

HOUSE OF ASSEMBLY
Wednesday, 26 July 2017
ESTIMATES COMMITTEE A

Chair:

Ms F.E. Bedford

Members:

Hon. S.W. Key

Ms N.F. Cook

Mr E.J. Hughes

Mr S.K. Knoll

Mr S.S. Marshall

Mr D. Speirs

The committee met at 09:02

Estimates Vote

LEGISLATIVE COUNCIL, \$5,367,000

HOUSE OF ASSEMBLY, \$7,485,000

JOINT PARLIAMENTARY SERVICES, \$12,396,000

ADMINISTERED ITEMS FOR JOINT PARLIAMENTARY SERVICES, \$2,638,000

STATE GOVERNOR'S ESTABLISHMENT, \$5,271,000

AUDITOR-GENERAL'S DEPARTMENT, \$17,219,000

DEPARTMENT OF THE PREMIER AND CABINET, \$260,146,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$1,976,000**

DEPARTMENT OF STATE DEVELOPMENT, \$683,049,000

ADMINISTERED ITEMS FOR THE DEPARTMENT OF STATE DEVELOPMENT, \$13,911,000

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, Finance Manager, Auditor-General's Department.

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

The CHAIR: As I welcome you today, I acknowledge that we meet in Kurna land for the estimates committees, which are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. I understand that the minister and the lead speaker for the opposition have agreed to an approximate time for the consideration of proposed payments, which

will facilitate a change of departmental advisers. Can the Premier and lead speaker for the opposition confirm that the timetable for today's proceedings previously distributed is accurate?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 27 October 2017. This year, estimates committee responses will be published during the 14 November sitting week in corrected *Daily Hansard* over a three-day period.

I propose to allow both the Premier and the lead speaker for the opposition to make opening statements of about 10 minutes each, should they wish. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced at the beginning of 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 Premier, not the Premier's advisers. The Premier may refer questions to advisers for a response.

During the committee's examinations, television cameras will be permitted to film from both the northern and southern galleries.

Membership:

Hon. J.M. Rankine substituted for Hon. S.W. Key.

Mr Duluk substituted for Mr Speirs.

The CHAIR: We are now opening the estimate of payments for the Legislative Council, the House of Assembly, Joint Parliamentary Services and administered items for Joint Parliamentary Services. I declare the proposed payments open for examination and refer members to the Agency Statements in Volume 3. Premier, do you have an opening statement?

The Hon. J.W. WEATHERILL: I do, Madam Chairperson, but I will make it after the Auditor-General's examination so as not to detain him at this time.

The CHAIR: So you have nothing to say on these particular payments. We can open them all if that is agreeable to the Premier and the leader, so I declare open the proposed payments for the State Governor's Establishment, the Department of the Premier and Cabinet, administered items for the Department of the Premier and Cabinet, Auditor-General's Department, the Department of State Development and administered items for the Department of State Development. Premier, do you have an opening statement?

The Hon. J.W. WEATHERILL: I will defer that until after the examination of the Auditor-General, Madam Chairperson.

The CHAIR: So you have nothing to say at this point?

The Hon. J.W. WEATHERILL: No.

The CHAIR: Leader?

Mr MARSHALL: No.

The CHAIR: Straight to questions then. Premier, please introduce your advisers for *Hansard*.

The Hon. J.W. WEATHERILL: On my right is Mr Andrew Richardson, the 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, my Chief of Staff.

Mr MARSHALL: My questions with regard to the Auditor-General start on Budget Paper 4, Volume 1, pages 72 and 73. At last year's estimates committee, the Auditor-General advised that supplementary reports were being prepared for the new Royal Adelaide Hospital and also the Festival Plaza. Can the Premier advise what the status of these reports is and why they have not been tabled in parliament?

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

Mr RICHARDSON: At the time of the previous estimates—in fact, prior to that—the government had issued default proceedings with the builders of the new Royal Adelaide Hospital. Right up until June this year, there was a contract dispute, which was ultimately settled, having gone to court, at the end of calendar year 2016.

Whilst those proceedings were going on, I stepped back from doing audit work because of the circumstances that were going on, that there was that contract dispute and that they were going to court to decide the next steps. Subsequently, a completion deed was entered into in March 2017, so this year. When that was completed, we took advice.

We spoke to Crown in particular about the contractual arrangements that had been entered into between the state and the providers. That was in May. Around that time, the department was very focused on meeting the commercial acceptance date of June. Because they were completely committed to doing that work, they asked us to give them the opportunity to make sure that that happened.

Whilst all of that has been going on, I ended up deferring the work that we have been doing. Now that commercial acceptance has been reached, we will be focusing on the arrangements that have been entered into, especially the completion deed, so that we can understand that. The goal is to report a summary of at least that in the forthcoming annual report. So that is the situation for that one.

Mr MARSHALL: When is that likely to be?

Mr RICHARDSON: The annual report is due on 30 September, and it will be tabled on the first sitting date after 30 September, which I believe is 17 October.

Mr MARSHALL: And that will not be the full report, that will be a partial report. And then there will be a further report?

Mr RICHARDSON: The intent is to make sure that what is presented is relevant to the situation for the new Royal Adelaide. Because of the completion deed, which is a significant arrangement in its own right, I have asked my people to be focusing on that to make sure that we do that properly first. We have been doing some work along with other work, and we have been exchanging management letters with Health.

For some of those, we will decide whether or not they can simply be incorporated as part of the agency report, which we call Part B of the Auditor-General's Report. The goal is to make sure we report as much of the work that we have been able to complete with that next annual report.

Mr MARSHALL: Just for clarity, that will come under the form of a supplementary report; is that correct—the report into the new Royal Adelaide Hospital is a supplementary report?

Mr RICHARDSON: The intent would be that it would be part of the annual report. It presents better. Simply, the annual report must be tabled by the 30th. Some logistical things might mean that we would say it was a supplementary report, but the goal would be to table it at the same time, or at least very close to it if we were unable to meet the same date because there is significant work in publishing requirements that goes with just the annual report, which is the primary statutory report that I must have presented by 30 September.

Mr MARSHALL: I am just trying to clarify. I am just trying to work out, when it was first envisaged, whether it would be a supplementary report or a special investigation.

Mr RICHARDSON: The intent at that time was for it to be a supplementary report. The fact of it then taking until March of this year for the contract dispute to be settled meant I had to reframe how I was going to go about the work I was going to do. As I have said, completion was set at June and we stepped back to make sure that that did not impede the department to achieve that that date.

Mr MARSHALL: For clarity, what is the difference between a supplementary report and a special investigation? In answering that, we see here on page 73 of that same volume that there was no budgeted expenditure for the last two years and for this current year for special investigations. Can you clarify that there have been no special investigations and whether or not there have been requests for special investigations that you have rejected?

Mr RICHARDSON: The special investigations line is for in the Public and Finance Audit Act. Provision 32 is for the Auditor-General, either of my own volition or on request of the Treasurer or the Commissioner Against Corruption, to do an examination. In fact, I have received a request for an examination of Coober Pedy council from the Treasurer. We received that in May, and we have commenced doing that because I must do an examination that comes through a section 32 request.

Mr MARSHALL: There is no budget for that line.

Mr RICHARDSON: There is no budget on that line by tradition because they are irregular events. There has been no settled base budget annual provision for my department because we simply would not be using it, unless the event arose.

We received a request to do the Coober Pedy council examination in May. We had sufficient funds to absorb any costs that we incurred up to that point. If we find, though, that the costs of completing that examination exceed our capacity—our inbuilt capacity in the budget—again, by tradition, we would seek funding through the treasury department. I haven't got a view on whether or not I would need to do that as yet. We have a particular strategy we are going through. If we are able to complete the work in a short time then I do not think there would be any request for further funding. If we find that it takes longer to do the work, the mere fact of travelling to Coober Pedy and having people attend there might incur costs that we would not otherwise have budget provision for.

Mr MARSHALL: When is that due?

Mr RICHARDSON: That will be due as soon as I finish it. My obligation is to complete an examination as soon as I can, but the terms of the request are simply that I do an examination of the accounts of Coober Pedy council.

Mr MARSHALL: But have you reached an opinion as to when that can be provided, that Coober Pedy investigation?

Mr RICHARDSON: Coober Pedy is not an easy place to do an audit is the practical answer to that. I sent three people up to Coober Pedy some weeks ago—

The Hon. J.W. WEATHERILL: They came back.

Mr RICHARDSON: They came back. It is a very small administrative unit, so they have very limited capacity to deal with investigations because they have many statutory obligations. So, again, we have tried to—

Mr MARSHALL: Do you have any date? Is it going to be this year or next year? I understand it is complex.

Mr RICHARDSON: I am seeking to try to complete something prior to Christmas. If I do not meet that it will not be until March next year.

Mr MARSHALL: Last year, the Auditor-General informed this estimates committee that the Festival Plaza investigation would be completed and tabled to the parliament by October last year.

Mr RICHARDSON: Yes.

Mr MARSHALL: Has that been fulfilled?

Mr RICHARDSON: No, it has not.

Mr MARSHALL: How is that one going?

Mr RICHARDSON: The circumstances there were that leading into when we were seeking to complete our work last calendar year, in fact the conditions precedent in that arrangement had not been completed and, in fact, it was possible that there would be no deal. So once again we were obliged to stop until the agreement was settled. That happened in about February of this year. We recommenced our work.

Around about that time, for a range of reasons I had been going through my statutory obligations and my relationships in particular with the Independent Commissioner Against Corruption, and around that time we started to be concerned about where the Auditor-General's powers ended and where the commissioner's powers begin.

Without getting too much into the detail, my obligation is to report on the sufficiency of controls that are in place in the public sector, and the commissioner can investigate misconduct and maladministration, but there is a reasonable amount of overlap in how you could define those two terms. We wanted to get clarity about that. That ended up with me seeking counsel on that, getting legal advice, and that took quite a long time.

Unfortunately, that ran me out of time. It affected not only the plaza audit that I was doing but it affected a number of other things because I needed to be very clear about my obligations to report work or issues that arise from audits to the commissioner. The practical effect was that ultimately that ran me out of time in getting a report in by 30 June. I now intend to do that report again with the annual report or as a supplementary to that report.

We have, in fact, now identified some work that we have not done yet and, because of those delays, that has also run me against it. The officer I have predominantly doing that work was scheduled to take extended leave, which he is currently on. He is back soon. As soon as he is back, we will complete that work. It was initially delayed to take account of the fact that, until the contract was properly executed and fulfilled, which did not occur until February, I have decided it is not appropriate for me to be reporting. Having done those other things, I have subsequently considered there is some work that we have yet to do. As soon as my officer has returned, we will finish that work and we will table that report.

Mr MARSHALL: But you are indicating to this committee that there is an ICAC investigation into the Festival Plaza project.

Mr RICHARDSON: No—

The Hon. J.W. WEATHERILL: I will take that question. That is not an appropriate question to ask or answer.

Mr MARSHALL: In the previous answer that was provided, the Attorney-General indicated to the committee—

The Hon. J.W. WEATHERILL: It is the Auditor-General.

Mr MARSHALL: Sorry, the Auditor-General indicated to this committee that the reason for the delay in the Festival Plaza report that was previously envisaged to be provided by October last year had been held up because of discussions between the Auditor-General and the ICAC.

The Hon. J.W. WEATHERILL: No, he did not say that at all.

Mr MARSHALL: Could you clarify those—

The Hon. J.W. WEATHERILL: He said he was seeking legal advice about the limits of his authority and the limits of the authorities of other tribunals and—

Mr MARSHALL: Prior to that statement though, the Auditor-General indicated that he had been in discussions with the ICAC regarding the Festival Plaza project.

The Hon. J.W. WEATHERILL: I do not think that is the effect of his evidence. His evidence is that he sought a legal opinion about the relationship between the Independent Commissioner

Against Corruption's jurisdiction and his jurisdiction, which covered this and a number of other matters, and that until he had clarified that, it caused delay to what steps he could take.

Mr MARSHALL: What was the outcome of that Crown law advice?

The Hon. J.W. WEATHERILL: We are not going to share that legal opinion.

Mr MARSHALL: When does the Premier think that the Auditor-General's Report into the Festival Plaza will be tabled, given that—

The Hon. J.W. WEATHERILL: You have just been told: in the annual report. That is the expectation and I presume, consistent with the other report, if it is not completed by then, it will be a supplementary report thereafter.

Mr MARSHALL: What was the nature of the independent legal advice sought by the Auditor-General with regard to this project?

The Hon. J.W. WEATHERILL: We are not revealing legal advice. Suffice to say, it is an explanation for the delay about why the report was not prepared before 30 June.

Mr MARSHALL: My question is not regarding the outcome, but what was the nature of the legal advice.

The Hon. J.W. WEATHERILL: We are not sharing the request or the nature of the advice except to say, in the broad sense, it was about the scope of the powers of the Auditor-General and the scope of the powers of the Independent Commissioner Against Corruption.

Mr MARSHALL: Is the Premier aware of any other inquiry currently underway into the Festival Plaza project?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: So the Premier would not be aware of any other inquiry into this project, for example, by the OPI or the ICAC?

The Hon. J.W. WEATHERILL: If I was, I would not be revealing it because it would be inappropriate.

Mr MARSHALL: But you just said you were not aware.

The Hon. J.W. WEATHERILL: I am not aware of any particular inquiry that is being undertaken, but if I was, I would not be revealing it.

Mr MARSHALL: But for clarity, you have said you are not aware.

The Hon. J.W. WEATHERILL: I am not aware of any particular inquiry that is occurring in relation to these matters, but I would not be revealing it if there was.

Mr MARSHALL: I understand your clarification that you would not if you did, but you did actually rule out that you knew of any inquiry into the Festival Plaza over and above what the Auditor-General has done.

The Hon. J.W. WEATHERILL: I am not commenting on—

Mr MARSHALL: Given his earlier statements, it is almost impossible to believe that that is the case, but that is now on the public record. My next question relates to Budget Paper 4, Volume 1, pages 72 and 73. It relates to the investigation which the Auditor-General is doing into the One Community transaction. Can the Auditor-General advise of the current status of this investigation?

Mr RICHARDSON: Yes. Again, that would be part of the annual report or a supplementary to the annual report. We are conducting that work with that goal to report in the next annual report cycle.

Mr MARSHALL: I am unclear of this. When you say it will be in the annual report or in a supplementary, would that supplementary come before the annual report or subsequently?

Mr RICHARDSON: The advice of my predecessor auditor-general on supplementary reports is that it has to be supplementary to an annual report. As it stands, once 30 June passes, the

next report which is tabled on audits by the Auditor-General is the annual report, which is due on 30 September. If there is work which would otherwise have been included in that annual report, but which is not ready at that time, it is tabled as a supplementary report to the annual report. It will postdate the tabling of the annual report. That is the nature of a supplementary report.

Mr MARSHALL: Given that this referral was made in February of this year, is the office of the Auditor-General understaffed?

The Hon. J.W. WEATHERILL: No, there have been no requests for additional resources from the Auditor-General. Indeed, all the explanations for the delay that you have just received have nothing to do with staffing. They have to do with particular circumstances which have caused deferrals or delays in the investigation.

Mr MARSHALL: Given that the Auditor-General had indicated in February that he was 'a bit interested' in auditing and reporting on the State Administration Centre transaction, can the Premier indicate whether or not there is an investigation underway into the State Administration Centre, given that five settlement dates were missed for this project?

The Hon. J.W. WEATHERILL: It is the same answer. Until these matters are concluded, it is not an appropriate matter for audit, so each of those issues are still essentially in their negotiation and conclusion stage. At that point it would be a matter that would be considered by the Auditor-General and would form part of the annual report or some supplementary report.

Mr MARSHALL: Is the Premier indicating that matters that relate to an investigation can only be conducted after the transaction is concluded? This is quite in contrast to many of the other reports that the Auditor-General has provided over an extended period of time.

The Hon. J.W. WEATHERILL: No, I do not think it is at all. The Auditor-General does not provide advisory opinions; it looks at past acts. That is always what the Auditor-General's—

Mr MARSHALL: But many of those past acts occur during a project; for example, in many of the IT projects, we do not wait until the conclusion of the EPAS project, whenever that may be, for the Auditor-General to take a look at it. The Auditor-General has provided advice to this parliament regarding projects which go over multiple years.

The Hon. J.W. WEATHERILL: You are misinterpreting two things. The agreements in relation to those matters are concluded procurements or agreements. They are being implemented over a period of time. It is a different matter from a transaction that is still not concluded.

Mr MARSHALL: For clarity, there is no investigation by the Auditor-General currently underway into the sale of the State Administration Centre?

The Hon. J.W. WEATHERILL: In all of these matters, the Auditor-General takes steps to prepare themselves and makes decisions about when to conclude the audit at an appropriate stage, and if it is an appropriate stage to conclude the audit, that will find its expression in the annual report or a supplementary.

Mr MARSHALL: Yes, but the question was whether or not there was an investigation underway, not whether or not it had been tabled in an annual report or a supplementary report. Is there an investigation underway by the Auditor-General into the sale of—

The Hon. J.W. WEATHERILL: Well, the Auditor-General has already indicated he has an interest in that particular matter and—

Mr MARSHALL: And my question to this committee—

The Hon. J.W. WEATHERILL: —that he has taken preliminary steps.

Mr MARSHALL: And my question to this committee is whether there is an investigation underway, not whether or not the Auditor-General has an interest in the topic.

The Hon. J.W. WEATHERILL: As I said, that will be a matter that will be contained in the annual report.

Mr MARSHALL: Is the Premier refusing to provide this committee with any indication as to whether or not the Auditor-General is conducting an investigation into the sale of the State Administration Centre assets—

The Hon. J.W. WEATHERILL: No, I just said—

Mr MARSHALL: —and if he is, can he explain why he is so sensitive about this particular transaction?

The Hon. J.W. WEATHERILL: I just said to you that it will be contained in the annual report.

Mr MARSHALL: My question is whether or not the Auditor-General is conducting an investigation.

The Hon. J.W. WEATHERILL: Well, you will find out in the annual report.

Mr MARSHALL: In September, the Auditor-General advised that cabinet had approved a policy that information on cabinet decision-making, including cabinet submissions and notes and comments, would not be provided to the investigating agencies. Since the government has adopted this new position, has the Auditor-General sought any exceptions to assist in any investigations that are underway?

The Hon. J.W. WEATHERILL: Not that I am aware of. It is not a new position: it is the consistent position. I think what happened, as a matter of practice, is that cabinet documents were handed over I think, frankly, because it was easier and flexible. Cabinet documents often represent a summary of a lot of things that had happened before, and so they were a relatively convenient and orderly way of being able to get access to information.

They suffer from the other difficulty in that they reveal cabinet deliberations, and that undermines, essentially, cabinet government. This is not a practice that occurs anywhere around the nation or at the commonwealth level. Frankly, I do not think it is anything that your side of politics would engage in if they were in government either because it essentially undermines cabinet government.

You only need to think that through for a moment to realise that if we start handing over cabinet documents, which are only part of the cabinet deliberation—the other part of cabinet deliberation is actually what is said in cabinet. Because there is no record of what is being said in cabinet, the only way then would be to speak to individual cabinet ministers. The only way then of getting to the bottom of what was said is for different perspectives to be revealed about what was deliberated upon in cabinet. Then, essentially, you would lose the whole point of cabinet confidentiality, which is the sharing of information in a confidential setting, which permits collective decision-making.

There are some sound reasons why the Westminster system of cabinet government protects cabinet confidentially, even though, obviously, some of the documents are neither here nor there and do provide a useful summary. I think that is what had happened in the past—a practice had emerged, probably without anybody ever really deciding it, so we just essentially tightened up on the practice.

Mr MARSHALL: Nevertheless, my question was whether or not the Auditor-General had sought any exemption.

The Hon. J.W. WEATHERILL: I am not aware of any request.

Mr MARSHALL: In February, the Auditor-General told the Budget and Finance Committee that there was uncertainty in some agencies with regard to the application of the policy. My question is: were those uncertainties subsequently resolved so that the Auditor-General was able to have access to the information sought by his office?

The Hon. J.W. WEATHERILL: Sorry, can you repeat that?

Mr MARSHALL: Essentially, the Auditor-General told the Budget and Finance Committee that there was uncertainty regarding the application of the policy, and in fact at the time it was suggested that the Department of the Premier and Cabinet would establish a protocol to deal with circumstances with regard to the access of cabinet documents. Was that ever completed?

The Hon. J.W. WEATHERILL: The general position is that cabinet documents are confidential and that access to them is not appropriate. There are some documents that are brought into cabinet that have had their generation outside of cabinet and so they might be documents which find their way to cabinet but which are not cabinet documents for the purposes of the protection. They certainly would be available for consideration by the Auditor-General.

Mr MARSHALL: The question was really whether or not the protocol, as indicated by the Auditor-General, has been established by the CEO of your department.

The Hon. J.W. WEATHERILL: I will take that on notice. I am not aware of any particular protocol that—

Mr MARSHALL: The Auditor-General further told the Budget and Finance Committee that there was a need to have a second protocol put in place to deal specifically with circumstances in which his office needed to see cabinet submissions. Has that protocol been put in place?

The Hon. J.W. WEATHERILL: I will take some advice on that.

