALL: As of what date?

The Hon. A. KOUTSANTONIS: 30 June 2015.

Mr MARSHALL: So, \$823 million was the total assets on the balance sheet for—

The Hon. A. KOUTSANTONIS: Net assets.

Mr MARSHALL: Net assets, so what were the total assets?

The Hon. A. KOUTSANTONIS: I am advised that it was \$2.88 billion.

Mr MARSHALL: Has the state government considered appointing an external provider to finish winding up the tail?

The Hon. A. KOUTSANTONIS: We will be doing a body of work over the next six to nine months to make an assessment about the best way to extract the maximum value out of the tail, whether it is the government retaining control of it or allowing a third party to take control of it, but until that work is done we will not be in a position to say.

Mr MARSHALL: Who is doing that work?

The Hon. A. KOUTSANTONIS: It will be Treasury, the Motor Accident Commission and the private sector consultants.

Mr MARSHALL: You will be appointing a private sector consultancy to do some work about alternatives to winding up the Motor Accident Commission liability tail?

The Hon. A. KOUTSANTONIS: We will try to calculate what the optimal strategy is, yes.

Mr MARSHALL: When will that work be done?

The Hon. A. KOUTSANTONIS: As I said, six to nine months.

Mr MARSHALL: Have you put anything in the budget for this consulting work?

The Hon. A. KOUTSANTONIS: I just told you that we had. We are estimating for 2017-18 \$60 million; 2018-19, \$56 million; and 2019-20, \$34 million.

Mr MARSHALL: This is the cost of winding up?

The Hon. A. KOUTSANTONIS: No, the cost is already factored in. That is the actual return.

Mr MARSHALL: Yes, but my question was: did you have a budget—

The Hon. A. KOUTSANTONIS: Yes, we do have a budget for the cost, and I have already undertaken to bring that back.

Mr MARSHALL: —for the consulting work to determine the optimal strategy.

The Hon. A. KOUTSANTONIS: You already asked that question and I already answered it, and I undertook to bring you back that answer.

Mr MARSHALL: There were two questions, I do not want there to be any lack of clarity: one was what would be the envisaged cost of winding up the tail at the moment and, secondly, what would be the cost of getting the work done to work out the optimal way to wind up the tail.

The Hon. A. KOUTSANTONIS: Yes, I understood.

Mr MARSHALL: You nod, but you get a lot of things confused. I am just trying to clarify it for you. Which specific assets from the Motor Accident Commission's portfolio have already been sold?

The Hon. A. KOUTSANTONIS: I do not have that here. I will give you a detailed answer.

Mr MARSHALL: It would be good if you could provide that for last financial year and what is envisaged for this financial year. Who is handling the asset sales on behalf of the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: It is JLL.

Mr MARSHALL: JLL?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Which of the Motor Accident Commission's assets are currently in the process of being sold?

The Hon. A. KOUTSANTONIS: I will get you that.

Mr MARSHALL: Which, if any assets, will be retained in the Motor Accident Commission's portfolio?

The Hon. A. KOUTSANTONIS: There are some strategic assets being held by Funds SA in a defensive positioning to maintain a level of solvency. I will find out what they are and get back to you.

Mr MARSHALL: Do you envisage that any assets will be transferred to another part of government?

The Hon. A. KOUTSANTONIS: Funds SA already manage their assets now, so if you are talking about whether will we be transferring other funds to agencies—is that what you are asking?

Mr MARSHALL: Yes, or any other transfer. I am not limiting it.

The Hon. A. KOUTSANTONIS: Not that I am aware of now but, if we do, I will inform you.

Mr MARSHALL: Thank you. On Budget Paper 4, Volume 4, page 163—which also deals with some of these matters to do with the Motor Accident Commission—dot point 1 states:

The increase in expenditure is primarily related to:

- Additional expenditure for the Compulsory Third Party Insurance Market Reform project in 2015-16...

It was a \$10.9 million variance on the compulsory Third Party Insurance Market Reform project. What is the total budget for the compulsory Third Party Insurance Market Reform project?

The Hon. A. KOUTSANTONIS: We will have to take that on notice.

Mr MARSHALL: Are there any additional expenditures budgeted for in the current budget or forward estimates for this project, or is that project complete?

The Hon. A. KOUTSANTONIS: No, there are, and I will take that on notice and get you what they are.

Mr MARSHALL: Given clause 24, of part 7 of schedule 2 of the Motor Vehicle Accidents (Lifetime Support Scheme) Act 2013—which I am sure you are familiar with—requires that a review of the CTP scheme be conducted by the Social Development Committee as soon as is reasonably

practicable after 1 July, can you confirm when this review is scheduled to commence and when it is expected to be completed?

The Hon. A. KOUTSANTONIS: It is a bit difficult for me to answer on behalf of the Social Development Committee, but I understand that the referral is automatic and that they will do the work within their schedule.

Mr MARSHALL: How will the outcome to the review be implemented now that you have privatised the provision of the CTP insurance?

The Hon. A. KOUTSANTONIS: I do not know what the outcome of the review is going to be.

Mr MARSHALL: Yes, but regardless of what it is going to be, have you any method of affecting it. Are you in breach of the act?

The Hon. A. KOUTSANTONIS: I understand that it has been contemplated within the contracts with the insurers that we can impact the outcome of that review.

Mr MARSHALL: Let's just be quite serious. We now have a situation where you have given a CTP price determination—not via the regulator as envisaged but, in fact, by somebody else because the regulator was not in place—

The Hon. A. KOUTSANTONIS: Because you delayed the legislation.

Mr MARSHALL: Thank you. Now there is a requirement under the act to do an annual review of that. Could you go back and change it? If the Social Development Committee—

The Hon. A. KOUTSANTONIS: I just told you that there were provisions within the contract with the insurers to allow us to implement the findings of that review. That is the second time I have said that, and then you just went off on your pre-prepared statement anyway. You are not listening to the answers I am giving you.

Mr MARSHALL: When will it be going to the Social Development Committee?

The Hon. A. KOUTSANTONIS: On the third-year anniversary. It is a matter for the Social Development Committee on the timing of their investigation.

Mr MARSHALL: When will be going ahead?

The Hon. A. KOUTSANTONIS: Do you have members on the Social Development Committee? You can ask them. You were complaining before about not being able to ask questions. Ask one of your colleagues who is on the Social Development Committee.

Mr MARSHALL: Actually, you are responsible for this reform, and it seems that there has been a bit of a slip-up.

The Hon. A. KOUTSANTONIS: I do not think there has been any slip-up, and I do not think that is fair either.

Mr MARSHALL: Tell me your feeling on clause 24, part 7 of schedule 2 of the Motor Vehicle Accidents (Lifetime Support) Act 2013, which requires the review of the CTP scheme to be conducted by the Social Development Committee as soon as practicable after 1 July.

The Hon. A. KOUTSANTONIS: I am sure the committee will fulfil its duties as required by the act. Your members are on it. This criticism of your own members on that committee I think is stunning; nevertheless, off you go.

Mr MARSHALL: You privatised the CTP insurance component.

The Hon. A. KOUTSANTONIS: I have just said to you we have clauses in the contract.

Mr MARSHALL: Do you need to go back and tidy up the act?

The Hon. A. KOUTSANTONIS: We have clauses—

Mr MARSHALL: Do you need to go back and tidy up the act?

The CHAIR: Order! We just need to hear the answer.

The Hon. A. KOUTSANTONIS: The Leader of the Opposition is criticising a committee he has members of his own party on. I find that stunning.

The CHAIR: Order!

Mr MARSHALL: I am asking a question—

The CHAIR: Order! We are listening to the answer.

The Hon. A. KOUTSANTONIS: Quite frankly, probably it will be telling for him very, very soon anyway. On top of that, the committee will conduct its inquiry within its time frames and abide by the act. When they come down with their findings, we have made provisions within the contracts with the insurers to implement the outcomes of those findings. That is the third time I have had to say it now, and I know it does not suit your pre-prepared rant.