Mr MARSHALL: The Auditor-General also told the Budget and Finance Committee in February that his office was doing some work on the use of coercive powers. Can you update this committee on that work that has been undertaken by the Auditor-General?

The Hon. J.W. WEATHERILL: The Auditor-General has the power, under existing legislation, to do that and has prepared policies and processes for the mechanism by which they would do that and use those, if those powers were to be utilised.

Mr MARSHALL: What form do they take? Is that a new protocol that the Auditor-General now has on coercive powers?

The Hon. J.W. WEATHERILL: The actual document and protocol that exists has been in place for some time, so it does exist.

Mr MARSHALL: Nevertheless, the Auditor-General spoke to the Budget and Finance Committee in February. He said that he was going to seek Crown law advice to clarify his coercive powers. I am wondering whether that advice has been sought, what was the nature of that advice and whether that advice has been put into a new documented protocol and, if so, can we see it?

The Hon. J.W. WEATHERILL: We do not share legal advice, but I can say that, consistent with that advice, advice has been sought.

Mr MARSHALL: So advice was sought and has been received by the government?

The Hon. J.W. WEATHERILL: It was sought by the Auditor-General and it was received by the Auditor-General.

Mr MARSHALL: Has that updated his protocol with regard to his coercive powers and, if so—

The Hon. J.W. WEATHERILL: Yes, it has assisted him to update his policies in relation to this matter.

Mr MARSHALL: Can the Premier indicate to this committee what the changes have been?

The Hon. J.W. WEATHERILL: It does not amount to a change in the policy. It was really advice to avoid doubt about the application of the policy. It has confirmed that the policy is consistent and robust.

Mr MARSHALL: So there were no changes?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: Is the Auditor-General satisfied now that he has particular clarity with regard to this issue? He certainly was not indicating that he had clarity in February of this year.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What were the areas he had uncertainty about in February that have now been clarified?

The Hon. J.W. WEATHERILL: We are not going to go into that because that would traverse the legal advice. Suffice to say that he has coercive powers, he has a policy about how to exercise them and that policy is robust and gives him the capacity to use those powers if he sees fit.

Mr MARSHALL: Just for clarity, has that understanding been documented and is that document available?

The Hon. J.W. WEATHERILL: Yes, it is.

Mr MARSHALL: Will you be able to table that to this committee?

The Hon. J.W. WEATHERILL: I do not know whether we have a formal process for tabling it.

The CHAIR: It has to be statistical only and one page.

Mr MARSHALL: Can the Premier take on notice to provide that documentation to—

The Hon. J.W. WEATHERILL: I am here to answer questions, but if it is available it can be made—

Mr MARSHALL: I am just asking about the nature of the—

The Hon. J.W. WEATHERILL: If it is a public document and it is appropriate to made available, it will be made available in the ordinary course.

Mr MARSHALL: If we can only ask through this committee, I would ask that you tell us what is in that document. If you do not wish to provide it to the committee or to the opposition—

The Hon. J.W. WEATHERILL: I will take the question on notice because I do not have it in front of me.

Mr MARSHALL: I have no other questions for the Auditor-General. A question to the Premier is: can he provide advice to this committee as to whether or not the Auditor-General has used those coercive powers and in what circumstances?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: Thank you. I have no further questions.

The CHAIR: We can close estimates for payments for the Auditor-General's Department. They are completed and I thank the witnesses for their time. Can I confirm that there are no questions on the Legislative Council, the House of Assembly, the Joint Parliamentary Service Committee or administered items of Joint Parliamentary Service Committee?

Mr MARSHALL: There are no questions.

The CHAIR: There being no questions for those lines, I declare the examination closed.

Departmental Advisers:

Dr D. Russell, Chief Executive, Department of the Premier and Cabinet.

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

Dr T. Donaghy, Deputy Chief Executive, Department of the Premier and Cabinet.

Dr P. Heithersay, Deputy Chief Executive, Department of the Premier and Cabinet.

Mr J. Schell, Chief Operating Officer, Department of the Premier and Cabinet.

Ms J. Parkinson, Executive Director, Economic Development Board.

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

The Hon. J.W. WEATHERILL: Perhaps I could make my opening statement now while the Leader of the Opposition is working out what he wants to ask. In the past year, in my capacity as Premier, and especially with the assistance of the Department of the Premier and Cabinet, I have continued to make efforts to pursue this overarching ambition for South Australia—to make it the place where people and business thrive. This work has been principally carried out through the lens of the South Australian 10 economic priorities, which have been in place for almost three years now.

We are supporting the industries of today and creating the jobs of tomorrow as evidenced through the budget, which sets out a number of new measures which pursue these issues. What we are trying to do is shape our destiny in a time of rapid change and uncertainty—a period characterised by extraordinary challenges but also enormous promise.

We are also continuing a theme which has emerged over the course of the life of this government, which is standing up for South Australia at every opportunity. Just as we did in the past with the River Murray, we are having to continue to do that as we have seen the revelations on Monday night through the *Four Corners* program about New South Wales inappropriately taking water that was due for the environment.

I would like to inform the committee this morning that I have written to the Prime Minister, urging him to establish a federal judicial inquiry to assess the allegations made in that program. The claims that New South Wales irrigators and senior officials from the state's Department of Primary Industries are involved in undermining the Murray-Darling Basin Plan are deeply concerning to me, to my government and to the people of South Australia.

Although we have been working in good faith with other governments on the basin plan, we have long held suspicions about the level of commitment by New South Wales to comply with the plan. In my letter to the Prime Minister, I say that such allegations demand rigorous, immediate and independent investigation, not merely a superficial and insufficient crosscheck, which is what the New South Wales government intends to do.

As a result, I am calling for an urgent meeting of COAG so that we can commission the judicial inquiry and consider terms of reference that will then make recommendations about a new national regime for compliance and enforcement of the basin plan. Later today, I will be publishing draft terms of reference for such a judicial inquiry.

When it comes to making South Australia a place that thrives, a key point I wish to emphasise is that we are already getting results. In the past few weeks alone, we have seen a number of very positive developments. Of course, on 5 July we saw Whyalla receive the welcome news that steel will continue to be part of that city's future, following the signing of a binding agreement between Arrium and the Liberty Group.

On 7 July, we announced that the world's biggest lithium ion battery will be built near Jamestown, following an historic agreement between Neoen, Elon Musk's Tesla and the South Australian government. The Tesla announcement followed an earlier one by AGL that it will build a power plant here, replacing their ageing Torrens Island power station. It demonstrates that the \$550 million energy plan—'South Australian power for South Australians'—is working.

In recent days, we have seen further evidence that the state economy is performing extremely well despite the negativity we see in some quarters. We have now experienced 21 consecutive months of growth in jobs with 17,000 more people employed, 9,800 of them in full-time work over that period.

CommSec's State of the States quarterly report released on Monday shows that we top the nation in business investment. It says business investment on plant and equipment in South Australia increased by 19.3 per cent compared with the previous year. This was more than any other state and territory. South Australia also ranked highest when states were each compared to their average performance over the 10-year period.

Today, we see the Deloitte's Investment Monitor report, which shows that South Australia has the largest increase in investment, in both public and private sectors, of any state or territory over the last 12 months. The CommSec and Deloitte reports followed the release of the latest NAB

Monthly Business Survey, which revealed business confidence improved following the announcement in the state budget of the major bank levy.

These pieces of business intelligence published by two major banks—the same banks participating in a major advertising campaign directed against South Australian is intriguing—directly contradict the continuing claims of banks that investment and confidence would be damaged or diminished by the levy. We have also seen today the confirmation by SkyCity of the building of a luxury hotel on their Casino site—so no deterrence of investment decisions made by the public and private sectors.

Despite recent good news, the government is under no illusion about the scale and complexity of the task involved in transitioning from the old to the new economy and, although our headline unemployment rate fell by 0.3 per cent of a percentage point in June, it remains too high at 6.6 per cent, especially considered in the context of the 20 October closure of Holden still needing to be absorbed.

In this environment, we need to keep pressing ahead with the measures designed to create jobs in this state. The principal means of doing this will be the \$200 million Future Jobs Fund, which is the centrepiece of our 22 June budget. It focuses on five areas: shipbuilding and defence; renewable energy and mining; tourism, food and wine; health and medical research; and IT and advanced manufacturing.

In other initiatives, we are providing extra funds so that Investment Attraction South Australia can build on its achievements of the past year. Since it was established in 2015, the agency has secured 16 major investments, including by big companies like Boeing and Inghams, which are expected to create 5,600 jobs and more than \$1.1 billion in investment. We are expanding our highly successful Job Accelerator Grant Scheme so that firms hiring apprentices or trainees receive an extra \$5,000 on top of the \$10,000 already available.

In other areas, the government is putting \$44 million towards construction of the South Australian Health and Medical Research Institute (SAHMRI) 2, an institution that will work on proton therapy to treat cancer and become part of the biomedical precinct; \$11.4 million will be made available to the ageing well sector, which has a huge potential and is being explored by the Economic Development Board; and a further \$2.9 million to the Gig City program, which will help local companies do business and make international connections through superfast broadband.

Another major area of interest for me and the department is through our ongoing efforts to better engage citizens in the democratic process. We have done this through the very popular country cabinet program, which saw us visit five regions in the past year: Tatiara, Southern Mallee and Karoonda East Murray in September of 2016; Whyalla and Central Outback in November of 2016; Port Pirie, Yorke and Mid North in April of 2017; APY lands in May of 2017; and Kangaroo Island and the Fleurieu Peninsula in June of 2017.

Almost 2,300 people attended country cabinet last financial year. One of the most innovative things the government has done in recent years is to expand its work in the field of participatory budgeting. Fund My Community has been a terrific success, providing citizens with a chance to collectively allocate \$1 million in public funds to initiatives that practically improve the lives of isolated, vulnerable or disadvantaged South Australians. This scheme was recognised through a 2017 United Nations public sector award in the category promoting transparency, accountability and integrity in public service.

We have decided to build on the success of that initiative through Fund My Community by introducing in the budget a new Fund My Neighbourhood program. Under this measure, South Australians will now have the power to decide how they wish to improve their streets and suburbs. We have nominated \$40 million to be allocated to this important initiative to allow people to have the chance to nominate and vote on local projects. Nobody knows their neighbourhoods better than the citizens themselves and this will allow them to make areas safer, more attractive and more livable.

When it comes to changing our system of government in order to put people at the very centre of our government, few people have been more effective in doing this than those operating the Open State program. Last year's inaugural festival exceeded expectations. The more than 25,000 attendees at the 65-plus community and business events was more than two times the target

of 10,000. It generated an economic benefit of \$11 million beyond the forecasted \$6 million. This year's Open State will run from 28 September to 8 October with six themes: future food, future human, future enterprise, future planet, future cities and future democracy. We have every confidence that it will encourage South Australians to play an even more active role in their day-to-day governance.

I would now like to introduce the Department of the Premier and Cabinet. To my right is Don Russell, Chief Executive, DPC. To my left is Tahnya Donaghy, Deputy Chief Executive, and to her left is Steven Woolhouse, Chief Finance Officer, DPC. Behind me is Daniel Romeo, my Chief of Staff; Julianne Parkinson, Executive Director of the Office of the Economic Development Board; Jason Schell, Chief Operating and Chief Procurement Officer; and Dr Paul Heithersay, Deputy Chief Executive, Mineral Resources and Energy.

Mr MARSHALL: My question relates to Budget Paper 4, Volume 3, page 150. Can the Premier provide the budgeted expenditure of the Department of the Premier and Cabinet for each year of the forward estimates as well as the net cost of those services?

The Hon. J.W. WEATHERILL: Sorry, can you repeat that question?

Mr MARSHALL: We have the budget for this year, but it is done over the four years. Can we have the breakdown for each of the four years of the projected expenditure and the net cost of the services for the Department of the Premier and Cabinet?

The Hon. J.W. WEATHERILL: Over the forward estimates?

Mr MARSHALL: Correct.

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

Mr MARSHALL: Thank you very much. Can the Premier explain why the energy portfolio moved into the Department of the Premier and Cabinet and whose decision this was?

The Hon. J.W. WEATHERILL: It was my decision and it was because of the significance of the public policy initiative associated with the energy plan. Obviously, the energy plan was the single most important public policy issue facing the state. It spanned a number of portfolios, including the portfolios of the environment and the economy in the Department of State Development. Of course, it traversed the mining and energy jurisdictions because it considered the whole question of gas exploration, the availability of gas and the importance of that in the energy plan.

It obviously was a whole-of-government issue. It required my leadership. It was appropriate that it sit within my agency. We also considered that a number of the projects that were supervised by the mining and energy section of government involved very large-scale projects that also required whole-of-government input, such as the Olympic Dam Task Force, which later also considered the Nyrstar upgrade, which also then considered the Arrrium question. All these matters required my leadership, and it was convenient that they be located in my agency.

It also provided us with the opportunity to continue continuity through the changes that were happening at the Department of the Premier and Cabinet. As the new head of the Department of the Premier and Cabinet, Dr Don Russell, was appointed as the Chief Executive of Premier and Cabinet and had been previously responsible for the mining and energy division of government, it was appropriate and convenient for him to continue responsibility for those measures in his new role.

Mr MARSHALL: My next series of questions all relate to Budget Paper 4, Volume 3, pages 151, 152 and 153, which deal with the expenditure of the Department of the Premier and Cabinet. My question to the Premier is: was any of the spending in the 2016-17 year related to an assessment of options for keeping open the Northern power station?

The Hon. J.W. WEATHERILL: The Northern power station option to stay open was an illusion because there was never any option offered by Alinta to continue the power station to be open for any defined period of time. In fact, all that was offered was that they would no more guarantee it to stay open than for a period of one month because they were essentially suggesting that it could be closed at a month's notice. That would put us in a ridiculously vulnerable position,

especially heading into the summer months. For that reason alone, the option of it continuing was an illusion because there was never any such option offered.

In addition to that, once a capacity payment was made to a player within the market to continue generating, it would have been practically impossible for us to resist a request by another market player for a similar capacity payment. All they would have needed to do was to suggest—for some reason, which they could have concocted and it would have been very difficult for us to argue with or to analyse in the lead up to summer—'We will turn up our power station unless we receive a similar capacity payment to continue operating' and, essentially, we would have ourselves over a barrel with a series of private sector players.

The third and probably most powerful reason, which is now known with the benefit of hindsight, is that the Pelican Point power station simply would not be operating if the Alinta power station had somehow been operating. Pelican Point, ENGIE, have told us they would not have opened Pelican Point if Alinta had been operating.

So we have this ridiculous situation, where we would be paying taxpayers dollars in a capacity payment to a coal-fired power station, which was running out of coal and destined to fall over at some point, which would have excluded one of the newest gas-fired generators that was sitting there, mothballed from being operated, from actually operating in this market.

We now know, with the decision by AGL to upgrade their Torrens Island power station, to rebuild a new power station on that site to essentially replace that gas capacity, that we made the correct decision. This is just another example of the Liberal opposition being addicted to the policies of the past, to the coal industry. This is entirely predictable policymaking, where the federal Liberal Party seems to have captured the state Liberal Party, forcing them to abandon their renewable energy target and getting them to fall in love with the coal industry. We now have an energy plan that is working; it represents the future, and coal is the past.

Mr MARSHALL: Just for clarity, there was no expenditure on evaluating that option in the 2016-17 year, as per my question?

The Hon. J.W. WEATHERILL: Yes, there was expenditure.

Mr MARSHALL: The question was: how much was that expenditure?

The Hon. J.W. WEATHERILL: Each year, there is a budget allocation for our energy agencies. Our energy agencies provide advice to the government about appropriate steps that should be taken on any public policy options. Consistent with their base allocation of resources, they provided that advice, so of course there was expenditure.

Mr MARSHALL: On that same page it says that there was unbudgeted expenditure of \$828,000 in the 2016-17 year to support the energy function. Can the Premier provide any details to this committee as to what that massive increase was? The budget, as you will see on page 151, was just \$346,000. The estimated result in that year was \$1.174 million. Can the Premier provide an explanation for that unbudgeted expenditure?

The Hon. J.W. WEATHERILL: Which line are we talking about?

Mr MARSHALL: We are talking about the energy investing—

The Hon. J.W. WEATHERILL: Page?

Mr MARSHALL: Page 151, in the middle, under Annual Programs—Energy, the budget for 2016-17 was \$346,000. You ended up spending \$1.174 million. Can you provide an explanation for that under budget expenditure or take that on notice?

The Hon. J.W. WEATHERILL: Yes, I think that is squarely within estimates covered by the Minister for Energy, so I would invite you to ask that question of him; he is more likely to be able to give you an answer. If I take it, I will have to take it on notice.

Mr MARSHALL: How much was Frontier Economics paid to provide the report, 'Assessment of SA energy reform package', which was an appendix to the energy plan document?

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

Mr MARSHALL: Was Frontier Economics paid a daily rate for its work and, if so, what was it?

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

Mr MARSHALL: Were any further payments made to Frontier Economics in 2016-17 and, if so, what were they and for what purposes?

The Hon. J.W. WEATHERILL: Of course, this is the same Frontier Economics that advised the Prime Minister, Malcolm Turnbull, when he stood up together with Danny Price to promote the emissions intensity scheme, so he is a very well-credentialed energy adviser, but I am more than happy to take those questions on notice and bring back an answer.

Mr MARSHALL: Is Frontier Economics still providing advice to the government on its energy plan and, if so, what is the nature of the government's contractual arrangements with Frontier Economics and what fees are being paid as a result?

The Hon. J.W. WEATHERILL: Yes, Mr Price continues through Frontier Economics to provide advice to the government in relation to the energy plan, but we will bring back a response to those detailed questions.

Mr MARSHALL: In regard to the diesel generators, the 200 megawatts of short-term emergency generation contained within the energy plan, when will the location of the generators be announced?

The Hon. J.W. WEATHERILL: Soon.

Mr MARSHALL: Is that envisaged in the next month, the next two months or—

The Hon. J.W. WEATHERILL: Certainly soon. It is envisaged on a time line that will permit us to have our generation capacity in place, the 200 megawatts capacity in place by 1 December. That is the objective, and so obviously to meet that we will have to make those announcements soon.

Mr MARSHALL: What form of environmental assessments will be undertaken in relation to the selection of those locations and have those applications been made?

The Hon. J.W. WEATHERILL: The EPA will obviously undertake appropriate assessments for those locations to ensure that they are appropriate and the appropriate measures are in place to protect people and the environment.

Mr MARSHALL: Have submissions to the EPA been made at this stage?

The Hon. J.W. WEATHERILL: We will be able to reveal more about that very soon. Obviously, the time line for developing this is upon us, so we will be saying more about that quite soon.

Mr MARSHALL: Has any assessment been made of the estimated emissions of the diesel generators?

The Hon. J.W. WEATHERILL: They are not necessarily diesel. The exploration is the potential for a hybrid energy.

Mr MARSHALL: I think that we have had clarification earlier this week that they will only be diesel, so perhaps you could—

The Hon. J.W. WEATHERILL: Well, no, we are exploring a hybrid generation capacity.

Mr MARSHALL: Are you suggesting that the Under Treasurer was wrong with his advice to the Budget and Finance Committee on Monday?

The Hon. J.W. WEATHERILL: No, it is consistent with the advice that they have the capacity to run on both those fuels. You were calling them diesel generators: they are simply not. We are pursuing a hybrid generation option.

Mr MARSHALL: Is the Premier suggesting that the hybrid generation model will be in place for this summer?

The Hon. J.W. WEATHERILL: What I am suggesting is that we are seeking to procure hybrid generation capacity.

Mr MARSHALL: But the Under Treasurer confirmed to Budget and Finance that—

The Hon. J.W. WEATHERILL: I know what the Under Treasurer said and it is—

Mr MARSHALL: What did he say then Premier?

The Hon. J.W. WEATHERILL: It is consistent with what I am saying.

Mr MARSHALL: If you are aware of what he said, can you perhaps give an indication to this committee as to what he said on Monday?

The Hon. J.W. WEATHERILL: No, I am telling you that what I have said is consistent with what he has said.

Mr MARSHALL: There is a finite supply of diesel imported and stored here in South Australia. Has the government modelled whether there are going to be any price impacts for diesel while these generators are in use?

The Hon. J.W. WEATHERILL: We intend to bring in the extra generation to make sure there is no shortfall in generation capacity during the next few summers. That is the point of the temporary arrangements. We have also indicated a budgeted amount, which we are obviously seeking to achieve, and that includes the fuels associated with the running of these particular generators. What we are talking about is the running of generators for a relatively short period of time in circumstances where there might be some shortfall of peak demand. Obviously, they are not going to be used on a regular basis.

Mr MARSHALL: How many days would you predict that they would be in use for?

The Hon. J.W. WEATHERILL: We do not know. We only have AEMO's estimates of their predicted shortfall, which are worst case scenarios based on the weather being a particular configuration and the supply being a particular configuration. Those estimates were made before any other supply or demand responses were put in place, but it is prudent for us to have the additional 200 megawatts of generation.

Mr MARSHALL: How many days did you use to budget the expenditure that you have allocated to this project?

The Hon. J.W. WEATHERILL: We will bring back an answer to you, but the fuel cost is a relatively insignificant proportion of the total costs of the provision of the temporary generation.

Mr MARSHALL: Has the renewable technology fund been established and, if so, who is administering it?

The Hon. J.W. WEATHERILL: Sorry?

Mr MARSHALL: As part of your energy plan, you stated that there will be a \$150 million commitment to a renewable energy fund.

The Hon. J.W. WEATHERILL: The actual administration of the grant will be within the Department of the Premier and Cabinet, but we are receiving some advice, in an advisory sense, from Lew Owens, who has been appointed to consider some of the unsolicited bids that have been made to that fund.

Mr MARSHALL: What is the cost of administering this fund as contained in the budget?

The Hon. J.W. WEATHERILL: The Low Carbon Economy Unit within DPC forms part of the establishment funding for the department, so it is embedded within the departmental funding figures. I do not know whether it can be separated out in that fashion. There might be some small fee paid to Mr Owens.

Mr MARSHALL: So this will be administered by the low carbon unit.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Can you tell us how many FTEs are employed within that unit?

The Hon. J.W. WEATHERILL: I will have to take that on notice, or you could ask it again at the Minister for Energy's estimates.

Mr MARSHALL: Whilst you are taking that on notice, perhaps you could also tell us what the spending of the unit was in 2016-17 and what is the estimated expenditure this financial year and across the rest of the forward estimates?

The Hon. J.W. WEATHERILL: Once again, we could take that on notice, or you could ask it again to the Minister for Energy later this afternoon.

Mr MARSHALL: It was contained in your department, that is all. Going back to the renewable energy fund, how much of the \$75 million in grants to be available from the fund has been made already and to whom?

The Hon. J.W. WEATHERILL: The only allocation at this point has been the Tesla-Neoen battery. It is the first draw on the fund in terms of its being notionally committed. I would have to take on notice whether there has been any particular expenditure, but certainly that is the first commitment that has been made to the fund.

Mr MARSHALL: Just for clarity, is that out of the \$75 million in grants or the \$75 million in loans?

The Hon. J.W. WEATHERILL: That would be a grant.

Mr MARSHALL: Can you tell this committee whether or not there have been any commitments to loans as part of that renewable energy fund to date?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: Can you indicate for how long this renewable energy fund will remain open?

The Hon. J.W. WEATHERILL: The only commitment that has been made out of it is the 10-year commitment, which has been revealed publicly, of less than \$50 million to the fund. At the very least, there is a 10-year commitment from the fund for that purpose.

Mr MARSHALL: This is 10 years: \$75 million in grants and \$75 million in loans over a 10-year period of which, to date, there has been no money expended and only a commitment for a grant only to Tesla.

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Are you prepared to indicate what that value of commitment to Tesla is?

The Hon. J.W. WEATHERILL: I think publicly it has already been revealed; it is less than \$50 million over that 10-year period.

Mr MARSHALL: Thank you very much. Has the government completed the tendering of 75 per cent of its electricity needs over the next 10 years?

The Hon. J.W. WEATHERILL: No, not yet.

Mr MARSHALL: When is it envisaged that that will be concluded?

The Hon. J.W. WEATHERILL: Soon. That also is being actively pursued, and we are well advanced in those discussions.

Mr MARSHALL: Can the Premier indicate what new level of generation capacity is likely to be delivered from that new contract?

The Hon. J.W. WEATHERILL: No, not yet; not until those negotiations have been concluded.

Mr MARSHALL: Can the Premier provide an explanation as to what the reason for the delay on the evaluation of those tenders is?

The Hon. J.W. WEATHERILL: It is a very complex process. We have had an extraordinary amount of interest. Very different and unique propositions have been advanced to us—new technologies that need to be evaluated, complex evaluation of the value-for-money proposition to taxpayers. All of those things take time to make sure we get the very best deal for our procurement.

Mr MARSHALL: Just going back to the \$75 million commitment to Tesla, can the Premier indicate over what period of time that grant will be made? Will it be made in equal instalments over a 10-year period or a lump sum up-front?

The Hon. J.W. WEATHERILL: There is no commitment of \$75 million.

Mr MARSHALL: Sorry, \$50 million.

The Hon. J.W. WEATHERILL: I had mentioned it will be less than \$50 million, and it is a series of increments.

Mr MARSHALL: Can the Premier provide that detail to the committee at this stage?

The Hon. J.W. WEATHERILL: It is commercial-in-confidence at the moment.

Mr MARSHALL: The timing, because the value is public, but just the timing is commercial-in-confidence.

The Hon. J.W. WEATHERILL: It is over a 10-year period. It is not a lump sum.

Mr MARSHALL: It is not a lump sum. But no further detail can be provided because that detail is commercial-in-confidence.

The Hon. J.W. WEATHERILL: Yes, I am advised.

Mr MARSHALL: Has the government finalised tendering of the remaining 25 per cent of its electricity load to support dispatchable renewable energy initiatives?

The Hon. J.W. WEATHERILL: No, that is all caught up in the procurement for all of our electricity needs. So, the 75 per cent and 25 per cent are being dealt with simultaneously.

Mr MARSHALL: But can the Premier provide any explanation as to the reason for the delay, considering this initiative is meant to kick in and be in place and operational on 1 January next year?

The Hon. J.W. WEATHERILL: No, there is no delay. It has to be concluded such that we have arrangements in place by 1 January and it will be concluded so that we have arrangements in place by 1 January.

Mr MARSHALL: So, the contract will be in place but the provision of the energy will not be in place. Is that a variation on the—

The Hon. J.W. WEATHERILL: No, the provision of the energy will be in place by 1 January.

Mr MARSHALL: So, the Premier fully envisages to conclude all the negotiations on both of the contracts and have the new generation capacity installed in South Australia and operational in the next five months.

The Hon. J.W. WEATHERILL: Contractual arrangements will be in place that permit us to have our energy needs met by 1 January.

Mr MARSHALL: Just for clarity, the only thing that is going to be in place—because this is a variation—by 1 January next year is the contract, not the actual—

The Hon. J.W. WEATHERILL: No, somebody is going to have to provide us with electricity, of course.

Mr MARSHALL: So the generation will be in place by 1 January.

The Hon. J.W. WEATHERILL: No, of course not. How on earth could you build new generation capacity—

Mr MARSHALL: This is the point.

The Hon. J.W. WEATHERILL: New generation capacity was never going to be in place by 1 January.

Mr MARSHALL: Well, in fact, that is not correct. You have made statements on many occasions that there will be new generation capacity in place in South Australia by this Christmas.

The Hon. J.W. WEATHERILL: No, I have not.

Mr MARSHALL: When would you envisage this new generation—

The Hon. J.W. WEATHERILL: What the Liberal opposition consistently does is to misrepresent the remarks that I make.

Mr MARSHALL: Here is your opportunity to clarify. When will that new generation capacity that is envisaged in the two new state-based energy contracts be in place in South Australia? Clarify it for the world right now. Hopefully, it is a bit more accurate than your previous statements on when the new gas-fired peaking plant would be in place, because you said that would be in place by this Christmas—

The Hon. J.W. WEATHERILL: No, I never said that.

Mr MARSHALL: —and we have been told by the Under Treasurer that it is more likely to be in 2020.

The CHAIR: Order! Let us have an answer.

The Hon. J.W. WEATHERILL: You just keep misrepresenting the position.

Mr MARSHALL: Clarify it then.

The Hon. J.W. WEATHERILL: What I have consistently said about the gas plant is that there were some estimates that it could be in place by Christmas and that we thought that that was unlikely and that the better view was that it would be 18 months. You will see when that is revealed what we have actually achieved there. That is the first inaccuracy.

In relation to the second inaccuracy, obviously from 1 January we need to have a new set of arrangements about the provision of power for South Australia for our own energy needs and those arrangements will be in place by 1 January. As for any new generation that will be procured as a consequence of that, of course it has to be built. It was never going to be built by 1 January.

Mr MARSHALL: In what time frame do you think that would be rolled out?

The Hon. J.W. WEATHERILL: You will find that out soon, when we reveal the outcome of the negotiations.

Mr MARSHALL: Going back to the \$50 million commitment that has been made to Tesla, previous comments by the Premier have indicated that it is up to \$50 million, but is he clarifying to this estimates committee today that it is actually \$50 million?

The Hon. J.W. WEATHERILL: No.

Mr MARSHALL: What value is it?

The Hon. J.W. WEATHERILL: I am advised that that is a matter of commercial-in-confidence, but it is less than \$50 million.

Mr MARSHALL: In the 2016-17 state budget, you provided \$500,000 towards a feasibility study to explore options for greater energy interconnection with the Eastern States. Has the feasibility study been completed, as promised?

The Hon. J.W. WEATHERILL: Sorry, could you repeat that?

Mr MARSHALL: In the 2016-17 budget, you had a budgeted amount of \$500,000 towards a feasibility study for interconnection. That was over a year ago. Can you provide an indication to the committee as to whether this work was completed, as promised?

The Hon. J.W. WEATHERILL: I think they are still working on it. We have committed \$500,000. ElectraNet is doing the work on the interconnector and I understand they are part way

through the process. I do not think the work has been completed and we are not sure whether we have handed over our \$500,000 yet. We will get some clarity on that. That is something you might want to ask the Minister for Energy, or I can take it on notice.

Mr MARSHALL: When would you envisage that that work would be completed?

The Hon. J.W. WEATHERILL: We do not know. It is not a material part of our energy plan.

Mr MARSHALL: Why have you spent \$500,000 on it? It was a material part of the plan a year ago.

The Hon. J.W. WEATHERILL: It is an important part of the medium-term and, indeed, the long-term future for South Australia because of our abundant renewable energy resources.

The CHAIR: Do you want the Premier to take that on notice?

Mr MARSHALL: Yes, please. Has ESCOSA completed its investigation on how electricity companies can improve power reliability on Eyre Peninsula and, if so, what are the outcomes?

The Hon. J.W. WEATHERILL: I think you are going to have to leave that for the Minister for Energy to answer.

Mr MARSHALL: Perhaps we could move on to energy plan advertising because that certainly comes under your area of responsibility. On what date did the Premier's Communication Advisory Group (PCAG) give its approval to the communication strategy implemented in March of this year?

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

Mr MARSHALL: Will the Premier make public the following documents required to support a submission to the PCAG for approval and implementation of the energy plan, and in particular a written communications plan, any comments or recommended changes to the communications plan by PCAG and a campaign evaluation report?

The Hon. J.W. WEATHERILL: I will take advice about whether it is appropriate to reveal those. Certainly, if it is, I will make them available.

Mr MARSHALL: But the Premier can confirm to this committee that, indeed, there was a submission for approval to the PCAG before any expenditure was made on the energy advertising expenditure in March of this year?

The Hon. J.W. WEATHERILL: I assume it was, but I will check on that and give you an answer.

Mr MARSHALL: Who prepared the communications plan and other documentation for the PCAG?

The Hon. J.W. WEATHERILL: I presume officers prepared it, from my—

Mr MARSHALL: Officers from the Department of the Premier and Cabinet?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Who were the members of the PCAG who considered the communications plan?

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

Mr MARSHALL: Is the Premier indicating he does not know who was on the PCAG?

The Hon. J.W. WEATHERILL: I do not know all the names of the people on it, but I am happy to supply the names.

Mr MARSHALL: How many people are on the committee?

The Hon. J.W. WEATHERILL: I am not certain.

Mr MARSHALL: Why, in this case, was the 2015 recommendation of the Auditor-General not followed, that:

...approval and evaluation of DPC developed campaigns is convened by a marketing expert who is independent of DPC

The Hon. J.W. WEATHERILL: I am not sure that it was not. Once again I will take that—

Mr MARSHALL: I am sorry, I thought you were indicating that the PCAG did the approval.

The Hon. J.W. WEATHERILL: It had the input of expert advice and certainly would have had that input in relation to its work, but I will take that on notice.

Mr MARSHALL: Can the Premier indicate to this committee who his two delegates on the PCAG are?

The Hon. J.W. WEATHERILL: Chris Burford and Brent Hill.

Mr MARSHALL: Thank you. Can the Premier provide some information to the committee and indicate whether or not there was a further supplementary request for advertising expenditure made after the initial March 2017 advertising expenditure. It seems to be in two tranches. We heard about the almost \$600,000 initially, and now a further \$2 million is envisaged. Has a separate application been made, as per the requirements of the PCAG?

The Hon. J.W. WEATHERILL: I do not know whether there have been two separate propositions. I think questions are being asked about what the expenditure was up until a point and then expenditure after a particular point in time. Obviously, the plan is still being rolled out, and as elements of it become established then they will form part of a communication strategy. I think it is all envisaged to be part of a single plan, but I will take that on notice and bring back an answer.

Mr MARSHALL: So the Premier is confirming that only one application was made, and that was for the initial expenditure made in March 2017, and no subsequent application was made in line with the process of the PCAG?

The Hon. J.W. WEATHERILL: I will have to get back to you and respond to that. I will take that on notice.

Mr MARSHALL: Can the Premier indicate whether the PCAG recommended any changes to the communication plan that was presented to it?

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

Mr MARSHALL: Was any market research undertaken to support the communications plans presented to the PCAG and, if so, can the Premier indicate who undertook that research and when?

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

Mr MARSHALL: Which advertising agency is executing the communications plan?

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

Mr MARSHALL: Can the Premier indicate whether the agency that has been engaged for this has undertaken any paid work for the Australian Labor Party?

The Hon. J.W. WEATHERILL: Not to my understanding, but I will find out whether the advertising agency has.

Mr MARSHALL: Can the Premier indicate whether all of the \$2 million allocated to the communications strategy in the 2017-18 year is intended to be spent before the commencement of the caretaker period for the 2018 election?

The Hon. J.W. WEATHERILL: I am not certain. I presume that it will be but, once again, I will bring back an answer on that.

Mr MARSHALL: Can the Premier provide any explanation to this committee as to why his personal image and voice have been included in the energy plan advertising when the Auditor-General recommended expressly in 2015 the extension of restrictions on the use of image or voice of a politician from publicly funded advertising to all forms of government marketing communications?

The Hon. J.W. WEATHERILL: I think, given the nature of the issue that we are talking about here, which is the future security of our energy for the state, it was appropriate that the Premier of the state make public remarks reassuring people about each of the measures contained in the plan, and encouraging them to participate in the plan, to the extent that that was part of the communication strategy. I do not know whether those opposite have fully appreciated the extent to which they, in collusion with a series of other interests, have damaged the confidence and standing of South Australia in the eyes of both the nation and, indeed, amongst its own business community.

We have people making investment decisions every day in this state. We have businesses making their own investment decisions every day in this state, and they need to be confident that they can have a secure energy supply. They need to hear the leader of this state warranting that so that they can make those investment decisions. So, this is an entirely appropriate matter in the state's interests for the state government to make authoritative statements about, warranting the future of its energy security, and doing that in terms that are persuasive and clear.

Mr MARSHALL: What was the total expenditure on advertising by all government agencies via the Master Media Agency contract during the 2016-17 year?

The Hon. J.W. WEATHERILL: I will bring back an answer on that, but the overwhelming majority of that expenditure was through the Motor Accident Commission, health, community services, police and those sorts of matters. I will bring back an answer.

Mr MARSHALL: In doing so, can the Premier tell us what the top 10 government advertising campaigns by media expenditure were in 2016-17 and also what the top three Department of the Premier and Cabinet advertising campaigns were for the 2016-17 year?

The Hon. J.W. WEATHERILL: Yes, certainly, I will take that on notice.

Mr MARSHALL: What is the cost of the advertising campaign being undertaken to promote the 2017-18 year budget?

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

Mr MARSHALL: Is it proposed to undertake any paid advertising associated with the opening of the new Royal Adelaide Hospital and, if so, at what cost?

The Hon. J.W. WEATHERILL: Yes, I think there will be. Once again, I think it would be appropriate to direct that to the Minister for Health.

Mr MARSHALL: What will be the cost?

The Hon. J.W. WEATHERILL: I do not have that, but I will take that on notice.

Mr MARSHALL: Did the company 57 Films undertake any work commissioned by the department in 2016-17 and, if so, what was the work commissioned and what was the cost?

The Hon. J.W. WEATHERILL: During the last 12 months, they have been engaged as part of our activities in China to increase Chinese visitation. I think in March 2016 they were successful in a procurement process to support our 30th anniversary with sister state Shandong.

Their contractual arrangement, which predates this financial year, included things that occurred within this financial year. We entered into a sponsorship agreement to support the production of the second series of the *Chef Exchange* television program. The total contract value for the 30th anniversary celebrations was \$177,000-odd, and expenditure in 2016-17 was \$70,000.

Mr MARSHALL: Is there anything in the budget for the current financial year?

The Hon. J.W. WEATHERILL: I have no advice that there is, but I will have to take that on notice. There is no specific item for the 2017-18 budget for 57 Films, but that is not say that they might not be successful in a procurement for the provision of services within our usual budgeted amount. There is nothing that comes to mind at the moment as any stand-alone or specific project that we are aware they are engaged in.

Mr MARSHALL: On 6 February of this year, the Premier announced that Mr Kym Winter-Dewhirst was stepping down as CEO of the Premier's department. What was Mr Winter-Dewhirst's annual remuneration at the time he stepped down?

The Hon. J.W. WEATHERILL: It was \$550,000, incorporating salary and superannuation arrangements.

Mr MARSHALL: Did Mr Winter-Dewhirst receive any termination payment over and above his statutory entitlements?

The Hon. J.W. WEATHERILL: He was entitled to receive three months' pay in lieu of notice, as per the resignation clause in his chief executive contract, so beyond that, no.

Mr MARSHALL: The government did not ask him to serve out his notice period?

The Hon. J.W. WEATHERILL: Obviously, we needed to have continuing support and Dr Russell immediately stepped into the role. He did provide continuing advice and support in the nature of a handover during that period and was also, at the same time, supporting his wife through her illness, which was the cause of his decision to resign.

Mr MARSHALL: Nevertheless, the Premier is clarifying that Mr Kym Winter-Dewhirst resigned, he wanted to leave straightaway, but the government saw fit to make a three-month payment to him, despite it being his decision to leave?

The Hon. J.W. WEATHERILL: No, he gave notice of his decision.

Mr MARSHALL: If he gave notice, why did the Premier not accept that notice period and have Mr Winter-Dewhirst work—

The Hon. J.W. WEATHERILL: Because we also needed his assistance in relation to the handover to the new chief executive. It was a very sudden matter, obviously, and Dr Russell had not previously been contemplated as being the new chief executive of DPC. We needed a seamless handover, and there was an interaction between Mr Winter-Dewhirst and Dr Russell.

Mr MARSHALL: Was that handover full time?

The Hon. J.W. WEATHERILL: No, because he was also engaged in caring for his wife. We made that accommodation. We thought that was appropriate in the circumstances.

Mr MARSHALL: So Mr Winter-Dewhirst has been succeeded by Dr Don Russell. What was Dr Russell's remuneration at the time he transferred from the Department of State Development to this new role?

The Hon. J.W. WEATHERILL: Sorry, what was his remuneration in the new role?

Mr MARSHALL: Before he transferred to the new role.

The Hon. J.W. WEATHERILL: The previous role. I will take that on notice.

Mr MARSHALL: What is Dr Russell's current remuneration?

The Hon. J.W. WEATHERILL: It is the same as Mr Winter-Dewhirst's remuneration.

Mr MARSHALL: Does Dr Russell still commute to Adelaide on a weekly basis from Sydney?

The Hon. J.W. WEATHERILL: Except where there are responsibilities for him to perform on the weekend.

Mr MARSHALL: I have some questions to ask with regard to Brand SA. There was additional unbudgeted funding of \$500,000 for Brand SA in the 2016-17 year. What was the purpose of this funding?

The Hon. J.W. WEATHERILL: I will have to take that on notice, but obviously Brand SA is about promotion of the state, so no doubt it is about distributing positive stories, both inside and outside South Australia, about South Australia. It also runs an I Choose SA campaign, which is managed by the Department of Treasury and Finance, so those are matters that could be directed to the Treasurer.

Mr MARSHALL: The Department of the Premier and Cabinet told the Budget and Finance Committee last September that the 2016-17 funding allocation for Brand SA was \$1.079 million. Does this mean that Brand SA ultimately received \$1.6 million last financial year?

The Hon. J.W. WEATHERILL: My advice is that the total expenditure of Brand SA in 2016-17 was \$1.369 million.

Mr MARSHALL: How do we come up with the \$500,000 of unbudgeted funding that was provided to them given that the original budget for that line was \$1.079 million?

The Hon. J.W. WEATHERILL: More was budgeted than was spent, essentially. That accounts for the difference.

Mr MARSHALL: Sorry?

The Hon. J.W. WEATHERILL: More was budgeted than was spent. You had the \$1.5-odd million that you were talking about, but the actual expenditure was \$1.369 million.

Mr MARSHALL: As the government's 12-month funding agreement with Brand SA expired in June of this year, is a new agreement in place and, if so, can the Premier indicate to this committee what the new value of that agreement is?

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

Mr MARSHALL: In doing so, can the Premier also indicate to us what Brand SA applied for, as distinct from what was agreed to?

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

Mr MARSHALL: In relation to trade missions, which is on the next page over, pages 153 and 154, can the Premier advise how many outbound and inbound missions are to be supported in 2017-18 and what are the destinations of the outbound missions?