The CHAIR: Order! New question.

Mr MARSHALL: Do you envisage any changes to the act?

The Hon. A. KOUTSANTONIS: I do not know what the committee is going to find.

The CHAIR: We have a new question. What was it?

Mr MARSHALL: My question was: does he envisage there is any requirement to amend the act?

The Hon. A. KOUTSANTONIS: He is asking me if I can predetermine what the outcome of an independent inquiry will be.

The CHAIR: And you have already said you cannot.

The Hon. A. KOUTSANTONIS: How can I?

The CHAIR: Order! We are going to another question, which is?

Mr MARSHALL: He does not know.

The CHAIR: He cannot know.

Mr MARSHALL: No, this is the whole point of being a legislature: you have to predict outcomes and put the legislative environment in place.

The CHAIR: Order!

Mr MARSHALL: Clearly, you have not even thought about this.

The CHAIR: Order! Just another question.

The Hon. A. KOUTSANTONIS: Well, let's—

The CHAIR: Let's have another question.

The Hon. A. KOUTSANTONIS: Ma'am, it is important to unpack that. The Leader of the Opposition is saying he wants me to conduct—

Mr MARSHALL: The next question is on Budget Paper 3, page 81.

The Hon. A. KOUTSANTONIS: No, do not change the subject when it does not suit you.

Mr MARSHALL: Sorry, we have a ruling.

The CHAIR: We would like another question.

The Hon. A. KOUTSANTONIS: Yes, I bet you he does, because he has just said to the parliament that he wants the committee to have a predetermined outcome on their independent inquiry. That would be corrupt.

The CHAIR: We are going on to page 81.

Mr MARSHALL: Can you confirm the number of FTEs employed—

The Hon. A. KOUTSANTONIS: I think you call that a whoops moment, don't you?

The CHAIR: No, stop. Let's go on to the next—

Mr MARSHALL: Not at all.

The Hon. A. KOUTSANTONIS: Is that what you call it, when you say—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —the committee should have a predetermined outcome?

The CHAIR: Order! Our next question is on page 81.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: Do not give that confused look on your face. You have just said to the parliament—

The CHAIR: Leader, can we have the next question?

The Hon. A. KOUTSANTONIS: Take the glasses off now, wave them around.

The CHAIR: Leader, next question.

The Hon. A. KOUTSANTONIS: This confused looked will not do you any good.

The CHAIR: Order! On page 81, what is our question, please?

Mr MARSHALL: I cannot fathom how you became the Treasurer of South Australia.

The Hon. A. KOUTSANTONIS: By beating you easily.

The CHAIR: Order!

Mr MARSHALL: Oh, dear! I refer to Budget Paper 3, page 81. Can you confirm the number of FTEs employed by the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: I am advised 36.

Mr MARSHALL: And that is at the beginning of this financial year?

The Hon. A. KOUTSANTONIS: At the end of 30 June.

Mr MARSHALL: How many are there currently?

The Hon. A. KOUTSANTONIS: There are 36.

Mr MARSHALL: There are 36 now and at the end of the year. I have no other questions on the Motor Accident Commission, unless any of my learned colleagues have a question to ask. They will not get any answers anyway, but—

The CHAIR: Order!

Mr MARSHALL: —he did a better job than SAFA.

The CHAIR: Are you going to the party or are you going to ask another question?

Mr MARSHALL: No, I have more questions to ask.

The CHAIR: What are you looking at?

Mr MARSHALL: On SAICORP, apparently.

The CHAIR: SAICORP, what page is that on, sir?

Mr MARSHALL: In Budget Paper 3, page 67.

The CHAIR: We have a change of advisers.

Departmental Advisers:

Mr D. Reynolds, Under Treasurer, Department of Treasury and Finance.

Mr S. Hocking, Deputy Chief Executive, Department of Treasury and Finance.

Mr A. Blaskett, General Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Mr K. Cantley, Executive Director, Public Finance Branch, Department of Treasury and Finance.

Mr T. Burfield, Director, Insurance, South Australian Government Financing Authority, Department of Treasury and Finance.

Ms J. Hart, Acting Claims Manager, South Australian Government Financing Authority, Department of Treasury and Finance.

Mr G. Goddard, Chief Commercial Officer, Treasury and Finance.

Mr B. Tuffnell, Acting Chief of Staff, Treasurer.

The Hon. A. KOUTSANTONIS: Andrew Blaskett and Tim Burfield from SAICORP and SAFA.

Mr MARSHALL: We read in the budget papers on page 67 about the net assets, free reserves as they are referred to here, as at 30 June 2015 of \$168.2 million. What is the current value of these free reserves?

The Hon. A. KOUTSANTONIS: I am advised that we will have to wait until the audit report for that.

Mr MARSHALL: Was there any transfer of the free reserves last year into general revenue?

The Hon. A. KOUTSANTONIS: I am advised no.

Mr MARSHALL: What methodology is used to determine whether a transfer will take place?

The Hon. A. KOUTSANTONIS: I am advised that there is no dividend policy for this area of government operation.

Mr MARSHALL: Has there been a transfer to general revenue of free reserves in the past?

The Hon. A. KOUTSANTONIS: Not in relation to SAICORP, no.

Mr MARSHALL: So there has never been a transfer? There is just this ongoing accumulation on the balance sheet of free reserves; is that correct?

The Hon. A. KOUTSANTONIS: That is the advice I have been given.

Mr MARSHALL: And the last value that the Treasurer is aware of is at 30 June 2015?

The Hon. A. KOUTSANTONIS: The auditor report, yes.

Mr MARSHALL: Have you any other?

The Hon. A. KOUTSANTONIS: I said to you that once we get the audited reports I will make them available to you.

Mr MARSHALL: That is only done once per year. Also, on page 67, it says that the total liabilities as of 30 June 2015 included claim liabilities of \$322.2 million. Medical malpractice claims accounted for \$259.3 million of the outstanding claim liability. Are you able to provide an update on the value of medical malpractice claims since the \$259.3 million reported as of 30 June 2015?

The Hon. A. KOUTSANTONIS: I understand that valuation is still being finalised.

Mr MARSHALL: Is it higher or lower?

The Hon. A. KOUTSANTONIS: I understand that it is still being finalised.

Mr MARSHALL: How many claims were made in 2015-16?

The Hon. A. KOUTSANTONIS: We will have to get that for you.

Mr MARSHALL: Do you have any indication whether that number is higher or lower than the previous one?

The Hon. A. KOUTSANTONIS: I will get that for you once we have it.

Mr MARSHALL: How many claims were paid out in 2015-16?

The Hon. A. KOUTSANTONIS: We did not bring those numbers here with us, but I will get them for you.

Mr MARSHALL: It is the same people; they did not bring much at all. I might just ask one question which follows on from some questions that I was asking last year in this committee because I think SAICORP administers the building indemnity insurance; is that correct?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Has there been any change to the arrangement that was in place at this time last year?

The Hon. A. KOUTSANTONIS: I am advised no.

Mr MARSHALL: Can you provide an explanation to the committee on how that works? QBE is providing the indemnity insurance, but it is underwritten by SAICORP; is that correct?

The Hon. A. KOUTSANTONIS: There has been no change since last year.

Mr MARSHALL: This was originally only an interim arrangement which was put in place, and it was envisaged that there would be a period of government guarantee, I think for 12 months. It was extended to two years as of last year, which I think was the third year. I could be wrong; it could have been a fourth. I think it was the third year. There was no plan to change that. Is this now a permanent position?

The Hon. A. KOUTSANTONIS: I hope not. I hope that the private sector does step up to the plate and offer products that we can transition out of. I understand and I am advised that other jurisdictions are finding the same difficulty. It is an area where the government has to step in due to market failure.