The Hon. J.W. WEATHERILL: These questions are probably best directed to Mr Hamilton-Smith because the trade missions are principally led by him. If you could direct your questions to him, it might be more informative.

Mr MARSHALL: I would ask one question, as it is documented in your area. It states on page 153 that income of \$3 million is expected from support for trade missions and other international engagement activities in 2017-18. What is the nature of this income?

The Hon. J.W. WEATHERILL: I think it is just a bit of accounting. DSD gets the budget allocation and we have to invoice DSD, so the money comes into our agency through that mechanism. That is the income. It is essentially a transfer between government agencies.

Mr MARSHALL: I have some questions on the relationship with the Northern Territory. On the same budget paper, Volume 3, page 154, it was announced in 2016 by the Premier that both jurisdictions had agreed to a pilot program to exchange public servants to share knowledge and expertise. How many such exchanges have occurred?

The Hon. J.W. WEATHERILL: I am not certain, but I certainly met some public servants, when I was up there, in the tourism sector who had been exchanged, and it was very beneficial. I will bring back an answer on the precise number of people who were involved in that.

Mr MARSHALL: It was also announced last year that the South Australian and Northern Territory governments would establish a shared cross-border police team in Alice Springs to tackle issues such as illicit drugs, transit routes, road safety and alcohol, family and domestic violence. Has this team been established and, if so, how many South Australian police are participating?

The Hon. J.W. WEATHERILL: Certainly we launched such a team when we were in Alice Springs, when I was there recently with the Chief Minister. I know it has been established, but I will take that on notice and bring back the answers to your questions.

Mr MARSHALL: You also indicated that task forces would be established to develop a range of remote services to boost tourism, arts and cultural opportunities. Have these task forces been established and, if not, when will they be?

The Hon. J.W. WEATHERILL: Yes, I think they have been established, but I will bring the precise details to you.

Mr MARSHALL: And camel farming?

The Hon. J.W. WEATHERILL: Camels, did you say?

Mr MARSHALL: Yes, that was one of your other—

The Hon. J.W. WEATHERILL: Yes, we—

Mr MARSHALL: We were going to have a camel farming-led recovery in Central Australia.

The Hon. J.W. WEATHERILL: Yes, it could be a fleet initiative.

Mr MARSHALL: Why not? Have you made any progress?

The Hon. J.W. WEATHERILL: On camel farming? I will take that on notice. They are very fuel efficient.

Mr MARSHALL: So I hear.

The Hon. J.W. WEATHERILL: There are emissions.

Mr MARSHALL: They might be the new cabinet fleet. We will stick with the Holdens; you can move straight on to the camels. I think it would be another point of differentiation with other states in Australia. In 2015, South Australia and the Northern Territory signed an MOU for the establishment of what Premier described as 'a central Australian mining and energy province...to simplify regulation...grow the mining services sector and attract foreign investment'. What benefits has South Australia received from this MOU?

The Hon. J.W. WEATHERILL: The two principal areas of cooperation at the moment are sharing data concerning the Musgrave Ranges, for the mineral prospectivity there, and also jointly exploring the opportunities for infrastructure that might travel between the Northern Territory and South Australia—open up our gas fields. There is a real opportunity for gas to be allocated through Moomba and distributed out to various export facilities.

At the moment, the Northern Territory is sending out some of their petroleum products through a mechanism, which means that they cannot capture all the resources; whereas, if it goes through Moomba, they have separation facilities that allow them to capture all the constituent elements of the petroleum products. It could add to the viability—it could assist with the viability—of the Santos operations, and that will be beneficial for South Australia.

Mr MARSHALL: I refer to Budget Paper 4, Volume 3, page 155, the targets for this current financial year, the dot points. It envisages the establishment of a French presence. Will this involve establishing a South Australian office in Paris to support the work on the submarines project?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: What is the estimated cost and scope of this presence?

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

Mr MARSHALL: Is an officer to be permanently located in Paris?

The Hon. J.W. WEATHERILL: Yes, I think it is envisaged to have an officer in Paris.

Mr MARSHALL: Just the one person?

The Hon. J.W. WEATHERILL: I am not sure of the actual establishment, but it will be essentially supported from the Agent-General's office in London.

Mr MARSHALL: Is there is any truth in the rumour that you are going to stick the Attorney-General over—no, just joking. The Premier told the estimates committee last year that a project director was being recruited for the French Strategy group. Has that appointment now been made?

The Hon. J.W. WEATHERILL: What was the first bit?

Mr MARSHALL: You told us here at this committee last year that a project director was being recruited for the French Strategy group. Has that appointment been made? Who is it? Can you give us some details of that appointment?

The Hon. J.W. WEATHERILL: Yes, the appointment has been made. His first name is Antoine, which is appropriate—

Mr MARSHALL: Bienvenue.

The Hon. J.W. WEATHERILL: —but I am sorry, I do not know his second name.

Mr MARSHALL: What is the budget allocation for the French Strategy group for this current financial year, and who heads up that group?

The Hon. J.W. WEATHERILL: It is \$2 million dollars.

Mr MARSHALL: Is that still being headed up by Joslene Mazel?

The Hon. J.W. WEATHERILL: Jos Mazel, yes.

Mr MARSHALL: I refer to Budget Paper 4, Volume 3, page 15. With regard to cabinet meetings, it states here that this program supports the organisation of meetings of cabinet and cabinet subcommittees. The 2015-16 annual report of DPC revealed that a budget and performance cabinet committee had been established, with the authority to approve funding requests of up to \$10 million per annum and would also be responsible for monitoring that delivery of key commitments projects and achievements of the budget. On how many occasions did this committee meet in 2016-17 and how many funding requests did it approve?

The Hon. J.W. WEATHERILL: We will have to take that on notice. It meets regularly with numerous funding requests, but I will bring back the answer.

Mr MARSHALL: Will the Premier provide a list of the funding requests approved by that committee?

The Hon. J.W. WEATHERILL: Sorry, say again?

Mr MARSHALL: Would you be able to provide a list of the requests—

The Hon. J.W. WEATHERILL: That would reveal, essentially, cabinet deliberations, which is something that we do not do.

Mr MARSHALL: Can the Premier indicate who the members of the Budget and Performance Cabinet Committee are?

The Hon. J.W. WEATHERILL: Yes, I can. I think it is probably publicly available, but I will bring back the precise membership. Obviously, myself and the Treasurer are, but we will bring up the other members of the committee.

Mr MARSHALL: With regard to cabinet, can the Premier indicate how many country cabinet meetings have been budgeted for this current financial year and what their locations are?

The Hon. J.W. WEATHERILL: The one we are presently in?

Mr MARSHALL: The current year.

The Hon. J.W. WEATHERILL: It is not the ones we are analysing at the back end?

Mr MARSHALL: You have a budget allocation under that item, page 154, and my question is: how many country cabinet meetings have been budgeted for this current financial year and in what locations?

The Hon. J.W. WEATHERILL: Sorry, I only have the data for 2016-17 because the estimates are backward looking. I will have to take on notice about whether they have been settled yet.

Mr MARSHALL: Thank you. The current budget makes no reference to the State's Strategic Plan. Last year the Premier told the estimates committee that the next review of the plan would commence in January 2017. What was the outcome of the review?

The Hon. J.W. WEATHERILL: It is presently being finalised, and I expect it to be finalised very soon.

Mr MARSHALL: What is the cost of this review and who is undertaking it?

The Hon. J.W. WEATHERILL: It is internally funded within existing resources.

Mr MARSHALL: When was the last time the State's Strategic Plan was reviewed?

The Hon. J.W. WEATHERILL: It is routinely updated but, in terms of reviewing the targets, it has not been reviewed since these targets were established.

Mr MARSHALL: Could you say that again; I did not hear it.

The Hon. J.W. WEATHERILL: It depends what you mean by 'reviewed'. It has its targets, and those targets are being pursued. It is reviewed in the sense that it is updated in terms of achievements against those targets regularly on an ongoing basis but, in terms of reviewing whether there should be new or different targets, that has not happened in recent times. The present process is the most substantial review of the actual Strategic Plan, and that is going to be published soon.

Mr MARSHALL: That will be published before the end of the year?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Do all cabinet submissions still make specific reference to the State's Strategic Plan as required by the Department of the Premier and Cabinet Circular PC024?

The Hon. J.W. WEATHERILL: In the course of our cabinet submissions, we have a public value framework that takes into account a whole range of objectives, including the 10 economic priorities and the other policies and processes of the state. So in that context, where relevant, the South Australian Strategic Plan is referenced.

Mr MARSHALL: The Premier promised back in 2013 to establish a future fund. Last year, at this committee, the Premier indicated that this would be done when the budget surplus reached a certain level. Can the Premier advise this committee what that certain level is?

The Hon. J.W. WEATHERILL: I think we published at the time the rules and the mechanism by which the future fund would be triggered. We have not reached that trigger yet.

Mr MARSHALL: What is that trigger?

The Hon. J.W. WEATHERILL: It was published at the time. It was a certain proportion of the state's expenditure. I do not have it in front of me at the moment, but we have not reached that trigger yet.

Mr MARSHALL: Are we close? Do you envisage that any money will be deposited into that future fund in my lifetime?

The Hon. J.W. WEATHERILL: Yes, depending on how long you expect to live.

Mr MARSHALL: I am very healthy and I eat green vegetables every day.

The Hon. J.W. WEATHERILL: Obviously, the context in which we established that fund was when there were expectations of very substantial royalties that would emerge from mining and other expanding industries in this state. Since then, we have had some very major shocks to the South Australian economy, which has meant that that has been less of an issue.

We have only recently managed to return the budget to surplus. If the trajectory of improvement in the economy continues, we can begin to think about these things again, but they really only become relevant when you have windfall gains from temporary resource opportunities.

For instance, if there were a dramatic uptick in our mineral resources—the sorts of things that we saw in Western Australia in recent decades where they would have benefited from a future fund—it would be appropriate for those proceeds to be allocated to such a fund, but we are not yet at that level. When we reach that trigger point, obviously, consideration of the future fund comes back onto the agenda. We have really been applying it to paying down debt. The surpluses have been applied to that purpose.

Mr MARSHALL: When will you bring the legislation to the parliament to establish that it was promised back in 2015 and then again in 2016?

The Hon. J.W. WEATHERILL: Once again, it is not urgent because we have not reached the point at which contributions need to be made to such a fund.

Mr MARSHALL: But do people not start to doubt your commitment to it when you do not even have the enabling legislation in place?

The Hon. J.W. WEATHERILL: I think people are pretty sensible about the fact that there are no windfall gains at the moment in terms of the budget, and they would expect us to apply any modest surpluses we have to paying down debt in the first instance. When we do get to the situation where there are very substantial reserves, that is when they would expect us to get busy with the work of putting in place arrangements for a future fund.

Mr MARSHALL: Has the government changed its initial position and now adopted the independent advice of the Under Treasurer, who suggested that debt reduction would be more advantageous than establishing and depositing money into a future fund when high levels of debt remained?

The Hon. J.W. WEATHERILL: No. We are committed to a future fund for the allocation of resources that emerge from windfall gains in our revenues and we will continue to pursue that objective, it is just that now is not an appropriate time to be advancing that agenda.

Mr MARSHALL: Did the government receive a windfall gain from the winding up of the Motor Accident Commission? Would the Premier consider the \$2.7 billion from that winding up a windfall gain?

The Hon. J.W. WEATHERILL: Essentially, the imperatives at the moment are for investments in public infrastructure. We have been investing proceeds of those asset sales in asset recycling where we invest in new public investments that are about growing the economy and creating jobs now and growing the economy in the future.

You have seen our record investments in infrastructure, road, rail, public infrastructure, school upgrades and hospital upgrades. These are very important investments in the long-term future of our state and we stand by them as being the appropriate investment decisions now because they create jobs and opportunities now.

Mr MARSHALL: I have some questions on the Economic Development Board, Budget Paper 4, Volume 3, pages 161 and 162. Can the Premier provide the budgeted expenditure for the Office of the Economic Development Board in each of the forward estimates, as well as the net cost of those services?

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

Mr MARSHALL: Can the Premier provide a breakdown of the major components of the budgeted expenditure of just over \$3 million in the 2017-18 year on the Ageing Well project?

The Hon. J.W. WEATHERILL: On the what project?

Mr MARSHALL: Ageing Well.

The Hon. J.W. WEATHERILL: The Ageing Well project, yes.

Mr MARSHALL: Three million dollars.

The Hon. J.W. WEATHERILL: I can do that. This has been one of the most exciting projects that the EDB has been engaged in. The Ageing Well International Conference in Adelaide is on schedule to occur on 22 and 23 November. The program is complete and the speakers are being engaged. The marketing collateral is being created and being distributed. Our innovation challenge, the Premier's Ageing Well Innovation Challenge process, has been run and four winners have been selected.

Both the living laboratory network and the creation of an Ageing Well entity were the subject of a successful budget initiative; \$11.5 million over four years was announced during the state

budget. The Ageing Well budget is allocated over the next four-year period and involves the funding of the Ageing Well entity, the living laboratory network and pilot project funding. They are all the elements of the \$11.3 million.

Mr MARSHALL: Is it intended that the Ageing Well project will continue to be administered by the EDB?

The Hon. J.W. WEATHERILL: Yes, that is certainly our intention.

Mr MARSHALL: Budget Paper 4, Volume 3, page 162: under highlights for the 2016-17 year, it states that advice was provided to the government on the impact of utility costs on the competitiveness of South Australia. If that was written advice, can the Premier provide it to the committee?

The Hon. J.W. WEATHERILL: I have to check whether or not that was prepared for cabinet and whether it is a cabinet document. Subject to that, we will bring back an answer.

Mr MARSHALL: Thank you very much. What advice has the EDB given to the government about the impact of rising electricity prices on the competitiveness of the South Australian economy?

The Hon. J.W. WEATHERILL: Consistent with what is pretty obvious, like the government, the EDB is concerned about rising utility costs but has also made a range of suggestions and inputs which helped to craft Our Energy Plan, which is directed at reducing energy insecurity, creating affordability and also making sure that we have a clean energy future and the economic opportunities that flow from that. We have certainly been receiving advice from the EDB about those matters, and they support Our Energy Plan.

Mr MARSHALL: In what format has that advice been sought and provided?

The Hon. J.W. WEATHERILL: A range of one-on-one briefings. I have met with the subcommittee of the Economic Development Board which deals with questions of energy pricing. It is a subcommittee which is chaired by Mr Terry Burgess.

Mr MARSHALL: Can the Premier indicate how many times that ED Board's utilities subcommittee has met?

The Hon. J.W. WEATHERILL: Yes, I can bring an answer to you. They have obviously been very active during this period when the energy plan has been under consideration. I know I have met them at least on two occasions.

Mr MARSHALL: The EDB submission to the Statutory Authorities Review Committee refers to the work of the utilities subcommittee and states that the subcommittee made both short-term and medium-term suggestions to the Economic Development Cabinet Committee for the purpose of minimising the cost of utility prices without compromising reliability, security or the capacity of the networks. Can the Premier say what the EDB's short-term suggestions were?

The Hon. J.W. WEATHERILL: Obviously, the way you have framed the question calls for an answer about what was said at a cabinet committee meeting which we do not reveal. But can I say that we certainly had discussions with Mr Burgess and other members of the subcommittee which were directed at ensuring that there was sufficient gas that could be made available in the short term to ensure that mothballed gas-fired generators were available to essentially generate power when we needed it.

Of course, what we found out on 8 February was that, even though there were generators ready to go and had gas, the nature of the National Electricity Market meant that they were not asked to switch on their generation and so we suffered that entirely unnecessary load-shedding event on that occasion. That, of course, has led directly to the steps we have now taken to take control of our energy future with our energy plan.

Mr MARSHALL: But is the Premier suggesting to this estimates committee that the advice that flowed from the Economic Development Board's utilities subcommittee to the government was in the form of a series of one-on-one conversations and that there was no documented report or, indeed, thorough investigation of these matters by the EDB that was passed on in a documented form to the government?

The Hon. J.W. WEATHERILL: No, I did not say that.

Mr MARSHALL: Also, can the Premier answer the previous question then?

The Hon. J.W. WEATHERILL: The chair and deputy chair of the EDB also sit on a cabinet committee, and there are obviously substantial discussions that occur about energy policy on that cabinet committee but they are cabinet-in-confidence. You have seen the outcome, though. The outcome is Our Energy Plan.

Mr MARSHALL: It is a disaster.

The Hon. J.W. WEATHERILL: The energy plan sits there in stark contrast to your energy policy, which is to scrap—

Mr MARSHALL: Your prices sit in stark contrast to the rest of the nation—in fact, the rest of the world.

The Hon. J.W. WEATHERILL: —the renewable energy target—

Mr MARSHALL: Anyway, can you answer the question.

The Hon. J.W. WEATHERILL: —and you do not have a plan.

Mr MARSHALL: That is actually the budget, Premier; that is not your energy plan. You might want to have a look at what you are holding up.

The CHAIR: Order! I am on my feet.

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

The CHAIR: Order! I am actually on my feet.

Mr MARSHALL: My question is: was there any documented—

The Hon. J.W. WEATHERILL: Where is your energy plan?

The CHAIR: No.

The Hon. J.W. WEATHERILL: My question to you is: where is your energy plan, apart from scrapping the energy target for renewable energy target?

Mr MARSHALL: This is our estimates. You can ask that next year.

The Hon. J.W. WEATHERILL: I thought we were five minutes before the election.

Mr MARSHALL: My question to you is—

The Hon. J.W. WEATHERILL: Aren't we five minutes before the election?

Mr MARSHALL: —was there any independent report done by the EDB to underpin their advice to the government and was anything documented and, if so, can the Premier outline what that documentation was?

The Hon. J.W. WEATHERILL: We received substantial advice from the EDB, which was an input—

Mr MARSHALL: 'Written advice' was the question.

The Hon. J.W. WEATHERILL: The input that was made by the EDB, whether it was in writing or orally, occurred in the context of cabinet discussions and so therefore has been protected through that cabinet confidentiality.

Mr MARSHALL: Did the EDB advise the government to build its own gas generator?

The Hon. J.W. WEATHERILL: I am not going to reveal what was advised to us in cabinet.

Mr MARSHALL: Did the EDB advise the government to establish a 100-megawatt battery?

The Hon. J.W. WEATHERILL: We received advice from a range of different sources, which ultimately led to Our Energy Plan—an energy plan which is robust, which has not had any serious criticism made of it, either by you or by any commentators—

Mr MARSHALL: But that is not the question, sir. The question is whether or not there was advice provided by the EDB—

The Hon. J.W. WEATHERILL: This is an energy plan that has stood the test of time—

Mr MARSHALL: —to the establishment of your 100-megawatt battery.

The Hon. J.W. WEATHERILL: —and is being implemented and is being very successful. Don't you support the battery?

Mr MARSHALL: The Treasurer told last year's estimates committee that the EDB was undertaking a review of the Unlocking Capital for Jobs Program. Did the EDB conduct that investigation, was it documented and will the Premier—

The Hon. J.W. WEATHERILL: Don't you want to talk about the energy plan? Let's talk about the energy plan and your lack of an energy plan.

Mr MARSHALL: You do not answer any of the questions that we are asking. You can ask me that question in the bar later. That is not a question for estimates, because I am asking the questions and you seem to be avoiding answering any of the questions.

The Hon. J.W. WEATHERILL: You seem to be avoiding publishing an energy plan.

The CHAIR: We have done very well. It is nearly five past 11.

Mr MARSHALL: Can we find out whether the EDB did any documented report on the review, as promised by your government last year, of the Unlocking Capital for Jobs Program? If so, what was contained in that report?

The Hon. J.W. WEATHERILL: Can you direct that question to the Treasurer because that is within his—

Mr MARSHALL: Well, it was done by the EDB, which is your area of responsibility. The question that I am asking, which you seem to be avoiding, is whether or not that work was undertaken by the EDB.

The Hon. J.W. WEATHERILL: —program, so that work was done—

Mr MARSHALL: It was EDB work.

The Hon. J.W. WEATHERILL: Sure, but I will take—

Mr MARSHALL: Why do you not want to answer that question?

The Hon. J.W. WEATHERILL: Well, I will take it on notice because I do not have the answer here, but the work was done for the Treasurer. I can take it on notice, or you can ask him later today and you can get the answer then.

Mr MARSHALL: I would like to ask some questions on the nuclear royal commission and any current expenditure on that. In the 2016-17 year, \$4.6 million was allocated under program 1 for dealing with the outcomes of the nuclear fuel royal commission final report.

The information provided for DPC program 1 in this year's budget gives no commentary about the outcome of that work. It is necessary to go to pages 162 and 171 of Budget Paper 3 to find that out. It reveals that spending by CARA was \$7.6 million, \$3 million above the budget that was set. Will the Premier explain the reason for the overspending?

The Hon. J.W. WEATHERILL: The answer is that it was started off by DPC and then the agency was set up as a separate agency, and then it received the funding; that is really the explanation. The total budget allocated to CARA was \$8.2 million, and a total of \$7.5 million was spent.

Mr MARSHALL: Has the—

The Hon. J.W. WEATHERILL: It was sort of under budget.