Mr MARSHALL: What is the potential liability to the taxpayers for providing this building indemnity insurance?

The Hon. A. KOUTSANTONIS: I do not have it here in terms of our risk exposure, but I think the other costs that would be much larger would be a dent to the industry itself and what that would do for construction. Despite whatever the liability on the government is (and I will get you those numbers), I think the bigger risk for us is the dent in the confidence of the industry if we were not stepping in to fill the market failure. That is what I am really concerned about.

Mr MARSHALL: Yes, I understand that, but what is the potential?

The Hon. A. KOUTSANTONIS: I said I will get that for you. I do not have it here, but I will get it for you.

Mr MARSHALL: Is there any cost in administering this on an annual basis?

The Hon. A. KOUTSANTONIS: All those costs are absorbed. There is no additional cost, I am advised. It is just absorbed through normal operations.

Mr MARSHALL: So, it is just simply an underwriting.

The Hon. A. KOUTSANTONIS: That is my advice, yes.

Mr MARSHALL: What is the total value that we underwrite?

The Hon. A. KOUTSANTONIS: I told you I would get you that.

Mr MARSHALL: What was the last reported one then, if you do not know the current one? What was the last reported level of the underwriting?

The Hon. A. KOUTSANTONIS: All I have here which I can help to inform you is that there has been \$24 million in premiums written, but I do not have the other numbers.

Mr MARSHALL: So, \$24 million in premiums.

The Hon. A. KOUTSANTONIS: That is for three years.

Mr MARSHALL: That is a three-year period, but I mean the liability is going to be a lot higher than the premium.

The Hon. A. KOUTSANTONIS: From 1 July to 30 June 2016—yes, but I do not have those numbers here with me so I will get them for you.

Mr MARSHALL: I have a couple of questions to finish off, referring to Budget Paper 4, Volume 4, page 173, regarding procurement policy: is the procurement board investigating ways of ensuring Australian steel is used in government projects where possible?

The Hon. A. KOUTSANTONIS: I am advised that the board does not play the role and now the role is played by the Industry Participation Advocate which has assisted more than 10 South Australian-based steel fabricators via grants to progress through category one of the National Structural Steelwork Compliance Scheme (NSSCS). Five steel fabricators have already achieved certification through category one of the NSSCS. Four fabricators are currently undergoing audits to achieve category one certification. Five fabricators are about to commence the certification process.

Through the government target to ensure that government construction contracts use steel from Australian standard certified mills and fabricators through a surveillance program, the government established a steel surveillance program in collaboration with the Australian Steel Institute to ensure contractors working on state government projects comply with requirements that their steel is sourced from mills with an Australasian certification for reinforcing and structural steel.

Steelwork must be sourced from steel fabricators independently certified by the National Structural Steelwork Compliance Scheme. The progress of South Australian-based steel fabricators through the categories two and three of the National Structural Steelwork Compliance Scheme with the assistance of further grant funding, five steel fabricators have already achieved certification through category two. It is a policy of the cabinet that has been implemented by the Industry Participation Advocate.

Mr MARSHALL: Can you confirm whether the State Procurement Board collects information on the use of Australian components in government projects?

The Hon. A. KOUTSANTONIS: What components are you talking about?

Mr MARSHALL: Steel components.

The Hon. A. KOUTSANTONIS: Steel?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: I just told you that that is now done by the Industry Participation Advocate.

Mr MARSHALL: In all government projects?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: So, we can get detailed information going forward—

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: —on every steel component, whether it is sourced in Australia or not, thank you. Can you explain the difference between subprogram 4.4, procurement policy and governance of the Department of Treasury and Finance, for which you are responsible as the Minister for Finance—

The Hon. A. KOUTSANTONIS: That is true.

Mr MARSHALL: —and sub-program 7.4, strategic procurement of the Department of the Premier and Cabinet, for which minister Rau is responsible as Minister for the Public Sector?

The Hon. A. KOUTSANTONIS: The Procurement Board sets the policy. That is based in DTF. The operational aspects of the actual procurement are done by DPC.

Mr MARSHALL: Just one final question: I am not sure whether it is in the right area, but I am sure he is a generous chap. The State Admin Centre: can you provide an update on whether or not you still expect the settlement of the State Admin Centre to occur this year, and whether there are any pending legal proceedings in relation to that sale?

The Hon. A. KOUTSANTONIS: I think I have already answered this question in parliament.

Mr MARSHALL: What was the answer?

The Hon. A. KOUTSANTONIS: I am advised that there are no pending legal matters.

Mr MARSHALL: So do you expect settlement before the end of this year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: When do you envisage that that will be?

The Hon. A. KOUTSANTONIS: By the end—within this year.

The CHAIR: Thank you everybody for your attendance.

Sitting suspended from 16:16 to 16:30.

DEPARTMENT OF STATE DEVELOPMENT, \$672,950,000

ADMINISTERED ITEMS FOR THE DEPARTMENT OF STATE DEVELOPMENT, \$10,448,000

Membership:

Mr Van Holst Pellekaan substituted for Mr Marshall.

Mr Griffiths substituted for Mr Duluk.

Mr Knoll substituted for Mr Williams.

Minister:

Hon. A. Koutsantonis, Treasurer, Minister for Finance, Minister for State Development, Minister for Mineral Resources and Energy.

Departmental Advisers:

Dr D. Russell, Chief Executive Officer, Department of State Development.

Mr P. Heithersay, Deputy Chief Executive, Department of State Development.

Mr R. Janssan, Executive Director, Strategy and Business Services, Department of State Development.

Mr V. Duffy, Executive Director, Resources and Energy, Department of State Development.

Dr T. Tyne, Executive Director, Mineral Resources, Department of State Development.

Mr B. Goldstein, Executive Director, Resources and Energy, Department of State Development.

Mr N. Panagopoulos, Director, Resource Royalties, Department of State Development.

The CHAIR: I declare the proposed payments open for examination and refer members to the portfolio statements in Budget Paper 4, Volume 3. There are no opening statements.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 4, Agency Statements Volume 4, page 93. I will start with what I am sure will be a very predictable question but, nonetheless, a very important question. When I asked the minister in estimates exactly one year ago to the day what the government would be doing to make up for the fact that Alinta's electricity production would no longer be in the market, the minister responded by saying, 'I am quite confident that we will be fine. There is plenty of capacity in the system. There is plenty of safe interconnection.' Minister, what went wrong?

The Hon. A. KOUTSANTONIS: High gas prices. I think the unprecedented weather event that dramatically delayed the upgrade to the interconnector. I would have hoped that work would not have been disturbed. There was a confluence of events that conspired against us. There has been a lot of debate publicly about what occurred. I thought the most telling contribution was that of the new federal minister who said that you could not blame renewables for what occurred in South Australia, which I think has surprised many people in the state Liberal Party, but then he went on to defend privatisation, so there you go; you can have that.

The truth is that what occurred was that people who had purchased gas through long-term contracted arrangements were selling that gas on the spot market because the spot market was dramatically higher than the contracted rates, so they were making money in selling that gas and they were using alternative methods to generate electricity. The price setting in the market for that very small period was diesel and that was very, very expensive.

I think what you are finding is that the moratorium in Victoria, which is supported by both the Liberal and Labor parties, is having an impact. I think policies in New South Wales on not supporting the extraction of unconventional gas is having major impacts. Without trying to start conflict, I think the position of some members of this parliament about unconventional and conventional gas in the Otway Basin is causing there to be a very, very tight gas market. With the major gas companies trying to move as many gas trains as they can out through Gladstone, that means there is very little uncontracted gas in the market.

While the interconnector was down, we had a cold snap and the wind was not blowing, and we faced an unprecedented set of circumstances. Some people attempted to blame renewable energy for ideological reasons and others did so for financial reasons. The true culprit was a confluence of events. I suspect, had Alinta been in the market, we would not have seen that much of a difference.

Mr VAN HOLST PELLEKAAN: Thank you, minister. I think I would agree with much of what you said with regard to the week before last, when we had that perfect storm, but electricity prices in our state have been going up essentially since Alinta made their announcement two Junes ago that they were going to leave the market. We have had steadily rising electricity prices since then. That really had nothing to do with the wild weather or the very difficult circumstances that affected us for several days the week before last.

The Hon. A. KOUTSANTONIS: I do not want to enter into argy-bargy with you, but I do not accept that Alinta's closure is the major problem in South Australia. Losing competition is never good, especially when you have a monopoly market. Monopoly markets are very hard to break up. Through historical reasons which I do not want to go into because no-one in this room is guilty of imposing that on South Australians—there are others still the parliament who are—there are vertically integrated retailers who explore for gas, have gas, generate gas and have customers who are retailers, and they do very well at setting the price.

When you lose competition in the market, it is very hard for the government to respond. What we have been attempting to do is to bring as much cheap generation as we can into the market. We have been doing that successfully with solar and wind. The problem for solar and wind is that it is not dispatchable. You saw in the paper today a misunderstanding between me and the journalist who wrote the article. I was not saying that renewable energy is very expensive; I was saying that

dispatchable renewable energy is expensive because technologies to store and dispatch it on a 24/7 basis have not been developed yet. That is why you need to have small demonstrators.

I could have quite easily used our procurement to buy very cheap wind and solar energy, but we want to incentivise storage. I think the member agrees with me that we should be trying to incentivise storage and dispatchable renewable energy. That is quite expensive at the moment. It is almost as expensive as gas fire or diesel fire generation on the current prices in the market. I think one problem is that there is no price signal in the national electricity market for open-cycle gas generation.

I think the commonwealth policy of a renewable energy target, which is bipartisan, is obtaining a perverse outcome from the national electricity market, which means we are getting more emissions. The Prime Minister signed an agreement in Paris on behalf of us all to reach a reduction in temperature of 2° by 2030. That means we have to completely decarbonise our electricity market. That is some of the advice I have received. We are going to need dramatic types of changes and the transitional fuel for that is going to be gas.

Gas is a very good low carbon-emitting fossil fuel that we can use. Coal cannot be part of that solution. We need to change the rules to reflect the right price signals. One of the great moves of the last COAG meeting before the federal election was the unanimous support by COAG ministers to ask officers to go away and do some work on an energy intensity scheme for thermal generation. I think that work is being undertaken and I look forward to taking it up at the next COAG.

We need greater interconnection. I think we all know the reasons why the Olsen government abandoned the MOU between South Australia and New South Wales for greater interconnection: they wanted to maximise the sale price of a monopoly asset. They did not want anything to affect that sale price, and we all know that interconnection brings prices down. That is why you saw the ACCC speak out against privatisations in an unprecedented move yesterday in the *Australian Financial Review*. So, rule changes, wrong price signals in the market, gas prices, gas policies in other states, moratoriums, poor interconnection and past decisions and monopoly traders—it is a confluence of events that has led us to where we are today.

Mr VAN HOLST PELLEKAAN: Minister, sub-program 7.4 says:

Provide policy advice and coordination of energy market reforms, including national reforms, sustainability, energy efficiency and renewable energy policy.

What warnings did you receive about these things that you have just described? When did you first become aware, through the advice the taxpayers are paying for to give to you, about these problems?

The Hon. A. KOUTSANTONIS: I am now the longest serving member of the COAG Energy Council, so I am well aware, and we are also very lucky to be the lead legislators of the COAG Energy Council. Vince Duffy has been doing an excellent job of advising the government on the appropriate rule changes that we need. We are working on the energy intensity scheme. We have instituted rule changes in terms of bidding in good faith and late bid changes.

We are working with the commonwealth cooperatively. I have to say that the last four national resources ministers—Martin Ferguson, Gary Gray, Ian Macfarlane and Josh Frydenberg—have been exceptional energy ministers on a national level, and South Australia has an excellent working relationship with them. Indeed, I was pleased to catch up with Ian Macfarlane only a few weeks ago when he came to Adelaide to visit.

The advice we are getting is very consistent: the national electricity market is not fit for purpose. It does not suit the needs of the 21st century decarbonising economy. The Prime Minister has, on our behalf, entered into international agreements that we support. We have renewable targets we have set in place (the commonwealth does) and we should be meeting them.

Mr VAN HOLST PELLEKAAN: Minister, of the 54 FTEs in that sub-program 7.4, how many of them are directly involved in providing advice on energy policy and market matters?

The Hon. A. KOUTSANTONIS: I am advised about 15.

Mr VAN HOLST PELLEKAAN: Two pages ahead, page 95, in the same book, given that 'provide policy advice and coordination of energy market reforms, including national reforms,

sustainability, energy efficiency and renewable energy policy' was not a target for this agency in 2015-16, when did you realise it was necessary for this department to manage the transition of SA electricity to a low-carbon future?

The Hon. A. KOUTSANTONIS: I do not understand the question. What do you mean?

Mr VAN HOLST PELLEKAAN: That policy advice program was not a target in the 201-16 budget. It is a target now, so when did you become aware that this was an important body of work to concentrate on?

Mr KNOLL: Obviously just now.

The Hon. A. KOUTSANTONIS: That is very unkind. I expect much more. You should respect your elders. What we have done is we have actually articulated something we have been working on for quite some time. We have actually articulated something we have been working on for quite a long period of time.

Mr KNOLL: Have we?

The Hon. A. KOUTSANTONIS: Yes, but of course you have to remember there are very few levers that I have in this system other than rules. I do not own transmission, distribution, generation or retail. Alas, you and I could have been here 30 years ago talking about our energy mix and direct decisions that you and I could have made to effect that.

Right now, the only way I can break up a privatised monopoly is to bring in other forms of generation. Decarbonising is going to be a great way for us to help with that. We have been planning this for a long time. Just because we have outlined it in the target does not mean that this is the first time we have considered it. I think this government has a long and proud history of attempting to decarbonise our economy.

I am a personal believer that we need a price on carbon; I always have been. I think a price on carbon is the right policy mix. I think the private sector is factoring in a price on carbon, and I think they are well in advance of us, and I think the rest of the world is factoring in a price on carbon. It is just the uniqueness of Australian politics that does not allow us to have a mature debate about global warming.

Mr VAN HOLST PELLEKAAN: Given that you said you do not have your hands on the levers or that the levers are not available for you, is what you were saying—

The Hon. A. KOUTSANTONIS: No, they were sold.

Mr VAN HOLST PELLEKAAN: What do you spend the \$28 million on? What do the 54 people do and the 15 who are specifically giving you advice in exactly this area but you have just said there is nothing you can do.

The Hon. A. KOUTSANTONIS: I think that ask is a little frightening, and I do not mean this as a personal insult in any way. Now is not the time to lose capability on national electricity and energy policy. Now is exactly the time to be more involved. We are at the end of a long and skinny transmission system. We are a land mass the size of Western Europe with 1.6 million people, and our electricity transmission lines run from the New South Wales and Victorian borders right through to our West Coast. We need to have expertise to manage rule changes, to talk about policies. We have submitted rule changes to try to make sure that we can look after energy security.

Obviously, we spend a lot of money on the REIS scheme, which is a large part of our budget, which I would have thought you would have been very supportive of, given some of the communities that you overlook. I think now is the time when we will be having more information and more expertise in this agency and the wrong time to be cutting back simply because our assets were privatised by the former Olsen government.

Mr VAN HOLST PELLEKAAN: What advice did you receive about the potential to support, through whatever means are available to the government, keeping the Port Augusta power station open and operational?