Mr MARSHALL: Has CARA now been abolished and, if so, when did that occur?

The Hon. J.W. WEATHERILL: It was abolished as an attached office on 30 June 2017.

Mr MARSHALL: Was that 2013?

The Hon. J.W. WEATHERILL: No, 2017.

Mr MARSHALL: This year?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: A few days ago?

The Hon. J.W. WEATHERILL: Yes.

Mr MARSHALL: Did it continue to expend money through the first half of this calendar year?

The Hon. J.W. WEATHERILL: Very little, I think. Most of the spending was around the time of the consultation, so there was very little additional expenditure. There might have been some existing commitments that were met, but there was very new little expenditure incurred and its total spend was under the allocated budget.

Mr MARSHALL: Are you able to confirm that there is no funding or expenditure on the response to the nuclear fuel royal commission or related activities in the forward estimates?

The Hon. J.W. WEATHERILL: No, all there is is the budget allocation to DSD in 2017-18 to maintain access to existing information, respond to community and stakeholder inquiries and ensure the DSD is adequately resourced to meet community needs.

It has closed down, but obviously people still ask questions and so there needs to be some capacity to be able to respond to those questions that are made of it.

Mr MARSHALL: What department is that via?

The Hon. J.W. WEATHERILL: DSD.

Mr MARSHALL: Do you know what the allocation of money to that is?

The Hon. J.W. WEATHERILL: I just said: \$450,000.

Mr MARSHALL: When did the CEO of CARA, Madeline Richardson, transfer to the position of Group Executive Director, Delivery and Engagement, in the Department of State Development?

The Hon. J.W. WEATHERILL: I will take that on notice. I understand that it was before the agency was abolished.

Mr MARSHALL: Are the staff and executives, other than Ms Richardson, previously employed through CARA, still employed within the Public Service; if so, what functions are they fulfilling?

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

Mr MARSHALL: Can the Premier indicate to this committee what the cost of the citizens' jury process was?

The Hon. J.W. WEATHERILL: Sorry? How much did the jury process cost?

Mr MARSHALL: Yes.

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

Mr MARSHALL: Was it higher than the budget of \$1.5 million?

The Hon. J.W. WEATHERILL: It was within the overall budget, but I will get an answer on how it performed against the subset, if you like, of that budget.

Mr MARSHALL: What was the cost of CARA's statewide consultation program and when did the program cease?

The Hon. J.W. WEATHERILL: Once again, I will bring back an answer on that question.

Mr MARSHALL: What was the cost of communications to raise awareness and encourage participation in the consultation process?

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

Mr KNOLL: The omnibus questions are:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2016-17 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 2016-17 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 2017-18?

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 2015-16 and 2016-17.

4. For each agency for which the minister has responsibility:

(a) How many FTEs were employed to provide communication and promotion activities in 2016-17 and what was their employment expense?

(b) How many FTEs are budgeted to provide communication and promotion activities in 2017-18, 2018-19, 2019-20 and 2020-21, and what is their estimated employment expense?

(c) The total cost of government-paid advertising, including campaigns, across all mediums, in 2016-17, and budgeted cost for 2017-18.

5. For each agency for which the minister has responsibility:

(a) What was the cost of electricity in 2016-17?

(b) What is the budgeted cost of electricity in 2017-18?

(c) What is the provisioned cost of electricity in 2018-19, 2019-20 and, 2020-21?

6. For each grant program or fund the minister is responsible for please provide the following information for the 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 financial years:

(a) Balance of the grant program or fund;

(b) Budgeted (or actual) expenditure from the program or fund;

(c) Budgeted (or actual) payments into the program or fund;

(d) Carryovers into or from the program or fund; and

(e) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

Mr DULUK: I have a question in regard to citizens' juries. Can you let us know how much has been budgeted for this year and across the forward estimates as well?

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

Mr MARSHALL: I would like to ask a question regarding the State Coordinator-General, Budget Paper 4, Volume 3, pages 158 and 159. Will the Premier provide a list of the 76 private sector projects of economic significance referred to the Development Assessment Commission during 2016-17?

The Hon. J.W. WEATHERILL: I will if it does not offend some commercial confidence but, subject to that, I can provide that information.

Mr MARSHALL: Is the Premier suggesting that referrals to the Development Assessment Commission might be subject to some commercial confidentiality?

The Hon. J.W. WEATHERILL: I do not know. I am just saying subject to that. I have not directed my mind to it, but it may well be that several people have approached the Coordinator-General making a request, and they may not necessarily want that matter revealed. If it has been referred to the Development Assessment Commission, I presume it is a public matter anyway, so it should not present a problem.

Mr MARSHALL: Can the Premier provide a list of the 178 unsolicited proposals administered by the Coordinator-General?

The Hon. J.W. WEATHERILL: I think that might cause the problem I was probably alluding to earlier, but I will take that on notice.

Mr MARSHALL: Is the Coordinator-General currently dealing with any proposals in relation to the proposed Lipson industrial estate at Gillman?

The Hon. J.W. WEATHERILL: Once again, subject to the commercial-in-confidence matters, I will bring back an answer. I understand that matter is presently the subject of a procurement exercise that is nearing its completion.

Mr MARSHALL: When does the Premier envisage a response to that, given that tenders closed in January this year?

The Hon. J.W. WEATHERILL: Soon, I understand.

Mr MARSHALL: Is the State Coordinator-General involved in—

The Hon. J.W. WEATHERILL: I did not understand that he was. I think that was a process that was being dealt with by a combination of Renewal SA and cabinet.

Mr MARSHALL: I refer to Budget Paper 4, Volume 3, page 157, which states that, for the 2017-18 year, the Agent-General's Office will 'Support visits by the Premier and ministers to the United Kingdom and Europe.' When is the Premier planning to visit the United Kingdom and Europe this financial year?

The Hon. J.W. WEATHERILL: I have not yet finalised the travel plans for this year. They are obviously always subject to change, due to circumstances such as COAG meetings, etc., so they have not yet been settled.

Mr MARSHALL: How many ministers are planning to visit the United Kingdom and Europe this financial year?

The Hon. J.W. WEATHERILL: I am not certain about that. I have not approved any—

Mr MARSHALL: I think the Deputy Speaker would be happy to go on a fact-finding mission for you with regard to—

The CHAIR: We will be looking at Muriel Matters things in light of the 100th anniversary of voting for women in the UK.

Mr MARSHALL: They did it a long time after we did it in this state.

The CHAIR: They did, very much so. There being no further questions, I declare the examination of the proposed payment, State Governor's Establishment, \$5,271,000, closed. I look to the Department of the Premier and Cabinet, and administered items of the Department of the Premier and Cabinet, and declare the examination of the proposed payments adjourned and referred to committee B.

There being no further questions on the Department of State Development and administered items of the Department of State Development, I declare the examination of the proposed payments adjourned until later today and thank the Premier and his advisers for a sterling effort.

Sitting suspended from 11:16 to 11:31.

DEPARTMENT OF TREASURY AND FINANCE, \$70,268,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,752,379,000

Minister:

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

Departmental Advisers:

Mr D. Reynolds, Chief Executive, Department of Treasury and Finance.

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

Ms N. Rantanen, Chief Operating Officer, Department of Treasury and Finance.

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

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

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

Mr G. Raymond, Director, Public Finance Branch, Department of Treasury and Finance.

Ms T. Scott, Director, Accounting and Information Management, Department of Treasury and Finance.

The CHAIR: I acknowledge that there is no quorum, so I will do the initial read-through of things and if people have not appeared in two minutes we will have an early lunch. The estimates committee is a relatively informal procedure. 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 proposed payments, which will facilitate a change of departmental advisers. Can the minister acknowledge that this is accurate?

The Hon. A. KOUTSANTONIS: Yes.

The CHAIR: In his absence, I presume the lead speaker says so, too. Who is the lead speaker?

Mr KNOLL: Mr Marshall.

The CHAIR: You are happy with the timetable set down?

Mr MARSHALL: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 27 October 2017. This year, estimates committee responses will be published during the 14 November sitting week in the corrected *Daily Hansard* over a three-day period.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each should they wish. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may ask a question at the discretion of the Chair. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced at the beginning of the question. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

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

During the committee's examinations, television cameras will be permitted to film from both the northern and southern galleries. I now proceed to open the following lines for examination: the minister appearing is the Treasurer, the Department of Treasury and Finance and administered items for the Department of Treasury and Finance. I declare the proposed payments open for examination and refer members to the Agency Statements in Volume 4. I call on the Treasurer to make a statement, if he wishes, and to introduce his advisers.

The Hon. A. KOUTSANTONIS: I have with me David Reynolds, the Chief Executive of the Department of Treasury and Finance; Stuart Hocking, the Deputy Chief Executive; Tammie Pribanic, Executive Director, Budget Analysis and Performance; Nicolle Rantanen, Chief Operating Officer; Paul Williams, Director, Financial Services; Greg Raymond, Director, Public Finance Branch; and Garry Goddard, Chief Commercial Officer. Of course, Andrew Blaskett, David Price, Tracey Scott, Graeme Jackson, Kevin Cantley and John Montague will be joining us throughout the day.

The CHAIR: Do you want to make a statement?

The Hon. A. KOUTSANTONIS: No, thank you, ma'am.

The CHAIR: Leader, would you like to make a statement?

Mr MARSHALL: No, thank you.

The CHAIR: Straight to questions then. What budget document would you like to look at?

Mr MARSHALL: My first question to the Treasurer is from Budget Paper 3, pages 14, 15 and 16. They relate to the writedown in state-based taxation revenue. Can the Treasurer provide some explanation to this committee for the massive writedown in state-based taxation revenue since the budget was handed down the previous year?

The Hon. A. KOUTSANTONIS: On page 17 of the same budget statement, there is a heading 'Variations in revenue estimates (parameter and other)'. I can refer you to that. It states:

Since the 2016-17 Mid-Year Budget Review...taxation revenues have been revised down in all years.

Payroll tax revenues have been revised down from 2016-17...

Underlying conveyance duty revenue has been revised down in all years...

Land tax revenue has been revised down in all years primarily reflecting year to date experience, with marginally weaker than expected land tax collections for 2016-17...

Other property taxes have been revised up from 2017-18 primarily due to an increase in guarantee fee revenue reflecting changes in market conditions.

Gambling...revenue [is] down...primarily reflecting lower than expected year to date growth in net gaming revenue—

Mr MARSHALL: Are you reading the document to us?

The Hon. A. KOUTSANTONIS: Yes, it is in there. You asked a question that is explained in the budget papers. Gambling revenues have been written down largely due to the fact that there are a number of contributions that are down from SA Lotteries and other net gambling revenues. Insurance tax revenue has been revised down in all years and there are some GST grants that have been revised down.

Mr MARSHALL: Was there a writedown in the Mid-Year Budget Review over the budget that was handed down in June last year?

The Hon. A. KOUTSANTONIS: Was there a writedown from the Mid-Year Budget Review?

Mr MARSHALL: No, you just went through that, but I am saying in the Mid-Year Budget Review—

The Hon. A. KOUTSANTONIS: Was there a writedown?

Mr MARSHALL: —from the previous budget.

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: What was that writedown?

The Hon. A. KOUTSANTONIS: On page 14—do you have the graph, the table?

Mr MARSHALL: More of a table than a graph, is it?

The Hon. A. KOUTSANTONIS: The revenue writedown is—

Mr MARSHALL: Just for clarity, if we are looking at the top part of that table—

The Hon. A. KOUTSANTONIS: Just hang on a sec. If you go to page 14, the table gives the parameter and other variations to the 2016-17 MYBR as you asked: revenue taxation is \$61 million in 2017-18, \$58 million in 2018-19 and \$77 million in 2019-20.

Mr MARSHALL: In other words, the Mid-Year Budget Review provided a state-based taxation revenue writedown on last year's budget and then there was a further writedown on state-based taxation revenue in the budget over the Mid-Year Budget Review. Can the Treasurer confirm to this committee that, in fact, using your figures here, that is a \$380 million writedown in state-based taxation revenue since last year's budget?

The Hon. A. KOUTSANTONIS: That is about right, yes.

Mr MARSHALL: \$380 million?

The Hon. A. KOUTSANTONIS: That is about right, yes.

Mr MARSHALL: You got it horribly wrong last year. Why should we have any confidence that the figures in the current projections for state-based taxation revenue are going to bear any resemblance to what is likely to occur?

The Hon. A. KOUTSANTONIS: Forecasting is very difficult to do. I think Treasury do a very good job in attempting to estimate activity in the economy. They do a very good job at trying to estimate taxation, but estimations can often be wrong.

Mr MARSHALL: Can the Treasurer provide an explanation to this committee as to why other states have state-based taxation write-ups over exactly the same period—write-ups over exactly the same period—and South Australia continues to have writedowns? \$380 million is a huge amount of money.

The Hon. A. KOUTSANTONIS: Largely, I am advised this is on the basis of revenue writedowns in terms of property. On the eastern seaboard, as we know, there is a very large property boom occurring. John Fraser, Secretary to the Treasury, called it a bubble. We have seen on the back of massive conveyance duty increases in Sydney and Melbourne massive windfall gains for those state budgets.

Mr MARSHALL: The Treasurer must be disappointed because in previous budgets he has indicated that his stamp duty concessions would increase the volume of transactions and, ultimately, the state-based taxation revenue in that area. Can the Treasurer provide an explanation as to why that promise to the people of South Australia has not been fulfilled? What is going on—a \$380 million writedown?

The Hon. A. KOUTSANTONIS: I am advised that revenues have increased, but just not by as much as we budgeted for. I am not often disappointed in this business, but the idea that the opposition is attacking the government for collecting less tax I think is symbolic of their lack of narrative. Given the conveyance duty cuts that we have made are in the commercial sector and not the residential sector, I know how confusing that is for the Leader of the Opposition. There is a fundamental difference: residential properties have received no stamp duty relief other than for off-the-plan apartments and for first-time owner grants. We have not attempted to stimulate that market.

We have seen growth in those revenues, but not by as much as we had forecast. There is a difference between whether there was growth in the previous year or whether there was as much growth as we had forecasted. The numbers are coming up, I am advised, but not by as much as we had hoped. However, forecasting is difficult, and it is very difficult to get these numbers right. For example, the Leader of the Opposition himself forecast he would win 25 seats in the last election, and he got that horribly wrong.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: Yes, I know.

Mr MARSHALL: It seems to me that the Treasurer has had to stick a massive new tax on the people of South Australia to make up for a massive great state taxation revenue shortfall. Can the Treasurer provide any explanation or commitment or guarantee to the people that there is not going to be a further writedown in state-based taxation revenue in the Mid-Year Budget Review to be handed down this year?

The Hon. A. KOUTSANTONIS: First, I have not increased taxes or brought in brand-new taxes on South Australians.

Mr MARSHALL: What about the ESL?

The Hon. A. KOUTSANTONIS: The two new revenue measures that are in the budget are both taxes South Australians will not pay, the first one being stamp duty excise on foreign investors. That is not a tax that South Australians will pay. We are introducing legislation on the major bank levy that will not allow the banks to introduce any new fees or charges to pass on the cost of that levy, so I reject that analysis. In terms of the forecasting, it is always very difficult to get the forecasting accurate. Sometimes we are surprised, sometimes we are disappointed. I have been in parliament now for 20 years, and I have seen forecasts get it wrong and get it right; it occurs. We do our very best to try to get it right.

Mr MARSHALL: You have got it wrong a lot. I would like to ask some questions about the foreign investors surcharge on stamp duties on residential properties, if possible. I refer to Budget Paper 1, page 1, paragraph 8. How will a stamp duty surcharge for foreign investors on residential property increase the housing stock?

The Hon. A. KOUTSANTONIS: Increase the housing stock?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: What we are attempting to do is for it to be a disincentive for foreign investors to purchase residential properties, and if they do they pay a surcharge, to make more property available for our own citizens. This tax will not apply to commercial properties and it will not apply to business investments.

Mr MARSHALL: So it will not increase housing stock but just the housing stock available to non-foreigners?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Do you have any data on the number and proportion of apartments purchased by foreign investors in South Australia?

The Hon. A. KOUTSANTONIS: Not here on me, but I can get them for you.

Mr MARSHALL: I would appreciate that. Do you have any evidence or modelling of the impact of this surcharge on demand?

The Hon. A. KOUTSANTONIS: I do not have any modelling here.

Mr MARSHALL: Was any modelling done?

The Hon. A. KOUTSANTONIS: The evidence from interstate has been that, with the surcharges applied in New South Wales and Victoria, they have not seen any slowing of foreign investment in residential properties, and that is why they continue to increase the surcharges in those

states. It will be interesting to see what occurs in South Australia, but my primary focus is making sure that South Australians are not priced out of their own suburbs.

Mr MARSHALL: Nevertheless, can you just confirm that no modelling has been done and that you relied on looking at the impact of this foreign investor stamp duty surcharge on residential properties in other states only?

The Hon. A. KOUTSANTONIS: That is right: we relied on the evidence from other states.

Mr MARSHALL: Have you considered whether this will impact the viability of developments in South Australia and therefore overall housing stock availability in this state?

The Hon. A. KOUTSANTONIS: It will not apply to large-scale developments. It will not apply to foreign investors buying large parcels of property to develop; it will only apply to individual purchasers of properties.

Mr MARSHALL: Say, for example, you have a property development happening in the city and a number of foreign investors wanted to buy an apartment—they are not available to do that anymore?

The Hon. A. KOUTSANTONIS: Yes, they are. They are not prohibited.

Mr MARSHALL: My question is: was there any work done, and what are the impacts of your foreign investor stamp duty?

The Hon. A. KOUTSANTONIS: You have just asked a question based on false information. First and foremost, all foreigners who wish to buy a residential property in this country need firm approval. Second, we do not prohibit them purchasing a property, which is what you just said we did: we have not.

Mr MARSHALL: Well, a surcharge.

The Hon. A. KOUTSANTONIS: A surcharge is not a prohibition.

Mr MARSHALL: It is not an incentive.

The Hon. A. KOUTSANTONIS: Yes, but it is not a prohibition, so we are not prohibiting foreign investors from buying properties. What we are saying is that we are attempting to make sure that South Australians are not priced out of their own property market.

Mr MARSHALL: Can you explain why you described the measures implemented by New South Wales and Victoria as being driven by xenophobia?

The Hon. A. KOUTSANTONIS: Yes, I can. My view on this tax is that I wish I did not have to introduce it.

Mr MARSHALL: You described them as xenophobic, didn't you?

The Hon. A. KOUTSANTONIS: Yes, I did, and I think—

Mr MARSHALL: Is your measure xenophobic?

The Hon. A. KOUTSANTONIS: No, it is in response to a surcharge being put in place in New South Wales, Victoria, Queensland, and I think Western Australia as well, which will have the effect of funnelling foreign investment into South Australia. I do not like to stop foreign investment, and that is why we have not applied it to commercial properties, business transactions or large-scale developments. What we are simply trying to do is not price South Australians out of their own suburbs.

Mr MARSHALL: Do you stand by your comments that the introduction of this measure in New South Wales and Victoria was xenophobic?

The Hon. A. KOUTSANTONIS: I think a lot of the commentary around the foreign investor surcharges—

Mr MARSHALL: You have changed your mind.

The Hon. A. KOUTSANTONIS: No, I have not changed my mind.

Mr MARSHALL: So it was xenophobic in those other jurisdictions, but not here?

The Hon. A. KOUTSANTONIS: As I said, a lot of the commentary around those surcharges, especially in New South Wales, was xenophobic. We are simply responding to what is occurring around the country, which is almost every other jurisdiction moving in this space. If we do not move in this space, we will see a funnelling of that investment pricing South Australians out of their own suburbs, and we cannot allow that to continue.

Mr MARSHALL: Nevertheless, New South Wales and Victoria—where the markets were overheating, where there has been a substantial increase in transactions and in prices—are the jurisdictions where they put this in place. I do not think the Treasurer is for one minute suggesting that we have the same conditions and pressures on price and availability as they have in Sydney or Melbourne.

The Hon. A. KOUTSANTONIS: No, thank goodness, no.

Mr MARSHALL: Yes, but then what was your justification for putting that measure that they put in place—

The Hon. A. KOUTSANTONIS: I just explained.

Mr MARSHALL: Do you accept the premise that the differential rates of taxation affect investment decisions?

The Hon. A. KOUTSANTONIS: It can have that impact, yes.

Mr MARSHALL: Has Treasury considered the impact of the foreign investment surcharge on the forecast for housing construction in South Australia?

The Hon. A. KOUTSANTONIS: There are a couple of things. The evidence in New South Wales and Victoria showed that it has not stopped investment, and of course the argument then is that these people, unlike their neighbours, are not paying the same taxes and charges that everyone else is paying to help improve communities and suburbs. The second point is that the advice I have is that about 500 to 700 houses are purchased each year by foreigners. Out of the total sales throughout the year, I hardly think it is going to make a massive impact, but again we have to be careful not to see South Australians priced out of their own suburbs.

Mr MARSHALL: Does the Treasurer have any Treasury advice that suggests that the rate of purchase by foreign nationals will diminish with his new tax and by what amount?

The Hon. A. KOUTSANTONIS: Let's be very clear about this. Where we want to encourage investment is where we have cut taxes, so we have abolished conveyance duty on all commercial property and business transactions and we want to see more investment in that area. We are doing everything we can to try to have a differential between other states in that area to encourage more investment in that area. Where we want to see less investment from foreigners, to make sure that South Australians are not priced out of their own suburbs, is in residential properties.

Mr MARSHALL: That is my whole question. You say that this is to discourage foreign nationals from buying properties in South Australia. What modelling did Treasury do? How many fewer properties are going to be sold in South Australia because of that?

The Hon. A. KOUTSANTONIS: We do not have that modelling. I told you that earlier.

Mr MARSHALL: So no modelling was done by Treasury or independently? You just had a look at what was happening in Sydney and Melbourne, which bears no relationship whatsoever to the housing property market in South Australia.

The Hon. A. KOUTSANTONIS: We are all part of the same country.

Mr MARSHALL: Are you suggesting that we have anything like the conditions in New South Wales or Victoria?

The Hon. A. KOUTSANTONIS: I am suggesting that foreign investors are looking for safe havens for their investment dollars. They are bringing them to Australia. They are looking at capital

cities across Australia. To ensure that South Australians are not priced out of their own suburbs, we have introduced this measure.

Mr MARSHALL: The surcharge will come into effect on 1 January 2018; is that correct?

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

Mr MARSHALL: Does this mean that non-Australian nationals who have already purchased an apartment off the plan that will not be completed until next year will be hit with a retrospective tax?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Is that ideal, to have retrospective taxes?

The Hon. A. KOUTSANTONIS: Yes, that is fine.

Mr MARSHALL: That is fine?

The Hon. A. KOUTSANTONIS: They have not purchased it yet.

Mr MARSHALL: Is this part of the overall theme that you think that people who are undertaxed should just basically wear taxes and that they should apply retrospectively?

The Hon. A. KOUTSANTONIS: No. The rule is that, when you purchase a property, you pay the stamp duty. When you pay the stamp duty is when the surcharge applies.

Mr MARSHALL: If a person entered into that contract with a certain rate envisaged, that has changed and your message to those foreign investors is, 'Bad luck. This is South Australia. We can just change things whenever we like.'

The Hon. A. KOUTSANTONIS: The parliament is supreme, yes.

Mr MARSHALL: So your message to foreign investors is, 'Bad luck. We have changed our minds.'

The Hon. A. KOUTSANTONIS: No, my message to foreign investors is that we are cutting conveyance duty on commercial property, on business investment, on business—

Mr MARSHALL: You are a danger to shipping.

The Hon. A. KOUTSANTONIS: We have no foreign surcharge on any business investment in South Australia. This is for residential properties.

Mr KNOLL: On Budget Paper 3, page 42, and looking at the conveyance duty surcharge and foreign buyers of residential property, Treasurer, is it your expectation that this tax is going to reduce the activity of foreign investors in residential property?

The Hon. A. KOUTSANTONIS: The evidence from New South Wales and Victoria is that it has not, and that is why they continue to increase the surcharge. We will have to wait and see.

Mr KNOLL: Because the forward estimates here show that the revenue that should be collected—

The Hon. A. KOUTSANTONIS: I know what you are trying to do. Yes, I understand what you are trying to do.

Mr KNOLL: Essentially, Treasurer, are you willing to admit the fact that you are going to introduce a tax to reduce the activity of foreign investors into residential property markets and that it is actually not going to reduce the level of activity of foreign investors in the market?

The Hon. A. KOUTSANTONIS: We will wait and see. Obviously, there will be a level where it will discourage investment. New South Wales and Victoria are still trying to find that point. We will see how we go here.

Mr KNOLL: Treasurer, you just admitted before that the other states have not actually seen a reduction in foreign investor activity, so is there—

The Hon. A. KOUTSANTONIS: I know that ruins your argument about it ruining foreign direct investment. I know how humiliating that is for you, but the truth is that we do not know at what

point it will deter foreign investment. A lot of these investors are very keen to get capital out of their own countries and into other countries as a safe haven. That is fine, but what we are saying is that we want to make sure that South Australians are not priced out of their own suburbs. If the Liberal Party have a different view about it, they should say so.

Mr KNOLL: So this is just a tax grab then. There is no underlying philosophy, it is just a—

The Hon. A. KOUTSANTONIS: No, it is. The philosophy is that we want to make sure South Australians can buy a home in their own suburbs.

Mr KNOLL: If I can move on to Budget Paper 3, page 48 at the sixth paragraph, can the Treasurer confirm in regard to the Adelaide Casino and SkyCity development what concessions have been offered in the finalisation of that deal?

The Hon. A. KOUTSANTONIS: I would refer you to the Attorney-General in committee B.

Mr KNOLL: Treasurer, have you made any decision and can you give any sort of guarantee that there will not be a change to gambling taxation arrangements going forward in regard to the Adelaide Casino?

The Hon. A. KOUTSANTONIS: I have not turned my mind to gambling taxation and the Adelaide Casino.

Mr MARSHALL: Just to that point, the Treasurer has already given, both in this estimates committee and in previous statements to the parliament, a very clear indication that he is open to changing taxation arrangements without notice. He has given a very clear indication here again today, and the question from my colleague is whether he will give a guarantee that there will not be taxation changes affecting this very substantial investment for South Australia going forward.

The Hon. A. KOUTSANTONIS: Like I said, I have no plans to increase taxes on the Adelaide Casino.

Mr MARSHALL: Will you rule it out?

The Hon. A. KOUTSANTONIS: I do note—

Mr MARSHALL: Will you rule out increases?

The Hon. A. KOUTSANTONIS: I do note the concern the Liberal Party has about making sure the Casino is not taxed any more. I think that is a very interesting statement for the Leader of the Opposition to make, and I am sure that it will reverberate around the Adelaide Hills.

Mr MARSHALL: I am just trying to work out what your level of commitment is.

The Hon. A. KOUTSANTONIS: I just gave it. But again, foot-in-mouth disease continues and you have put your foot in your mouth again. If you think that the Casino deserves lower taxes, then say so.

Mr MARSHALL: We are trying to get some certainty for investors of all descriptions to come to South Australia—

The Hon. A. KOUTSANTONIS: I know of your love for gambling.

Mr MARSHALL: You have made it very clear—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I understand your love for your gambling.

Mr MARSHALL: You have made it very clear—

The CHAIR: I am on my feet. Looking?

The Hon. A. KOUTSANTONIS: I understand your love for gambling.

The CHAIR: Treasurer.

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

Mr MARSHALL: It is all being recorded; it's fabulous.

The CHAIR: I ask all members of the committee—

Mr MARSHALL: You look like—

The CHAIR: —listening to me, please—

Mr MARSHALL: Yes.

The CHAIR: —to allow the question to be completed and then for the answer to be given.

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

The CHAIR: Hansard needs to hear it as well.

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

Mr DULUK: On Budget Paper 5, page 7, getting back to foreign investment, Treasurer, do you know how many foreign investors obtained off-the-plan concessions prior to 27 June 2017?

The Hon. A. KOUTSANTONIS: I do not have that here with me but I will get it for you very quickly.

Mr DULUK: What evidence was used in determining the 30 September cut-off date for the preconstruction grants?

The Hon. A. KOUTSANTONIS: I think that was something we developed within Treasury. Of course, we are attempting to stimulate as much activity as possible. We felt that that time line was the most appropriate. Again, it is always difficult to come up with these time lines.

Mr DULUK: So, Treasury did some modelling in regard to the cut-off date, or did you take that from New South Wales as well?

The Hon. A. KOUTSANTONIS: We took our very best estimate.

Mr DULUK: Based on what data?

The Hon. A. KOUTSANTONIS: Based on our ability to try to bring forward as much investment as possible, given what has already been approved through the DAC.

Mr DULUK: On Budget Paper 3, page 45, Treasurer, previously you have referred to the heating property market for your justification for this so-called investor surcharge. It is obviously not as hot as Melbourne or Sydney. How does this view reconcile with the 0.9 per cent nominal growth in property taxes referenced in this part of the budget?

The Hon. A. KOUTSANTONIS: The advice I have from the Treasury is that the 0.9 per cent nominal growth number is indicative of the tax reduction and conveyance duty for commercial property. If that had not occurred, nominal growth would have been 5.4 per cent.

Mr DULUK: That nominal growth of 0.9 per cent has nothing to do with the domestic housing market?

The Hon. A. KOUTSANTONIS: But it also factors in commercial properties.

Mr DULUK: How much?

The Hon. A. KOUTSANTONIS: If you exclude the policy decisions we took in terms of tax cuts, it would be 5.4 per cent.

Mr MARSHALL: I refer to Budget Paper 3, page 53. Did the Treasurer seek any information regarding the potential impact of a state bank tax on horizontal fiscal equalisation for South Australia before its inclusion in the budget?

The Hon. A. KOUTSANTONIS: Yes, we did seek advice and the advice was it would have no impact.

Mr MARSHALL: Who did you seek that advice from?

The Hon. A. KOUTSANTONIS: The South Australian Treasury.

Mr MARSHALL: The advice was provided by the South Australian Treasury?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Have you discussed it with the Commonwealth Grants Commission at all?

The Hon. A. KOUTSANTONIS: The advice we have from the Treasury is that it is a policy decision, not a capacity impact on the ability to raise taxes, so it has no impact on HFE.

Mr MARSHALL: So the advice from Treasury is that the GST relativity will not be affected by the state bank tax?

The Hon. A. KOUTSANTONIS: That is the advice we have, yes.

Mr MARSHALL: Do you have any evidence beyond that advice? Was that advice checked with anyone?

The Hon. A. KOUTSANTONIS: I am advised that it is consistent with our intergovernmental agreements with the commonwealth government.

Mr MARSHALL: Did the Treasury seek any discussions with the Commonwealth Grants Commission to form that opinion?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Does the Treasurer think it would be prudent to get some clarification of this from—

The Hon. A. KOUTSANTONIS: No, I have faith in the South Australian Treasury.

Mr MARSHALL: Have you received any advice to suggest that the state bank tax could raise the average interest cost for state government and, therefore, ultimately the taxpayers of South Australia?

The Hon. A. KOUTSANTONIS: It is very difficult to know what investors look for when they purchase our bonds. Those numbers go up and down for a number of reasons. I do note today that bank shares are higher across the board since the announcement of the major bank levies. It obviously has not had an impact on them. They have made no market announcement on the announcement of our major bank levy, as they did with the commonwealth one. It is too early to tell. We are not going out to the market for a while. I do note that Queensland went out recently and were not able to fully subscribe their debt and they have no major bank levy. It depends on timing, it depends on the amount, it depends on credit rating, it depends on a whole number of issues.

Mr MARSHALL: When do you next plan to go out to the market?

The Hon. A. KOUTSANTONIS: Probably around August or September.

Mr MARSHALL: August or September this year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: My question was really whether or not you had received any advice. You said that you had formed an opinion that it would not adjust, but have you actually sought any advice and, if so, from whom? Have you received any advice and, if so, what is the nature of that advice?

The Hon. A. KOUTSANTONIS: It is too early to tell.

Mr MARSHALL: So you have not sought any advice on this matter?

The Hon. A. KOUTSANTONIS: These matters are market-sensitive matters and I do not wish to debate them in the parliament for a number of reasons. I do not want to impact our borrowing ability. I do not want to foreshadow any increases or decreases in the way the market operates. I have given you my answer and I stand by it.

Mr MARSHALL: Would you have the people of South Australia believe that you made this major change without seeking any advice as to whether or not it would increase the borrowing costs for this state? That is just downright negligent.

The Hon. A. KOUTSANTONIS: If I refer you to the federal Senate estimates hearing, Senator Ketter asked, 'Has the Treasury done any modelling on the economic impacts of a bank levy?' And the commonwealth secretary, John Fraser said yes. Senator Ketter asked, 'Can you tell us about it?' Mr Fraser said, 'The results are what common sense would suggest: they are trivial.' Senator Ketter asked, 'Trivial impacts, in what relation?' Secretary Fraser replied, 'In interest rates.'

Mr MARSHALL: But my question was whether you have sought advice, not reading from the Senate, which occurred afterwards.

The Hon. A. KOUTSANTONIS: As I said to you earlier—

Mr MARSHALL: Prior to making the decision to impose a differential state-based tax in South Australia, not offered in other states of Australia, did you seek advice as to whether it would affect the interest rates paid by this state? Yes or no, and, if yes, what?

The Hon. A. KOUTSANTONIS: The hysterical way in which the Leader of the Opposition—

Mr MARSHALL: It is not hysterical: it is a statement of fact. Answer the question.

The Hon. A. KOUTSANTONIS: The hysterical way in which you are asking these questions, I think, speaks volumes about your state of mind.

Mr MARSHALL: Hysterical. Spell it. Can you spell that word?

The Hon. A. KOUTSANTONIS: Again, personal insults just show how frustrated you are.

Mr MARSHALL: Answer the question.

The Hon. A. KOUTSANTONIS: It is beneath you. It is getting creepy. It is creepy.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: And so is that laugh. The commonwealth government introduced—

Mr MARSHALL: 'Did you get advice?' is the question.

The Hon. A. KOUTSANTONIS: The commonwealth government introduced its major bank levy. It has had no impact on Australia's credit rating, no impact—

Mr MARSHALL: It is not a differential tax.

The Hon. A. KOUTSANTONIS: It is a differential tax in terms of nations, and the nation borrows money.

Mr MARSHALL: 'Did you seek advice?' was the question.

The Hon. A. KOUTSANTONIS: I know you do not like the way this answer is going for you—

Mr MARSHALL: You have not answered it.

The Hon. A. KOUTSANTONIS: —and I know you are desperate to create conflict to show some sort of semblance that you are strong instead of weak, and it is getting embarrassing. It is getting embarrassing.

Mr MARSHALL: Have you sought any advice regarding the state bank tax?

The Hon. A. KOUTSANTONIS: I am attempting to answer your question, but you just keep interrupting me. Given that there has been no impact on the commonwealth government and there has been no impact on the Australian banks' profitability or on their share price—and the banks have already admitted that they can afford to pay this major levy without any impact on their profitability or their ability to borrow—the question then becomes: why is the Leader of the Opposition so committed to the banks and not to the people of South Australia having more revenue to spend on health, education, roads, police and all the important infrastructure that they keep calling on us to spend more on? We will wait and see if it increases our borrowing costs. I suspect it will not.

Mr MARSHALL: Can the Treasurer just answer a simple question: did he seek advice on the introduction of a state bank tax and the effect it would have on state interest costs, prior to introducing it in the budget? Yes or no?

The Hon. A. KOUTSANTONIS: I have just answered it. Of course we had internal discussions about what the impacts of this major bank levy would be. We looked at the commonwealth government's example. There were no detrimental impacts whatsoever from the commonwealth government's—

Mr MARSHALL: Any independent advice?

The Hon. A. KOUTSANTONIS: We sought independent legal advice. We are on very strong legal grounds with this revenue measure. It is a levy that South Australians will not pay and that is why the banks are so agitated by it, because they cannot pass it on. Yet they have found a new branch, a new ally in the Leader of the Opposition, and that is something he will have to wear.

Mr MARSHALL: What were the estimated credit spreads at the time the budget was formulated?

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

Mr MARSHALL: Can the Treasurer also provide us with advice on what they are now?

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

Mr MARSHALL: Thanks very much. Between Funds SA, ReturnToWorkSA, SAFA and the MAC, what is the South Australian government's total exposure to equities impacted by the state bank tax?

The Hon. A. KOUTSANTONIS: There is no state bank tax; it is a major bank levy. I will get that answer for you.

Mr MARSHALL: Can you also tell us what that exposure is with Super SA?

The Hon. A. KOUTSANTONIS: Sure.

Mr MARSHALL: Can you explain why the revenue peaks in the first year of the forward estimates and then falls away in the second and third years?

The Hon. A. KOUTSANTONIS: I am advised by the Treasury that the decline in the commonwealth major bank levy from 2017-18 to 2018-19 largely reflects the expected timely deductions for corporate income tax purposes, which were the estimates published by the commonwealth for the major bank levy revenues.

That does not apply, so the South Australian Department of Treasury and Finance have now been advised of an estimate of the commonwealth major bank levy on a gross basis. This is an accrual version of the revenue expected to be collected from the commonwealth major bank levy that has not been adjusted to account for changes to other commonwealth taxes.

So the revenue that we will be receiving will be \$97 million in 2017-18, \$101 million in 2018-19, \$107 million in 2019-20 and \$112 million in 2020-21. That is a revision up in 2018-19 of \$12 million, a revision up of \$18 million in 2019-20 and a revision up of \$17 million over 2020-21— an extra \$47 million over four years.

Mr MARSHALL: What is South Australia's forecast share of GDP in each year of the forward estimates?

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

Mr MARSHALL: Will the tax liabilities fall if South Australia's share of GDP falls, do you think?

The Hon. A. KOUTSANTONIS: Sorry, say that again.

Mr MARSHALL: Will the share of this state bank levy be affected by any decrease in GDP levels that we have here in South Australia?

The Hon. A. KOUTSANTONIS: Yes, the levy will change in line with our share of the national economy so, if our GDP grows, our share grows. If our GDP shrinks—

Mr MARSHALL: What have you forecast then? Did you keep it constant, or did you have a diminishing share of GDP for the basis of determining the revenue from this tax?

The Hon. A. KOUTSANTONIS: I understand Treasury are forecasting a slight decline.

Mr MARSHALL: From what to what?

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

Mr MARSHALL: How does South Australia's share of GDP compare with our share of population?

The Hon. A. KOUTSANTONIS: I am advised it is lower.

Mr MARSHALL: Can you give us an indication of how much lower? We have 7.1 per cent of the nation's population. Do we have 6.5 per cent of the GDP?

The Hon. A. KOUTSANTONIS: I do not have the population numbers here, but I understand our percentage of the national economy is 6 per cent.

Mr MARSHALL: Six per cent?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Our population is 7.1 per cent.

The Hon. A. KOUTSANTONIS: I do not have that in front of me.

Mr MARSHALL: Well, that is a fact.

The Hon. A. KOUTSANTONIS: Is it?

Mr MARSHALL: Yes. So why is there such a massive differential between our share of the population and our share of national—

The Hon. A. KOUTSANTONIS: There are a number of factors in place. Obviously, net migration into—

Mr MARSHALL: Interstate.

The Hon. A. KOUTSANTONIS: —other cities like Sydney and Melbourne from—

Mr MARSHALL: About 7,000 each year are leaving South Australia.

The Hon. A. KOUTSANTONIS: New South Wales and Victoria have had dramatic overseas migration into those communities. I understand that the commonwealth government has nearly doubled our migration intake over a period of time. Most of that is going into the eastern seaboard, so they are getting a disproportionate amount of net migration.

Of course, there are industrial differences in terms of industries. Obviously, Western Australia has a much larger mining industry, as does Queensland. South Australia has attempted to do what we can to grow those industries. You know that I am a very big supporter of the oil and gas industry here in South Australia because I believe that is a good way of trying to grow people coming into the state to work, especially in the Cooper Basin and in our South-East.

I note that we also want to see major investments in copper and uranium. We have released our copper road map. There have been dramatic investments announced at Olympic Dam and Carrapateena. Those two mines alone will account for a great deal of capacity of the world's copper markets. Olympic Dam is forecasting to go above 200,000 tonnes of copper per year for the first time since they purchased the mine off Western Mining. These are dramatic investments that they are making that will help our industrial base grow and our population grow as they employ more people, but ultimately—

Mr MARSHALL: That is great, but why are you actually forecasting a reduction in the GDP? You just told us about three minutes ago that you—

The Hon. A. KOUTSANTONIS: It does not mean our economy is going to shrink. It just means that, potentially, other economies will grow faster than ours because of net migration.

Mr MARSHALL: Basically, what you envisage is that, under the budget which you have handed down, we will see South Australia diminish further as a percentage of the national market, not because we are shrinking but just because the rest of Australia is getting larger, growing faster and getting further away?

The Hon. A. KOUTSANTONIS: If you saw the latest Deloitte Access Economics reports on investment in infrastructure, we are doing exceptionally well. The most recent CommSec State of the States is showing—

Mr MARSHALL: Nevertheless, your forecast is for a reduction in GDP percentage.

The Hon. A. KOUTSANTONIS: Sure, but I am talking about independent financial modelling done on the state of the South Australian economy.

Mr MARSHALL: Your Treasury estimate is for a diminution of our share of national GDP.

The Hon. A. KOUTSANTONIS: Those estimates are done in the Department of the Premier and Cabinet but—

Mr MARSHALL: So they are not Treasury estimates?

The Hon. A. KOUTSANTONIS: —importantly, what you are seeing are independent accounting agencies and banks putting out reports and surveys, from ANZ to NAB to CommSec to Deloitte, talking about dramatic investments in South Australia, improvements in growth, improvements in business investment—the opposite of what the opposition is saying is occurring in South Australia. I am quite confident about the future of our state.

Mr MARSHALL: For clarity, it is the Premier's department that has done the modelling, which shows a diminution in our percentage of the national GDP. If that is the case, does Treasury agree with the modelling that the Premier's department has done in this area?

The Hon. A. KOUTSANTONIS: We are one government.