The Hon. A. KOUTSANTONIS: What advice? The advice would be that the moment I pay a capacity charge to one generator, the obvious consequence of that would be paying a capacity

charge to all generators, and then we are on a very slippery slide of having to pay everyone to provide electricity. I will give you a very common example: if we had paid Alinta the difference between their losses to make them profitable so that they could operate, what would stop AGL from saying to me, 'We are turning Torrens Island off unless you pay us,' or what would stop Origin from turning their generation off and saying, 'What will you pay us unless we operate?'

That is the consequence of privatising your electricity assets. The only measures you have left are that you can re-enter the market and build your own generator, and then what you are left with is the very real threat of other generators closing because they do not want to compete with the taxpayer because they cannot. Does that mean that you then nationalise all of them? If you nationalise all of them, what does that mean for sovereign risk and other investment and how will the market react to that?

We are now at the mercy of the free market and all we have is policy levers to pull on the National Electricity Market, and that is very limited, and these are the consequences. That is why Tom Playford decided that we should own our electricity assets, nationalised our electricity assets, formed ETSA, and ran an industrial base on the basis of cheap power. Again, with all due respect to the current members of the Liberal Party, his legacy was trashed in 1998 when the modern day Liberal Party decided to sell that legacy to the highest bidder.

Mr VAN HOLST PELLEKAAN: Minister, are you ruling out any capacity payments, and I am not recommending them, but I am trying to be very clear.

The Hon. A. KOUTSANTONIS: A state-based one? I think a state-based one would be unwise. I would like to see the work done by the COAG on a national basis. I think there needs to be some price signal in the market. How that is structured, I do not know. It would have to be a cooperative mechanism put in place by all the states. I am not ruling out a capacity charge on a national basis or some sort of energy intensity scheme to minimise carbon to try to get the right incentives to incentivise more gas into the system.

There was the GGAS scheme in New South Wales which worked exceptionally well, and there were other schemes which have incentivised gas generation. The problem is twofold: you need a national approach so that you are not picked off state by state because we do not have the interconnection into other jurisdictions to protect our consumers because of decisions made in the 1990s, and I am worried about the impacts, but done on a national basis and everyone is on a level playing field, so everyone is abiding by the same rules.

Mr VAN HOLST PELLEKAAN: Potentially, a national scheme that states would pay their share for, is that what you are saying?

The Hon. A. KOUTSANTONIS: It would have to be set out by the commonwealth. The commonwealth needs to lead here, and I think that is the thinking of the Prime Minister. I think that is why the Prime Minister has brought in minister Frydenberg and broken the tradition that it has always been separate.

Traditionally, you have always had the resources and energy separate from the environment. What he has done, and I think quite cleverly, is to move resources away and brought energy policy and climate policy together, because they are the two contradicting policy pieces we have. We have the National Electricity Market trying to do one thing, and then we have climate policy and environment policy attempting to do another, and the two commonwealth policies are at odds and getting perverse outcomes. What the Prime Minister is attempting to do, through his appointment and change in the auspices of the COAG council, is to rectify that, and I applaud him.

Mr VAN HOLST PELLEKAAN: Is that something that the South Australian state government is considering doing as well?

The Hon. A. KOUTSANTONIS: Only on a national basis with the commonwealth. This has to be a commonwealth response. This is a commonwealth problem.

Mr VAN HOLST PELLEKAAN: But with regard to allocation of portfolios and forming of portfolios, is that something the South Australian government is considering—

The Hon. A. KOUTSANTONIS: You would have to ask the Premier that.

Mr VAN HOLST PELLEKAAN: —mirroring?

The Hon. A. KOUTSANTONIS: I only decide how much money people get. I do not decide what portfolios they get.

Mr VAN HOLST PELLEKAAN: When was the government first contacted by Nyrstar, BHP, Arrium and Adelaide Brighton Cement regarding cost availability of base load power?

The Hon. A. KOUTSANTONIS: I am not going to enter those discussions other than to say that I did not have Arrium and Nyrstar bursting through my door on these issues. The people that I spoke to were industry groups on behalf of other people. I will not go into more detail than that, other than to say that the people I was speaking to were people who had not hedged their positions on the lower end market, or were exposed to the spot market (which I thought was a very courageous move by them). Ultimately, they gambled and lost.

It is fair to say that some of the larger energy users hedged through other forms of production, whether it is biomass or some other form of internal generation to try to offset high peaks, or they just turn off production, so they have the flexibility within their markets to do that, like Kimberly-Clark do in the South-East and BHP often do by moving scheduling and maintenance around.

I think the confluence of events, where diesel generators were setting the price in the South Australian market, meant that the question was: why have we not got all of our thermal generation in this state on that is available? Why is it not on? It is a very good question. Why was Pelican Point and ENGIE not responding to the price cycles in the market? You have prices going up, why were they not turning their generator on? Because they were probably making more money selling their gas on the spot market than they were by generating electricity. That is the failure in the market because there is not enough gas.

Policies of reservation and policies of moratoriums are driving this country to the point where we are one of the most blessed countries in the world for gas availability and energy, and we are locking it up in the ground. Those policies have to stop. Again, with respect, I say that the Lock the Gate movement, and those movements about preserving farmland, are not movements of the left. They are movements of the right. I think the Liberal Party is going to have a very tough job dealing with that over the next 10 to 15 years, and I do not know how you are going to deal with it but we need to because energy security is essential for a manufacturing state like ours.

Mr VAN HOLST PELLEKAAN: For the record, the state Liberal Party has made it very clear that we do not support moratoriums on gas production.

The Hon. A. KOUTSANTONIS: I know that you do not, but I was very concerned about comments made by the Leader of the Opposition in the lead-up to the election. That was not you—you were not the resources spokesperson at the time.

Mr VAN HOLST PELLEKAAN: That is our team position.

The Hon. A. KOUTSANTONIS: I know that you understand the issues about resources, but I think when the Liberal Party are voting with the Greens to establish inquiries in the upper house into unconventional gas, they are very dangerous precedents set by your leader, and I think all of you were very worried about that. I know privately, from what Santos and other companies have told me—

Mr VAN HOLST PELLEKAAN: Rubbish.

The Hon. A. KOUTSANTONIS: —there was a lot of concern, federally, within the Liberal Party about the direction that Mr Marshall was taking, the swing to the left where Mr Marshall was taking the Liberal Party. A lot of concern about his—

Mr VAN HOLST PELLEKAAN: Chair, can you bring him back on track, please?

The CHAIR: Back to another question, perhaps.

The Hon. A. KOUTSANTONIS: You voted with the Greens.

Mr Knoll: You cannot have it both ways.

The CHAIR: Order!

Mr VAN HOLST PELLEKAAN: Thank you. Apart from asking ENGIE to fire up Pelican Point again, is there anything else that the government has done to support those large consumers who came seeking help two weeks ago?

The Hon. A. KOUTSANTONIS: Obviously, we have been working with them for a long period of time, since we held a round table in December. At that round table in December we articulated a lot of issues about what we thought needed to be done. We explained what we were doing, and there was general consensus from that group that we were on the right path, with real changes to the National Electricity Market and greater interconnection.

We are all finding that greater interconnection is probably going to give us the ability to actually unlock and unleash the potential of our own renewable assets into the eastern seaboard, get that investment, get those jobs here in South Australia, and get that wind and solar pumping out into the eastern seaboard, and, at times when we cannot take the benefit of it, having good, free and fair trading of electrons across borders and pour those electrons back across when we need them, otherwise the Prime Minister will not meet his targets.

Mr VAN HOLST PELLEKAAN: Not that I am recommending this, but is the government or you as the relevant minister considering any form of nuclear energy, including, potentially, small modular reactors?

The Hon. A. KOUTSANTONIS: That is currently not lawful in Australia.

Mr VAN HOLST PELLEKAAN: But are you considering it? Are you receiving any advice on it? Have you sought advice on it?