Mr MARSHALL: So you agree that we are going to get further behind?

The Hon. A. KOUTSANTONIS: We rely on—

Mr MARSHALL: We are going to get further behind. I refer to Budget Paper 3, page 31. Can you explain why you have failed to limit real growth in employee expenses to 0.2 of a per cent, as presented in last year's budget, and in fact allowed real growth of 2.2 per cent? It is quite a massive change from what you had envisaged when we met at this committee last time.

The Hon. A. KOUTSANTONIS: Yes. Well, more nurses, more doctors, more police, front-line services.

Mr MARSHALL: So that accounted for the overall 2.2 per cent increase across the board?

The Hon. A. KOUTSANTONIS: And a dramatic investment, I am advised, in child—

Mr MARSHALL: What percentage did the increase in doctors—

The Hon. A. KOUTSANTONIS: If I could just finish my answer.

Mr MARSHALL: Sorry.

The Hon. A. KOUTSANTONIS: You should be. Dramatic investments in child protection as well. We have seen in the Mid-Year Budget Review over a \$400 million investment in child protection and a further \$85 million investment in this budget, our commitment to 313 police and, of course, nurses and doctors in our hospitals.

Mr MARSHALL: But were they not all entered into the budget last year?

The Hon. A. KOUTSANTONIS: You are seeing growing activity and growing presentations to our hospitals.

Mr MARSHALL: Can the Treasurer just provide some clarity as to whether or not those increases were—

The Hon. A. KOUTSANTONIS: Sure. I refer you to Budget Paper 3, page 31. There is a headline there saying 'Full-time equivalents'.

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: FTEs in the general government sector are estimated to decrease by 405 between 30 June 2017 and 30 June 2021.

Mr MARSHALL: How did you go?

The Hon. A. KOUTSANTONIS: This is prospective:

In 2016-17 MYBR outlined that general government sector FTE levels over the forward estimates were higher than those forecast at the time of the 2016-17 Budget. The increase was primarily a result of the reform of the child protection system and acceleration of the recruitment of cadets to meet the government's commitment to recruit 313 officers locally by June 2018.

There is a whole series of other dot points there. Underneath, we have a revision to commonwealth and state funding under the NER Agreement due to updates to enrolments and the funding estimation tool received by the commonwealth government and additional resources under the child dental benefits scheme in recognition of the continuation of the commonwealth government's commitment to provide a benefit cap of \$1,000 over a two calendar year period for all eligible children. There are more nurses under the recent nursing and midwifery enterprise bargaining agreement. Of course, all the new initiatives that you support in the budget have all led to an increase in FTEs.

Mr KNOLL: Treasurer, in the same budget line, are you suggesting that this year's budget, as distinct from MYBR or last year's budget or any time previous, was the first time that you had actually budgeted for Recruit 313 to come through the forward estimates?

The Hon. A. KOUTSANTONIS: No, we have accelerated it.

Mr MARSHALL: They were meant to be delivered five years ago; it is one hell of an acceleration.

Mr KNOLL: Hastening slowly. I refer to Budget Paper 3, page 9, table 1.3, paragraph 5. Treasurer, for the period referred to here, with accumulated surpluses of \$1.1 billion, what is the cumulative budgeted total of dividends to be paid by the MAC?

The Hon. A. KOUTSANTONIS: I refer you to Budget Paper 3, page 86, table 5.11, which details dividends: a total of \$1.6 billion and total returns \$2.7 billion.

Mr KNOLL: Treasurer, given your budgeted surplus of \$72 million in 2017-18, what would the net operating balance be in the absence of the \$321.7 million MAC dividend?

The Hon. A. KOUTSANTONIS: I do not know because I would have made different decisions in the budget. You are asking me a question to try to isolate one measure. When you are formulating a budget, you start from the ground up. You know what you have to work with and you formulate your budget accordingly. If I did not have the MAC dividends, we would have made other decisions.

Mr KNOLL: Treasurer, when you were looking to make the decision about whether to sell off the MAC, were there discussions about what other revenue measures would be put in place as alternatives to selling off the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: As Rob Lucas said this week in the Budget and Finance Committee, there is always a list of savings or revenue measures that Treasury considers. These are all political decisions. We have been in office now for 16 years. All the revenue measures that we have put in place, or the tax cuts that we have put in place, speak for themselves. Again, I say you cannot take one measure out of a budget and say, 'You would be in deficit or surplus had you not done this or done that,' because it is not a fair representation of how a budget is built.

Mr KNOLL: So you are not willing to concede that the only reason you have a surplus is the fact that you sold off the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: No, and I think that any fair person who looks at the budget process would say that, if you have the proceeds of the sale of the Motor Accident Commission, you budget them; if you did not have them, you would not budget them and you would make other decisions.

When you have extra revenue, you make decisions about whether it is time to pay down debt or have more expenditure, to invest in the economy or have more tax cuts. For example, if we had not made the conveyance duty tax cuts we would have extra revenue and have larger surpluses, but I have not had a question from the opposition saying, 'How much larger would the surplus be had you not provided tax cuts in payroll tax, stamp duty concessions and stamp duty abolition in commercial property areas?' There are swings—

Mr KNOLL: We did about 10 minutes ago—

The Hon. A. KOUTSANTONIS: Hang on a second. There are swings and roundabouts in this area.

Mr KNOLL: —when we talked about the nominal 0.9 per cent increase in property taxes.

The CHAIR: Member for Schubert!

The Hon. A. KOUTSANTONIS: Again, in isolation you cannot pick out one measure and say that that measure puts you in surplus or deficit when you are looking at a budget in the whole.

Mr KNOLL: Treasurer, have forecasts for net operating balances assumed proceeds from the Lands Titles Office and, if so, what value and when?

The Hon. A. KOUTSANTONIS: No, it will not affect the operating surplus.

Mr KNOLL: Will there be any impact to net debt and has any impact to net debt been modelled and put into the budget?

The Hon. A. KOUTSANTONIS: Yes. As we told Budget and Finance this week, yes, it will have an impact on net debt.

Mr KNOLL: What is the impact of that?

The Hon. A. KOUTSANTONIS: We are still in the middle of the market process. I will not be disclosing that until it is completed.

Mr KNOLL: If the privatisation does not proceed, will that mean further increases to the state's net debt position?

The Hon. A. KOUTSANTONIS: That is a hypothetical question.

Mr KNOLL: Given the fact that you are actively considering it and you are suggesting that you are still going out to market, you obviously—

The Hon. A. KOUTSANTONIS: No, we are in the middle of the process. We announced it last budget. You voted for it.

Mr KNOLL: So you are saying that you have not modelled any sort of downside if this transaction does not go ahead.

The Hon. A. KOUTSANTONIS: I am not going to waste the Treasury's money on modelling whether a tender process does or does not finalise.

Mr KNOLL: Treasurer, have forecasts for net operating balances and net debt assumed proceeds from the State Admin Centre precinct?

The Hon. A. KOUTSANTONIS: Again, asset sales will not affect operating balance. It affects net debt.

Mr KNOLL: Sure, and that was part of my question: have forecasts for net operating balances and net debt assumed proceeds from the State Admin Centre?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: What is the value of that and when is that set to impact the budget?

The Hon. A. KOUTSANTONIS: Again, I am not inclined to reveal that while we are out to the market.

Mr KNOLL: Treasurer, have forecasts for net operating balances and net debt assumed proceeds from the sale of the Gillman site?

The Hon. A. KOUTSANTONIS: Gillman is owned by Renewal SA, not by the general government sector.

Mr KNOLL: We are talking about Budget Paper 3, page 9, the net operating balance. What I am asking is: will the sale of the Gillman site have an impact upon this?

The Hon. A. KOUTSANTONIS: No. Obviously, the impacts are the dividends that they pay us but, in terms of its accounting measure, it is treated internally for Renewal SA purposes.

Mr KNOLL: Sure, but you would have to consider the fact that it sits on the balance sheet as part of the net debt figure.

The Hon. A. KOUTSANTONIS: Yes, but they pay down their own debt first. They do not pay down our debt.

Mr KNOLL: If I can move on, have the forecasts for net operating balances and net debt assumed proceeds from the sale of any or all of the land transferred from TAFE SA to Renewal SA?

The Hon. A. KOUTSANTONIS: There is no proposal to sell any of those properties, I am advised.

Mr KNOLL: I refer to Budget Paper 4, Volume 4, page 166. Treasurer, can you confirm the total budget for the statewide re-evaluation of land currently being undertaken by the Valuer-General?

The Hon. A. KOUTSANTONIS: I refer you to minister Mullighan for that line of questioning.

Mr DULUK: I refer to Budget Paper 3, page 18. Treasurer, can you confirm the impact on revenues from the sale of goods and services as a result of the sale, or proposed sale, of the LTO?

The Hon. A. KOUTSANTONIS: I am advised that the government will continue to collect those fees and charges from the LTO from the services they provide.

Mr DULUK: But what is the impact on revenue?

The Hon. A. KOUTSANTONIS: There will not be any because we will still continue to collect that revenue, I am advised. If I am wrong, I will get back to you and let you know.

Mr DULUK: How much revenue does the LTO currently contribute to Treasury?

The Hon. A. KOUTSANTONIS: We have to find out and get back to you.

Mr DULUK: I refer to page 12 of the same budget paper. Following the release of the budget, you told SACOSS that grants for NGOs would receive indexation of 2 per cent in 2017-18 and 2018-19 and 2.5 per cent in 2020-21. To which grant agreements does this indexation apply?

The Hon. A. KOUTSANTONIS: I will get you a list of those on notice.

Mr DULUK: In addition to that, has this been included in the budget already, or will it be included in the Mid-Year Budget Review?

The Hon. A. KOUTSANTONIS: It is already in the numbers.

Mr DULUK: It is already in the current budget?

The Hon. A. KOUTSANTONIS: Yes.

Mr DULUK: What is the cost of this measure in the current year and each year of the forward estimates?

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

Mr DULUK: Why was this indexation not included in the budget measures?

The Hon. A. KOUTSANTONIS: The bill?

Mr DULUK: No, as part of the Budget Measures Statement.

The Hon. A. KOUTSANTONIS: Because of the agencies; it is in their budgets.

Mr DULUK: Will the indexation apply to multiyear funding agreements that are already in place?

The Hon. A. KOUTSANTONIS: No, I am advised.

Mr KNOLL: I turn to Budget Paper 4, Volume 4, page 178. Treasurer, can you confirm the distribution of funds from the community development fund in 2017-18 and each year of the forward estimates?

The Hon. A. KOUTSANTONIS: I am advised there has been no change from previous years.

Mr KNOLL: Sorry, the question was: can you confirm what the distribution of funds would be for 2017-18 and each year of the forwards?

The Hon. A. KOUTSANTONIS: We will have to take that on notice and get back to you.

Mr KNOLL: Can you also potentially take on notice to say where these funds are going and which programs or grants these funds are being used to pay for them?

The Hon. A. KOUTSANTONIS: Yes, of course.

Mr KNOLL: Have any commitments been made out of the funding 2017-18?

The Hon. A. KOUTSANTONIS: I am advised not yet.

Mr KNOLL: Are there any commitments made over the forwards?

The Hon. A. KOUTSANTONIS: I will have to check.

Mr KNOLL: Are there any provisions made or funds allocated from funding 2017-18 or any year of the forwards?

The Hon. A. KOUTSANTONIS: Sorry, say that again.

Mr KNOLL: Have there been any provisions made or funds allocated?

The Hon. A. KOUTSANTONIS: Yes, it is all budgeted; we have not allocated it, but it is budgeted.

Mr MARSHALL: My question relates to operating contingencies. These are covered off in Budget Paper 4, Volume 4, page 178. Can the Treasurer explain why employee contingencies have massively increased from the 2016-17 estimated result of \$16 million up to \$68 million for the current financial year?

The Hon. A. KOUTSANTONIS: I am advised we hold in central contingency allocations of employee entitlements and moneys while we are negotiating enterprise agreements as they come up, and we hold them centrally while they are being negotiated. After they are negotiated, we disburse them to agencies, so a number of agreements are coming up for negotiation.

Mr MARSHALL: Which ones are they?

The Hon. A. KOUTSANTONIS: In Budget Paper 3, page 32, under chapter 2, enterprise agreements, there is a list of them:

...Rail Commissioner (train operation drivers and maintenance employees), assistants to Members of Parliament, wages parity (weekly paid trade), TAFE SA and SA Ambulance employees.

Then we have:

...(salaried and weekly paid), Visiting Medical Specialists, Salaried Medical Officers and Clinical Academics, and...firefighters, the Rail Commissioner's tram employees, school and preschool staff.

I think that is all of them.

Mr MARSHALL: So the Treasurer is not confident of his budgeted wage increase—

The Hon. A. KOUTSANTONIS: Absolutely.

Mr MARSHALL: —or his budgeted enterprise bargaining agreement outcome?

The Hon. A. KOUTSANTONIS: Absolutely.

Mr MARSHALL: Yet he is providing a very large sum of money.

The Hon. A. KOUTSANTONIS: I believe in being paid a fair day's pay for a fair day's work.

Mr MARSHALL: Why do you not put in the budget then?

The Hon. A. KOUTSANTONIS: Because we are negotiating the agreements now.

Mr MARSHALL: Why are some of these lagging so far behind?

The Hon. A. KOUTSANTONIS: Well, I believe in enterprise agreements, I do not believe in WorkChoices.

Mr MARSHALL: You do not believe in paying the enterprise bargaining increases when they are due—just keep them waiting, that is the gist of it.

The Hon. A. KOUTSANTONIS: That is the way enterprise agreements work while you are negotiating, and after the negotiating you get back pay.

Mr MARSHALL: Can the Treasurer provide any advice as to why the contingency for investing activities has increased from just under \$7 million in the last financial year to a massive \$114 million for this current financial year?

The Hon. A. KOUTSANTONIS: I am advised that that increase is largely in place for the energy plan.

Mr MARSHALL: What amount of that is going to be expended on the energy plan?

The Hon. A. KOUTSANTONIS: It is budgeted at \$75 million.

Mr MARSHALL: That is not included elsewhere? This is an additional \$75 million in contingency, or it is part of the—

The Hon. A. KOUTSANTONIS: It is part of the \$550 million.

Mr MARSHALL: It is part of the \$550 million. So that \$75 million is not included anywhere else in the budget, it is only here in the contingency?

The Hon. A. KOUTSANTONIS: That is correct.

Mr MARSHALL: What is the remainder, because there is another \$40 million and that is a lot more than three times last year's figure? What other investing activities have you got up your sleeve?

The Hon. A. KOUTSANTONIS: A couple.

Mr MARSHALL: A couple? What sort?

The Hon. A. KOUTSANTONIS: Part of that is for the decommissioning of the old Royal Adelaide Hospital.

Mr MARSHALL: How much of that is for the decommissioning of the Royal Adelaide Hospital?

The Hon. A. KOUTSANTONIS: Over \$20 million.

Mr MARSHALL: Over \$200 million?

The Hon. A. KOUTSANTONIS: Over \$20 million.

Mr MARSHALL: Given that evidence given to the Budget and Finance Committee has suggested that the amount for the decommissioning of that hospital is a lot larger, why is it that only \$20 million is being allocated? That is about 10 per cent of what Budget and Finance has been provided with as a cost?

The Hon. A. KOUTSANTONIS: That is our contribution out of the general government sector and it will become a Renewal asset afterwards and they will be spending the remainder from their funds.

Mr MARSHALL: When we look in the budget, though, it is quite clear that you have \$360 million allocated for your gas project, \$150 million for your storage, as the Premier outlined in his presentation this morning, and \$28 million for this additional gas play. That adds up to \$538 million. If you add in another \$75 million, as you are just predicting—

The Hon. A. KOUTSANTONIS: No, the \$75 million is included in that \$550 million.

Mr MARSHALL: Can the Treasurer provide some explanation as to why there is a massive increase in the supplies and services contingency from \$111 million last financial year to \$400 million in the current financial year?

The Hon. A. KOUTSANTONIS: I am advised that a large part of it is the \$40 million Better Neighbourhoods Program and a large amount of it is—

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: The Better Neighbourhoods Program.

Mr MARSHALL: The better networks?

The Hon. A. KOUTSANTONIS: Neighbourhoods.

Mr MARSHALL: The neighbourhoods program: that accounts for \$40 million of it.

The Hon. A. KOUTSANTONIS: The remainder, I am advised, is mainly made up of the energy plan.

Mr MARSHALL: The energy plan again?

The Hon. A. KOUTSANTONIS: Yes. It is \$550 million. It is very large.

Mr MARSHALL: Why is it always included in contingencies only?

The Hon. A. KOUTSANTONIS: It is just the way we have budgeted for it.

Mr MARSHALL: It seems a bit sloppy.

The Hon. A. KOUTSANTONIS: There is money in there for Arrium as well.

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: The \$50 million for Arrium is included in that money.

Mr MARSHALL: In that contingency?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Out of interest, why would you include that in a contingency if you have already negotiated it?

The Hon. A. KOUTSANTONIS: The timing of the payout will be negotiated with the potential new owners. We did not know who the new owners would be. We did not know what the timing of their investments would be. It is very hard to budget, so we keep it in contingency.

Mr MARSHALL: It is just very odd. The total contingencies for this current financial year are \$580 million. Last year, they were \$134 million. That is a massive increase. Some people in South Australia are a little bit sceptical about your motivations for having such a large contingency in the lead-up to an election.

The Hon. A. KOUTSANTONIS: No, only you.

Mr MARSHALL: What are the contingencies for next year and the year after?

The Hon. A. KOUTSANTONIS: What are you afraid of?

Mr MARSHALL: I am just asking a question.

The Hon. A. KOUTSANTONIS: What are you frightened of? That it might slip through your fingers again.

Mr MARSHALL: I am just asking—

The Hon. A. KOUTSANTONIS: Is that what you are frightened of? You might make a mistake again.

The CHAIR: Order!

Mr MARSHALL: I am interested in good public policy—

The Hon. A. KOUTSANTONIS: Are you?

Mr MARSHALL: —something that has been failed to be implemented by this government over the last 15 years of maladministration.

The Hon. A. KOUTSANTONIS: Really?

Mr MARSHALL: My question is: what are the contingencies over the forward estimates?

The Hon. A. KOUTSANTONIS: They are published, aren't they?

Mr MARSHALL: Can you tell us on what page they are published because I could not find them. If you have read them, perhaps you could just tell us, or did you get that wrong?

The Hon. A. KOUTSANTONIS: The capital investing is in a table on—

Mr MARSHALL: The contingencies.

The Hon. A. KOUTSANTONIS: Yes, the capital investment contingencies are on page 38 of Budget Paper 3, but generally contingencies are kept in place—

Mr MARSHALL: What page was that, sorry?

The Hon. A. KOUTSANTONIS: —to ensure agencies meet their budgets, so that we are able to keep an eye on spending and make sure that money is not wasted.

Mr MARSHALL: My question was the contingencies, Treasurer.

The Hon. A. KOUTSANTONIS: Central agencies often keep contingencies in place to make sure there is ample room in place to make sure that the budget measures are kept to and that things are done on time and money is not wasted.

Mr MARSHALL: My question is regarding what contingencies exist in this budget over the forward estimates beyond those that are contained on page 178 because—

The Hon. A. KOUTSANTONIS: Every year oppositions ask this and every year government ministers are asked this. We keep contingencies in place—

Mr MARSHALL: I am trying to determine whether or not these allegations that people have made, that there is a lot of money in contingencies for pork-barrelling in the lead-up to this election, are true or false. It was \$134 million last year and it is \$580 million this year, to be expended between now and March. I am asking what it is going to be next year and the year after. I am not sure why you do not want to provide that information to this committee.

The Hon. A. KOUTSANTONIS: Given you have made a commitment to spend \$3 billion in safe Liberal seats, I hardly think you can complain—

Mr MARSHALL: Anyway, do you have an answer to the question?

The Hon. A. KOUTSANTONIS: —about anyone making pork-barrelling accusations.

Mr MARSHALL: Do you have an answer to the question?

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

Mr MARSHALL: So, that is a no-answer on that one. Thank you.

Mr KNOLL: If we can move on to Budget Paper 3, page 85 and the table there, Treasurer, there is an \$86 million income tax equivalent receipt from ReturnToWork. Can you let us know when the department was advised of when this receipt was likely to be made?

The Hon. A. KOUTSANTONIS: It is a legislative requirement. You would have voted for it in this parliament.

Mr KNOLL: So, Treasurer, why was it not budgeted for?

The Hon. A. KOUTSANTONIS: We did not know if they would make a tax equivalent payment when they had made a profit.

Mr KNOLL: Have you been advised by ReturnToWork what was the cause of this unexpected \$86 million IT receipt?

The Hon. A. KOUTSANTONIS: We did not have a predicted surplus from ReturnToWork until later in the year. You wait for the actuarial advice, and once you get it the legislation kicks in and you are required to make a tax equivalent payment.

Mr KNOLL: Treasurer, if it is related to the change in the surplus of ReturnToWork, why is there not a budgeted IT receipt for 2017-18?

The Hon. A. KOUTSANTONIS: A budgeted what?

Mr KNOLL: Why is there not an income tax equivalent in the budget for 2017-18?