The Hon. A. KOUTSANTONIS: I think I answered this earlier—that if I attempted to build a generator of any form, whether it is nuclear or otherwise (which we are not), the market would react. You would either have to build a generator that was large enough to take all the load for the state because—

Mr VAN HOLST PELLEKAAN: No, small modular, I said.

The Hon. A. KOUTSANTONIS: The state is not thinking about entering the electricity generation business again because, the way the market was privatised, there would be no advantage to the taxpayer; in fact, there would be dramatic penalties.

Mr VAN HOLST PELLEKAAN: And you are not thinking about giving the permission to any private entity to operate that?

The Hon. A. KOUTSANTONIS: No-one from the private sector has come to me, that I am aware of (but I will check), wanting to build a nuclear reactor. There is the nuclear royal commission that is contemplating a whole series of assessments about whether we should enter the fuel cycle.

Mr VAN HOLST PELLEKAAN: I understand; you have ruled that out.

The Hon. A. KOUTSANTONIS: The government is not thinking of that.

Mr VAN HOLST PELLEKAAN: So you have not sought any advice on small modular reactors?

The Hon. A. KOUTSANTONIS: Not that I am aware of. I will check. We do not have a second nuclear program, do we, somewhere?

Mr DUFFY: Not in my division.

Mr VAN HOLST PELLEKAAN: Minister, when do you expect the upgrade of the Heywood interconnector to be completed?

The Hon. A. KOUTSANTONIS: It is complete.

Mr VAN HOLST PELLEKAAN: It is completed now?

The Hon. A. KOUTSANTONIS: I am advised it is completed, but there is some work being done. I am advised that the physical upgrade works are completed. Now there is commissioning

work that needs to be done, and it will be taking until the end of the year to get it up to full capacity. It is running at 570 megawatts an hour.

Mr VAN HOLST PELLEKAAN: So, 570 and up to 650 by the end of the year?

The Hon. A. KOUTSANTONIS: Yes.

Mr VAN HOLST PELLEKAAN: What will be the final cost of that upgrade, and who pays for that?

The Hon. A. KOUTSANTONIS: The RIT-T process that does the assessment about our interconnection that needs to be built takes into account a whole series of considerations. You make applications under the act. People are allowed to object. Of course, the way the rules are structured, monopoly generators are allowed to object and offer other alternatives to increase interconnection, which means more competition, which could worsen their financial position. These costs are spread across consumers. There is a formula in place that is spread between Victorian and South Australian consumers. I do not have the breakdown here, but I can get that for you.

Mr VAN HOLST PELLEKAAN: Given that you said on 2 November, in relation to the major blackout, which cut power to more than 100,000 homes, and I quote:

This outage [last night] wasn't caused because there was too much wind or not enough wind—it was a once-in-a-thousand year event.

Do you still believe that is the case?

The Hon. A. KOUTSANTONIS: That is the advice I had at the time. Do you have anything to say that that was wrong?

Mr VAN HOLST PELLEKAAN: Do you still believe that is the case?

The Hon. A. KOUTSANTONIS: I have not seen anything that says that was different, but if you have got something I would like you to provide it to me.

Mr VAN HOLST PELLEKAAN: No, I am asking you, minister. So that is still your opinion?

The CHAIR: He said that is the advice he had at the time.

Mr VAN HOLST PELLEKAAN: At the time, but my question was: does he still believe it is accurate?

The CHAIR: And he said that.

The Hon. A. KOUTSANTONIS: I have to say that I have been trying to answer these questions—

The CHAIR: I know you are.

The Hon. A. KOUTSANTONIS: —as openly as possible.

The CHAIR: Next question.

The Hon. A. KOUTSANTONIS: I think what the member for Stuart is clumsily attempting to do is to set a trap of some sort. I think this committee is better than that.

Mr VAN HOLST PELLEKAAN: No, it is not. I just want to know—

The CHAIR: No, just a question.

Mr VAN HOLST PELLEKAAN: I just wanted to know whether anything has changed or not; that is all.

The CHAIR: Just a question.

Mr VAN HOLST PELLEKAAN: Given that the AEMO report entitled 'Update to renewable energy integration in South Australia', which was published in February this year, specifies that ElectraNet was undertaking a high-level assessment of the potential technical and economic benefits of a new high-capacity interconnector between SA and the Eastern States to determine whether a more detailed investigation into the feasibility of such a project is warranted, have you seen the

results of that, and are the results of that study what made you decide to spend half a million dollars on the feasibility study that has been announced in this budget?

The Hon. A. KOUTSANTONIS: They have not published the findings, I am advised, of that initial feasibility, but there was some discussion with the government and industry, especially industries that are attempting to begin new projects over the next four to five years and which are seeking certainty of power reliability and price.

Given the confidence that ElectraNet had in the early feasibilities, the government made a decision in the budget process to assist them with their final feasibility. It is the RIT-T test. Unfortunately for us, the RIT-T test offers many participants in the NEM opportunities to offer alternatives to interconnection, which is, from my perspective, a lot of vested interest, an attempt to try to stop greater interconnection. I am very keen to see greater interconnection.

In my discussions with the late Matt Zema, who was a great loss to South Australia and a great loss to this industry because he knew it better than anyone, he had some very good ideas about how this interconnection would work and what its impacts would be. On top of losing a good friend and a confidant on this issue, we have lost an advocate. That is going to be a very big hole for this nation to fill, especially this state, because I do not think there is anyone who understands the operation of interconnection and NEM better than he did. It could not have happened at a worse time. Obviously, the personal issues are much more important than the public policy ones, but it just shows you how fragile life is.

Mr VAN HOLST PELLEKAAN: Will this feasibility study incorporate assessments of impacts on the volumes that would be exported and imported between South Australia and the Eastern States?

The Hon. A. KOUTSANTONIS: The modelling will model, I understand, 20 years of market operation with and without further interconnection, and it will model a whole series of scenarios within those models about what may or may not occur over the next 20 years. They will all be made public and we can make a decision about whether greater interconnection or storage or more generation or any other issues that could come up would be found from that feasibility study.

Mr VAN HOLST PELLEKAAN: That is good, thanks. I have one last question on gas that I meant to ask you when you were answering before. You were talking about market impacts and that gas is one of the biggest, if not the biggest, negative impactor upon our electricity market. You said there is a whole range of things that happen at the moment that should be stopped. Does that include exports, or is there any view from you or the government about a reservation policy or anything like that? Clearly, accessing the export market, which is terrific for gas producers, is one of the things that has a very negative impact upon our electricity pricing. Is that something you are considering?

The Hon. A. KOUTSANTONIS: No. You have to be very careful. I am not suggesting that you support one policy or another. You have to be very careful with these levers. The reason there are export markets being built is because there were investments made in the ground to get the gas out of the ground to meet those targets, which meant dollars and boots on the ground here in South Australia, drilling holes to find that gas, building pipelines, creating infrastructure to meet those targets.

If business invests on the basis that they can drill holes and export and provide to the domestic market, and you change the rules halfway through on them about what they can and cannot do with those forward contracts, I think you will see over the next 20 years a dramatic decrease in investment in energy exploration in Australia, especially South Australia, and you would actually be doing more harm than good.

You might get some short-term benefit for some contracted gas that is already drilled and ready to go to be able to divert it to the domestic market, but in the long term you would be wrecking a wonderful industry that employs thousands of Australians and provides energy security to our nation and our trading partners.

So, no, I do not support my entering the market and reserving South Australian gas for South Australians. What I do want to see, though, is more exploration. I want to see more holes drilled. I

want to see land access issues dealt with. I want to see resources exploited and I want to see jobs created.

Mr VAN HOLST PELLEKAAN: And I am not recommending it either.

The Hon. A. KOUTSANTONIS: I did not say you were.

Mr VAN HOLST PELLEKAAN: I wanted to know the government's position. Minister, referring to page 93, so we are still on the same topic, please advise what recommendations have been progressed relating to electricity supply for the development of mining in South Australia's Regional Mining and Infrastructure Plan? Which mines that are currently operating do you think need the most help and are at the greatest risk, and what new areas could benefit if something like that was successfully undertaken?

The Hon. A. KOUTSANTONIS: I think all mines need power. We do not want them burning diesel to generate their needs, we want them on the grid. I would like to see Carrapateena proceed, I would like to see Iron Road's proposal proceed, I would like to see the Braemar province work proceed, I would like to see the Gawler Craton exploited to its full potential, and it is all going to require power and it is all going to require investment.

A lot of that investment will be paid for by the proponents, and what we need is for commodity prices to return to trend or even above trend if possible. We are seeing that a bit now with gold and silver; gold and silver are doing quite well. We need magnetite, copper, uranium and iron ore all to increase in price and, when those prices increase, you will see the investment flow, the capital unlocked and they will make investments that they need to make their operations feasible.

Mr VAN HOLST PELLEKAAN: But has anything actually been done to progress recommendations with regard to electricity supply?

The Hon. A. KOUTSANTONIS: We are working cooperatively with them. We are not going to build them generators. If they want extra generation, they will build it themselves. If they want extra connection, they will negotiate with the private operators. What we do is we let the market know about what is coming and what we can do to assist, but it will not be taxpayers' money used to build infrastructure for the private sector like that unless we make a decision to apply a community service obligation to this operation because we think there is a broader benefit somewhere else.

Mr VAN HOLST PELLEKAAN: In regard to the Copper Strategy, half a million dollars towards the state's Copper Strategy, with the overarching intent of tripling the state's copper production over 20 years, and also tripling employment in copper over 20 years, why do you think that tripling production will lead to a tripling in employment? Why do you think that in 20 years from now, if this strategy is successful, it will still take just as many people to produce one tonne of copper in 20 years as it does today?

The Hon. A. KOUTSANTONIS: First and foremost, to find it, you have to dig it out of the ground—that creates jobs. You have to process it and you have to support those people digging it out of the ground. There are a lot of industries around mining that grow, so to meet those targets you dramatically need to have more numbers of mines and more mines discovered, and that means more exploration, more holes drilled, more mine engineers. It does increase employment. Mining is a great way to increase employment. It is a great industry that does amazing things for our country and we should be very supportive of it.

Mr VAN HOLST PELLEKAAN: Given that we have seen enormous labour efficiency and mining over the last 20 years, why do you think that there will be none in the next 20 years if this strategy is successful? Why do you think it will take the same number of people to produce a tonne of copper in 20 years as it does now when it certainly did not 20 years ago?

The Hon. A. KOUTSANTONIS: As Mr Russell says, a confident expanding industry that is growing is always going to employ more people and there are always going to be new mines. To give you an example, OZ Minerals will not survive on Prominent Hill alone; they need to go out and find new deposits; they need to develop Carrapateena. Once they start developing Carrapateena, there will be people within OZ Minerals looking for the next deposit and the next commodity and that generates more activity, more wealth and more jobs.

Setting a target of tripling copper production will mean that you need a lot more mines and a lot more people working in those mines. I do not think it is right to say that you can have the same level of production for the same level of employment now. I do not think that is how it will occur. We have seen over the last 50 years through boom and bust how industries scale up and, when the drop comes, they forget all the lessons that they learned from the last drop and they cut back again, then they scale up again. I am very, very confident that this state will take its rightful place amongst mining giants across the country because we have the resources to back it up.

Mr VAN HOLST PELLEKAAN: Minister, I would certainly hope that there will be a significant increase in production, but I cannot accept that labour productivity will not increase.

The Hon. A. KOUTSANTONIS: I hope it does, too.

Mr VAN HOLST PELLEKAAN: We want as many jobs for this state as possible, but I cannot accept that efficiency of tonnes per person won't change, if the industry is successful in tripling its copper production.

The Hon. A. KOUTSANTONIS: You are assuming the same grade ongoing; I am assuming diminishing grades.

Mr VAN HOLST PELLEKAAN: I am assuming significant technological advances.

The Hon. A. KOUTSANTONIS: Like what?

Mr VAN HOLST PELLEKAAN: Like we have seen in the last 20 years but increasing. If I could lay them all out now I would not be in this job, would I?

The Hon. A. KOUTSANTONIS: Give us two.

Mr VAN HOLST PELLEKAAN: I refer to page 86 and the government's Building a Stronger South Australia Future Fund. The documents say that contributions will be made when the budget is in an operating surplus position. This will occur from 2015-16 and it is proposed that payments into the fund would be based on 7 per cent of total royalty revenues per annum. Will the government be putting 7 per cent of total royalty revenues into the future fund starting now, given that the budget just finished with a surplus?

The Hon. A. KOUTSANTONIS: Thank you for acknowledging it is in surplus; you are the first Liberal to do so; the rest have been arguing that it is not. I am pleased; you are a bigger man than most in many ways. There was a report by the Royal Commission into the Nuclear Fuel Cycle that suggested a sovereign wealth fund and my view as Treasurer is that we should await the final outcome of the royal commission report. What is the use of establishing one wealth fund simply to have another?

Once the royal commission has finished its work about this sovereign wealth fund and once the consultation with the community is over we will absolutely honour all our commitments for a future sovereign wealth fund, depending on the outcome of the royal commission. If the public, the opposition or whoever it is says, 'This is not what we want,' we will proceed with a future fund. If the path then is a sovereign wealth fund, rather than duplicating it and moving everything over, we will do that.

I also point out that we are spending almost the entire surplus in terms of value on STEM schools across South Australia—194 primary and secondary schools. I know the opposition youth spokesperson has said that that is a waste of money, but we disagree. We think it is an excellent allocation of resources and that is probably our best investment in the future, but we are still committed absolutely to the future fund.

Mr VAN HOLST PELLEKAAN: Minister, did you know that the royal commission was going to be established when you made this commitment a year ago?

The Hon. A. KOUTSANTONIS: I did not know what the findings were going to be though.

Mr VAN HOLST PELLEKAAN: You still do not. So you made the commitment a year ago—

The Hon. A. KOUTSANTONIS: I know what the findings are. They have made their findings and now we are consulting on those findings.

Mr VAN HOLST PELLEKAAN: Okay, but you do not know. You are using it as a reason, for the moment at least, to not fulfil the commitment that you made a year ago.

The Hon. A. KOUTSANTONIS: No, we are committed to the commitment. What I am saying to you is that the royal commission conducted its job, it has finished, and it has reported. In that report, it recommends a sovereign wealth fund. My view is that the sovereign wealth fund is probably superior to a future fund, but let's wait for the outcome of the finalised consultations.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 3, Budget Statement, page 54. Commentary in last year's budget states:

Royalty revenue is expected to grow moderately over the forward estimates largely reflecting the resumption of full production at Olympic Dam and changes in commodity prices.

Given that commentary, is your advice that Olympic Dam did resume full production?

The Hon. A. KOUTSANTONIS: What budget paper?

The CHAIR: Budget Paper 4, Volume 4, page 54?

Mr VAN HOLST PELLEKAAN: Budget Paper 3, Budget Statement, page 53.

The CHAIR: Royalties are mentioned on this page as well; that is a coincidence, isn't it?

Mr VAN HOLST PELLEKAAN: There is mention of royalties all through the mining pages. Do you want me to repeat the question?

The Hon. A. KOUTSANTONIS: Sorry, yes.

Mr VAN HOLST PELLEKAAN: Basically, the question is that last year's budget said that:

Royalty revenue was expected to grow...over the forward estimates largely reflecting the resumption of full production at Olympic Dam—

after the difficulties that they had over the previous couple of years—

and changes in commodity prices.

Is your advice that they resumed full production? The reason I am asking is that royalties clearly went down \$68 million. What happened? What was the reason that they were forecast to grow moderately but they dropped by \$68 million? The only proviso that you put on it a year ago was OD.

The Hon. A. KOUTSANTONIS: The advice I have is that we met most of our targets on volume but the biggest drop in commodity prices was in January 2016, I am advised, in copper. So, despite the dramatic drop in commodity prices, BHP and other mines still met their volume targets but they were just getting less for their products. These things are out of our control. Had the price remained where it was, we would have met our targets, if not exceeded them. The problem we had was a dramatic fall in commodity prices.

Mr VAN HOLST PELLEKAAN: Given that commodity prices have been falling for nearly three years, are you forecasting lower prices for next year into your royalty revenue forecasts? What I am saying is that it was not a surprise that they fell.

The Hon. A. KOUTSANTONIS: Sorry to delay you. I am not trying to stall. The advice I have is that it was a dramatic fall compared to what you are talking about, and it was not expected. We are talking about prices from nearly \$6,500 a tonne dropping down to \$4,000 something a tonne—dramatic drops within a period of months, and no-one was forecasting those types of drops.

Then, of course, the oil price dropped. We were looking at barrels of oil at \$27, so there were some dramatic falls that people were not predicting. That was after a barrel of oil dropped \$109 down to the mid to high \$60s down to \$27. These were dramatic falls. So, we got it right on volume, we got it wrong on price, but so did the rest of the world. If you did not, you are in the wrong business.

Mr VAN HOLST PELLEKAAN: So what are you forecasting? Continued falls for the current financial year?

The Hon. A. KOUTSANTONIS: The forecasts for movements were similar to those identified in 2015-16, namely, lower sales and production than previously forecasted, limited growth

and renewed discoveries, and an overall lower crude brent oil price. Forecasts in the oil price are expected to be slower than previously envisaged, and they are saying that the volatility in the business environment has contributed to endeavours to lower costs and mitigate risks, so there are operational and structural reviews all across South Australia in most mining operations, oil and gas.

You are seeing merges between Beach Energy and Drillsearch. You are seeing restructures and changes of personnel at Santos: a new chief executive and a new CFO, new board members, the chairman resigned (I forget when he resigned, but the old chairman has been put back in place) and reducing capital expenses—there is a lot of turnover and change occurring in this industry.

Mr VAN HOLST PELLEKAAN: None of that affects commodity prices.

The Hon. A. KOUTSANTONIS: We have moderate forecasts across 2016-17. I am comfortable with them and I think they will be fine.

Membership:

Ms Chapman substituted for Mr Knoll.

Mr VAN HOLST PELLEKAAN: Minister, can you give me some advice, please, on the release to market new mineral exploration licences through a merit-based exploration release area process? You had that in the budget that you have a new merit-based system for handing out exploration licences, which of course makes me wonder what it was based on before.

The Hon. A. KOUTSANTONIS: Can I introduce Dr Ted Tyne and bring him to the chair. He will give you a detailed analysis of the merit-based—

Mr VAN HOLST PELLEKAAN: Or take it on notice, because I know that the deputy leader wants to ask some other questions on other DSD issues, with all respect to Dr Tyne, given we only have five minutes left.

The Hon. A. KOUTSANTONIS: I will take it on notice.

Mr VAN HOLST PELLEKAAN: Thanks.

The CHAIR: Through the Chair, of course, did you wish to ask some questions, deputy leader? We have not yet given over control of the room. The deputy leader has a question.

Ms CHAPMAN: As the shadow minister for state development, I would like to address a question to the Minister for State Development. I appreciate that many of the areas of responsibility under this new super department have—and I hate to say junior ministers—other ministers below the minister in this role, one of whom of course is to deal with mining and energy, which currently is under consideration. I ask the Minister for State Development: how does the state advance in its development by the sale of the Lands Titles Office?

The CHAIR: Can I just ask you which page and line you are referring to as we move into this question?

Ms CHAPMAN: We can start with—

The CHAIR: Well it is the normal practice. I am just asking because it is not—

Ms CHAPMAN: Page 53, the whole agency, Budget Paper 4, Agency Statement 4, State Development. It starts on page 49, and covers all of the portfolios under State Development and identifies here—

The Hon. A. KOUTSANTONIS: Madam Chair, I had the Valuer-General and the Lands Titles Office here for examination to answer these questions in the previous committee hearings.

Ms CHAPMAN: I am not asking about the detail. Madam Chair, I seek your ruling.

The CHAIR: Yes, I am listening.

Ms CHAPMAN: I would seek your ruling. My question is to the Minister for State Development—

The Hon. A. KOUTSANTONIS: I hope I can answer it—

The CHAIR: Hang on: I cannot hear her question first. We need to listen—noise on my right.

Ms CHAPMAN: Whilst the minister is also the Treasurer, and doubtless has received some questions about the machinery operations of the prospective sale of part of the Land Services Division—

The CHAIR: I do not recall any, as it turns out, but nevertheless—

Ms CHAPMAN: Well, that is even better.

The CHAIR: It depends because we do not know what page you are on and we don't know what you're talking about. So, go on.

Ms CHAPMAN: I thought the minister just said that he had been the subject of questioning on this, but in any event maybe perhaps everyone else was not listening. My question is to the Minister for State Development, as to how his proposal in the budget speech, which has been referred to in Budget Paper 3, the sale of aspects of the Land Services Division, is going to advance the state of South Australia as state development minister.

The Hon. A. KOUTSANTONIS: I am happy to.

Ms CHAPMAN: Thank you.

The Hon. A. KOUTSANTONIS: In my discussions with other treasurers, the person for whom I have a great deal of admiration is Ms Gladys Berejiklian, the New South Wales Treasurer—you might know her—a very exceptional woman I think she has transformed the finances of the New South Wales government and is doing a great job of transforming the New South Wales economy. The New South Wales government is undertaking a similar exercise to us, and my view is that, by incentivising the private sector and helping the private sector grow in this state, you create more private investment opportunities.

One of the bugbears I have always had in this state as Treasurer, as a member of parliament and even as a citizen, is that the largest employer in the state is the government. I have always wanted to see a time and a day when the largest employer in the state is not the South Australian government, that it is the private sector, so whether it is the Motor Accident Commission privatisation or whether it is the Lands Titles Office, if we can do things more efficiently through the private sector, incentivise new investment in South Australia, we will allow the private sector to grow and flourish.

I might also add that, when you privatise these assets, these functions, these roles—and I am not talking about the Torrens title system (that will remain publicly owned and so will the insurance programs that protect security of title), which remain in government hands—and make these policy moves, as they have in New South Wales, you are lifting the horizons of the entire state, because what occurs then is that these multinational investors who look at South Australia, because of these opportunities, see, first, a forward-thinking government that is confident about its future, that is happy to engage with the private sector and that creates a regulatory framework around that which incentivises more direct foreign or private investment in South Australia.

I do not think there is anyone in South Australia who would not think that the most important thing we should do as a state is incentivise and encourage more foreign direct and private investment in South Australia. I, for one, am a champion within the government, I humbly submit, for greater private investment in South Australia. I have cut taxes, with the support of my cabinet colleagues. We have job incentives in place, we have cut red tape, we have reformed WorkCover, we are doing the structural reform that is needed to try to put this state on a better footing.

I am looking at my clock, and I know that the shadow minister would like to read the omnibus questions into the record, or I can keep on talking and they will not be done, because the Deputy Leader came in and asked a late question, but I am not that mean.

The CHAIR: There being no further time for questions of the minister, I declare the examination of the proposed payments completed. I thank the Treasurer and his advisers for their assistance with the committee today and thank members for their assistance also.

At 17:37 the committee adjourned to Friday 29 July 2016 at 09:00.