The Hon. A. KOUTSANTONIS: Treasury are very conservative. We need to make sure that they are going to make a profit and that they have sufficient solvency that they can make the payment again. If they do not, they do not make the payment, so we do not budget for it.

Mr KNOLL: When would you expect for the 2017-18 year to be advised if they are going to make it?

The Hon. A. KOUTSANTONIS: I will wait for the actuaries to get back to us and let us know.

Mr KNOLL: Do you have an indication of when that is likely to be?

The Hon. A. KOUTSANTONIS: No.

Mr KNOLL: Can you tell us when you were advised that the \$86 million—

The Hon. A. KOUTSANTONIS: I will check and get back to you.

Mr DULUK: Sticking with Budget Paper 3, Treasurer, what is the expected date for the Mid-Year Budget Review to be published?

The Hon. A. KOUTSANTONIS: I will let you know when it is closer to the date, like about 9 o'clock in the morning.

Mr DULUK: Do you expect it to be before the end of December?

The Hon. A. KOUTSANTONIS: You will have to wait and see.

Mr DULUK: On Budget Paper 3, page 19, are you able to confirm the average level of carryovers is \$84 million in each year of the forward estimates?

The Hon. A. KOUTSANTONIS: We will have to check and get back to you.

Mr DULUK: Thank you; and, on notice, a breakdown of operating expenses which were carried over between 2015-16 and 2016-17, and those which are to be carried over between 2016-17 and 2017-18.

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: Continuing with that, on page 19, can you confirm investing carryovers of \$231 million are included in the budget for each year of the forward estimates?

The Hon. A. KOUTSANTONIS: We will check and get back to you.

Mr DULUK: And how did that compare with 2015-16?

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: And which projects had expenditure carried over from 2016-17?

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: And have any projects had carryovers earmarked between 2017-18 and 2018-19?

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: You do not know any off the top of your head?

The Hon. A. KOUTSANTONIS: No.

Mr KNOLL: If I can move to Budget Paper 3, page 34, table 2.12—

The Hon. A. KOUTSANTONIS: That is better. Finally, some real right-wingers asking the questions.

Mr KNOLL: I wiped the floor with you the other week. We can keep that going, if you like.

The Hon. A. KOUTSANTONIS: What did you do?

Mr KNOLL: On Budget Paper 3, page 34, Treasurer, can you advise what the state government's average cost of borrowing is at the moment?

The Hon. A. KOUTSANTONIS: We will check and get back to you.

Mr KNOLL: Are you able to provide any more detail about bond issuances?

The Hon. A. KOUTSANTONIS: Bondage? No, I cannot give you any advice on bondage, young man, and, quite frankly, those questions have no place in this parliament.

Mr KNOLL: Bond issuances.

The Hon. A. KOUTSANTONIS: Bond issuances, that is different.

Mr KNOLL: You said July. Do you have anything more specific than that?

The Hon. A. KOUTSANTONIS: No.

Mr KNOLL: No understanding of how much money you are going to be going out to market for in August/September?

The Hon. A. KOUTSANTONIS: Well, you can ask me when SAFA is here and we will go through it then.

Mr KNOLL: How do expectations for the cost of borrowing for debt yet to be issued compare with the cost of borrowing on debt for the last 18 months?

The Hon. A. KOUTSANTONIS: You have asked me these questions earlier in relation to the major bank levy, and I said that I do not believe that there will be any major impact. Of course, it is very hard to factor in what the market thinks, what is going on at any one time. As I said earlier, Queensland went out last week or the week before and was not able to get a full subscription. It depends on timing, it depends on what is going on in the markets and it depends on what the President of the United States is tweeting that morning. The markets are fickle.

Mr KNOLL: Referring to Budget Paper 3, page 47, in relation to guarantee fees, what market interest rates are expected over the forward estimates?

The Hon. A. KOUTSANTONIS: I do not have the SAFA officials here, but if you can ask me that question—

Mr KNOLL: Well, we can move on from that. Referring to Budget Paper 4, page 152, does the \$1.1 million HomeStart project refer to the investigation into the possible privatisation of HomeStart?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: So we spent \$1.1 million before you decided not to proceed with that project?

The Hon. A. KOUTSANTONIS: Yes. We had people like Nick Reade from BankSA contact me personally asking to look at purchasing HomeStart. There was a lot of interest from the private sector, so we did an analysis. We spent the money to see if there was a benefit for the taxpayer or not. The justification did not come back to move ahead with the privatisation or the sale of the book.

Mr KNOLL: Who were the advisers on that project? While you are getting that, Treasurer, is that the total amount that was spent on the project, or is there more expense still to come?

The Hon. A. KOUTSANTONIS: The independent consultants were Moelis and Company. I understand that they did a scoping study to determine the potential commercialisation opportunities for a portion of the HomeStart loan portfolio. I understand that they have not expended the entire \$1.1 million. I do not know what the surplus funds are, but they will be returned to the budget, no doubt. We decided not to proceed with the sale of the loan book.

Mr KNOLL: Who commissioned Moelis to undertake this?

The Hon. A. KOUTSANTONIS: Treasury.

Mr KNOLL: So you did, Treasurer?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: When did you ask that?

The Hon. A. KOUTSANTONIS: I announced it in last year's budget, I believe.

Mr KNOLL: So the total \$1.1 million, or something slightly less than that, is the total cost of that project?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: Have you engaged the same firm to look at the privatisation of any other assets?

The Hon. A. KOUTSANTONIS: Not to my knowledge, no, but I will check. I am advised that they have done no further work on any other privatisations.

Mr KNOLL: Treasurer, when was the decision taken not to proceed with HomeStart?

The Hon. A. KOUTSANTONIS: When I received the report and took the recommendation to cabinet.

Mr KNOLL: When was that?

The Hon. A. KOUTSANTONIS: I cannot remember, but I can get the date for you.

Mr KNOLL: Was that before or after you made a decision on the state bank tax?

The Hon. A. KOUTSANTONIS: There is no state bank tax. The major bank levy was announced as part of the budget process.

Mr KNOLL: Was the decision made before or after the major bank levy?

The Hon. A. KOUTSANTONIS: I think it was made well before—April 2017.

Mr KNOLL: And the decision made for the major bank levy was made after April—

The Hon. A. KOUTSANTONIS: During the budget deliberations, yes. After the commonwealth budget.

Mr KNOLL: And Moelis specifically recommended against proceeding with HomeStart Finance privatisation?

The Hon. A. KOUTSANTONIS: That is my advice. We examined their analysis and determined that it would not be in the interests of taxpayers to proceed.

Mr KNOLL: That is slightly different from the question that I asked: did they recommend not to proceed with HomeStart?

The Hon. A. KOUTSANTONIS: They did an analysis for us. They did an analysis of the implications of the sale. We evaluated that analysis and determined not to proceed.

Mr KNOLL: Did they place any recommendations to suggest that there was a path forward to proceed with the privatisation?

The Hon. A. KOUTSANTONIS: There is always a path forward to proceed with privatisation, but it would mean lower dividends returned to government and, ultimately, a loss for the taxpayer, so we decided on the opposite course of action.

Mr DULUK: Treasurer, I refer you to Budget Paper 4, Volume 4, sticking on page 152. Can you confirm what the \$7.3 million in expenditure on the Land Services Commercialisation Project was actually for?

The Hon. A. KOUTSANTONIS: I suggest that it is for Land Services Commercialisation Project. As the title suggests, it is for the commercialisation of the Land Services Group.

Mr DULUK: Can you please provide us with a detailed breakdown of the total expenditure within that.

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: Which consultants were employed to deliver this project?

The Hon. A. KOUTSANTONIS: Investec were their lead commercial advisers.

Mr DULUK: And any other?

The Hon. A. KOUTSANTONIS: I understand KPMG and some other lawyers gave us some advice. I will get you those details.

Mr DULUK: What were they paid?

The Hon. A. KOUTSANTONIS: We will take that on notice, if we can.

Mr DULUK: Is the \$7.3 million the total amount spent on the project, or is it going to be higher?

The Hon. A. KOUTSANTONIS: The transaction is not completed yet. The project is ongoing. That is the amount we have budgeted. We will not have a final number until it is completed, which I will report to the house.

Mr MARSHALL: Just for clarity, you are suggesting to this house that the full amount for professional services for the privatisation of the LTO will not exceed the budgeted \$7.6 million? There is nothing that you have at the moment that would indicate that it would be—

The Hon. A. KOUTSANTONIS: What we have budgeted is our current expectation.

Mr MARSHALL: But there is no advice that you have received that it could exceed that amount for the full professional services and settlement costs of that transaction?

The Hon. A. KOUTSANTONIS: We will know once we have completed, and I will let you know what the number is.

Mr MARSHALL: But my question was whether you had received any advice as to whether the amount would not be sufficient.

The Hon. A. KOUTSANTONIS: The process is ongoing, so it is hard to give you an accurate answer.

Mr MARSHALL: I understand it is ongoing, but have you received any advice to suggest that it would be adequate?

The Hon. A. KOUTSANTONIS: Again, I want to give you accurate answers.

Mr MARSHALL: So \$7.6 million is the amount that you envisage; it will not go beyond that for professional services for this transaction of the privatisation?

The Hon. A. KOUTSANTONIS: I hope not. I certainly hope not.

Mr DULUK: Minister, I refer you to Budget Paper 3, page 87. What is the current balance held by the insurance fund that backs the government's guarantee of indefeasibility of the lands titles?

The Hon. A. KOUTSANTONIS: I refer you to minister Mullighan for that question.

Mr DULUK: So that is within his portfolio?

The Hon. A. KOUTSANTONIS: Yes.

Mr DULUK: What protections will be stipulated in a contract of sale of the LTO to ensure that the title data is secure from cyber and other types of infiltration?

The Hon. A. KOUTSANTONIS: I am advised that obviously we will still maintain the insurance and guarantee of all titles, but all private information handled by any private provider will have very strict criteria placed upon them in terms of privacy, stricter than those that apply now. Once the process is complete, we will make those public.

Mr DULUK: What are the repercussions for a breach of that privacy?

The Hon. A. KOUTSANTONIS: Once the process is finalised, we will make those public.

Mr DULUK: So you have not given any consideration to what any repercussions would be for a new provider for a breach of privacy?

The Hon. A. KOUTSANTONIS: I am advised that, like most commercial contracts, there will be commercial penalties in place—which we will make publicly available once the process is complete—which will escalate if there are further breaches.

Mr DULUK: Will title insurance be compulsory as part of a private LTO?

The Hon. A. KOUTSANTONIS: No-one will need to take out private insurance because the government will still maintain the insurance of all titles.

Mr DULUK: Can you guarantee increased transaction costs will not be imposed on South Australian consumers under a privatised model of the LTO?

The Hon. A. KOUTSANTONIS: The same indexation rates that have applied since treasurer Lucas was in office will apply for all fees and charges.

Mr MARSHALL: With regard to the previous answer, when the Treasurer indicated that there would be penalties applied to any breaches of confidential information, will that be introduced via regulation or legislation? If legislation, can the Treasurer indicate to the committee when that will be brought before the parliament?

The Hon. A. KOUTSANTONIS: It will be contractual.

Mr MARSHALL: It will be contractual, so in the sale document?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Does that mean that it can be varied over time?

The Hon. A. KOUTSANTONIS: Only if both parties agree.

Mr MARSHALL: Does this not provide a bit of a problem? A breach in 2017 dollars might be completely inadequate in 10, 20 or 30 years' time.

The Hon. A. KOUTSANTONIS: They escalate to the point where the state can step back in if necessary.

Mr MARSHALL: So they escalate by the year in which they occur?

The Hon. A. KOUTSANTONIS: They will escalate to the point where, if the breaches continue, the state will be able to step back in, which will be the ultimate penalty.

Mr KNOLL: If I could move on to Budget Paper 4, Volume 4, page 152, Treasurer, the adviser to your right—

The Hon. A. KOUTSANTONIS: Garry Goddard.

Mr KNOLL: What is Garry's title?

The Hon. A. KOUTSANTONIS: Chief commercial officer.

Mr KNOLL: So he is the bloke who is in charge of looking at what assets you flog off?

The Hon. A. KOUTSANTONIS: No, the cabinet is in charge of that.

Mr KNOLL: I just think he is a pertinent guy to be sitting at this table. What was the total spend on the CTP insurance market reform project?

The Hon. A. KOUTSANTONIS: We will take that on notice and get back to you.

Mr KNOLL: Can you also provide a breakdown of this expenditure?

The Hon. A. KOUTSANTONIS: Sure.

Mr KNOLL: Can you give an outline of what this reform project actually entailed?

The Hon. A. KOUTSANTONIS: Sure.

Mr KNOLL: Sorry, are you saying you do not know what the reform project was actually entailing?

The Hon. A. KOUTSANTONIS: Are you talking about the consultancy or in terms of why we introduced—

Mr KNOLL: What were the major outcomes of the insurance market reform project?

The Hon. A. KOUTSANTONIS: The overriding policy imperative was that I wanted to see the private sector take a greater role. I do not believe that governments are good at running these types of businesses. Insurance is something that has been run well in Australia by the private sector for a long time. We compel South Australians to buy compulsory third-party insurance. It is not an option that they have: it is compulsory as part of their registration.

I believe they can get better value out of the private sector than they can out of the government. We are bringing in now retail competition. Of course, after the period of exclusivity is over, I think you will see even greater competition in this market, with maybe companies like the RAA offering third-party premium insurance. The imperative was greater private competition, removing a government monopoly, ultimately better and more effective pricing, and less risk for the taxpayer.

Mr KNOLL: Treasurer, which consultants were employed to deliver this project and what were they paid?

The Hon. A. KOUTSANTONIS: PwC, and I will get you the costs on notice.

Mr KNOLL: On the same sort of topic, I refer to Budget Paper 3, page 61, note (c), which makes reference to 'for metropolitan postcodes' in relation to motor vehicle charges on CTP. What was the average CTP premium increase for non-metropolitan postcodes?

The Hon. A. KOUTSANTONIS: Say that again.

Mr KNOLL: In Budget Paper 3, page 61 talks about motor vehicle charges, CTP premium, and gives some prices for standard CTP, but note (c) says 'for metropolitan postcodes', so I am asking what the average CTP premium increase is for non-metropolitan postcodes.

The Hon. A. KOUTSANTONIS: I will take that on notice until the next session when the Motor Accident Commission is here and I have my appropriate advisers to give me the answer, so you might want to repeat that question to me then.

Mr KNOLL: I sure can.

Mr MARSHALL: I have a question regarding royalty revenue in Budget Paper 3, page 59. Can you clarify what the significant unforeseen events were that impacted minerals production and royalty revenues, which resulted in royalty revenue being down from a budget of \$251 million to an estimated result of just \$226 million?

The Hon. A. KOUTSANTONIS: Obviously, one was the statewide blackout.

Mr MARSHALL: What was the cost of the blackout to—

The Hon. A. KOUTSANTONIS: The lost production at Olympic Dam.

Mr MARSHALL: How much did we lose as taxpayers as a result, in terms of royalties, from that blackout event in September?

The Hon. A. KOUTSANTONIS: I will take that on notice. I do not have that number.

Mr MARSHALL: Did it make up the lion's share of that shortfall of \$25 million?

The Hon. A. KOUTSANTONIS: I do not know. I will have to check and get back to you.

Mr MARSHALL: What is your feeling?

The Hon. A. KOUTSANTONIS: There were also, of course, other unplanned shutdowns at Olympic Dam that were not involved because of the blackout: obviously, a major upgrade that they are spending to break through the 200,000 tonne per annum mark. But absolutely, of course, the blackout did cause a halt in production.

Mr MARSHALL: But your gut feel is that the lion's share of that shortfall—

The Hon. A. KOUTSANTONIS: Probably, yes.

Mr MARSHALL: —of about \$25 million or \$30 million to taxpayers was because of the blackout event.

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Has Treasury modelled the impact of another blackout event on royalty revenues?

The Hon. A. KOUTSANTONIS: No. That is why we are spending \$550 million to make sure we do not have another statewide—

Mr MARSHALL: To fix the mess really.

The Hon. A. KOUTSANTONIS: Yes, privatisation has been terrible for the state. But, of course, you were in school when that happened, weren't you?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: You were in high school when that happened, you told people on radio.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: You were in school.

The CHAIR: Order!

Mr DULUK: I refer to Budget Paper 3, page 95. Are there any agencies that did not deliver on their required efficiency dividend in 2016-17?

The Hon. A. KOUTSANTONIS: I am advised that the two agencies that required additional funding for the last financial year were the Department for Child Protection, which was \$104.2 million to meet an increase in costs of children in care, particularly in commercial care, and to assist non-government organisations to establish an additional residential care facility.

I am also advised that the Department for Communities and Social Inclusion required \$2.5 million for people living with a disability to access a range of services, including accommodation

support, community support, community access and respite events. This additional funding recognises the growing needs of people with a disability prior to the transition to the NDIS.

Mr DULUK: So all other departments and agencies met their efficiency dividend?

The Hon. A. KOUTSANTONIS: This is a list of the agencies that required additional funding. In terms of savings targets, I do not have that here.

Mr DULUK: Will you come back and provide those?

The Hon. A. KOUTSANTONIS: If we can calculate it, yes.

Mr DULUK: What efficiency dividends were applied to SA Health in 2016-17?

The Hon. A. KOUTSANTONIS: We do not have 2016-17 here.

Mr DULUK: What about 2017-18?

The Hon. A. KOUTSANTONIS: Do you want me to increase them?

Mr DULUK: Who knows?

The Hon. A. KOUTSANTONIS: In 2017-18, the savings required are \$104.2 million.

Mr DULUK: Thank you, Treasurer. What savings tasks were set for SA Health for 2016-17, 2017-18, 2018-19 and 2019-20 in last year's budget?

The Hon. A. KOUTSANTONIS: I do not have those here with me.

Mr DULUK: Could you also come back and let us know how they have changed in relation to this year's budget?

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: Regarding the Unlocking Capital for Jobs Program, what is the government's exposure under the Unlocking Capital for Jobs Program as at 30 June 2017?

The Hon. A. KOUTSANTONIS: I am advised that our guarantee has been reduced to \$1.9 million.

Mr DULUK: It is no longer \$3.5 million?

The Hon. A. KOUTSANTONIS: No.

Mr DULUK: Why has that exposure reduced?

The Hon. A. KOUTSANTONIS: Because Australian Fashion Labels reduced its debt with the bank.

Mr DULUK: That implies that no new businesses are taking up this program.

The Hon. A. KOUTSANTONIS: No, but there are some under consideration as we speak.

Mr DULUK: How many are under consideration?

The Hon. A. KOUTSANTONIS: I do not have that number here with me. I will get that for you.

Mr DULUK: Thank you very much.

Mr KNOLL: If I can go to Budget Paper 4, Volume 4, page 152, how were corporate overheads calculated and allocated?

The Hon. A. KOUTSANTONIS: My advice is that it is based on FTE count.

Mr KNOLL: So, it is essentially an overhead recovery cost per FTE. Is this the same across government?

The Hon. A. KOUTSANTONIS: I am advised that some agencies do it differently depending on the most accurate method to measure costs given that sometimes FTE count is not the most accurate way, but for Treasury it is.

Mr KNOLL: This is not something that is subject to a Treasurer's Instruction?

The Hon. A. KOUTSANTONIS: No.

Mr KNOLL: What is the total value of corporate overheads across your department?

The Hon. A. KOUTSANTONIS: Across Treasury and Finance?

Mr KNOLL: Yes, for 2016-17 if you have anything back from that.

The Hon. A. KOUTSANTONIS: I will take that on notice and give it to you.

Mr KNOLL: Can you also then take on notice what the budgeted value of the overheads is for each year of the forward estimates?

The Hon. A. KOUTSANTONIS: Of course.

Mr KNOLL: When you say cost per FTE, is that on a base headcount, or is that based on a percentage of salary, so if someone got \$100,000, you apply a 20 per cent corporate overhead recovery?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer. I think that will be the best way to give you that.

Mr KNOLL: Are you sure there is nothing else? Can you expand on that?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: I have some questions on the Intergovernmental Agreement on Competition and Productivity-Enhancing Reforms. This is covered in Budget Paper 4, Volume 4, page 152, and it is in the highlights for the last financial year. What was the nature of the advice provided regarding the Intergovernmental Agreement on Competition and Productivity-Enhancing Reforms that you have here as a highlight of last year's activity? In fact, it is the second highest-rated highlight of your last year's activity.

The Hon. A. KOUTSANTONIS: We are currently negotiating with the commonwealth government over the Harper reforms. We are working with them to create a national partnership on how to best implement the Harper reforms into the South Australian economy. Obviously, Treasurer Morrison is very keen to do more about the implementation of Harper. He was very keen to try to institute a type of Hilmer reform process—

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: —a Hilmer reform process—and a competition payment process. He wanted to put out a bucket of money to incentivise states to move towards these reforms, to be able to access funds. Unfortunately, he was unsuccessful in being able to achieve that. He is still working away at it. That is my understanding of it. I am advised that in the last budget he allocated \$300 million for the Harper reforms. We are in negotiation with the commonwealth Treasury about the best way to implement those. Obviously, the state will make a decision on what is best for it. There are some reforms that Harper recommends that would be very difficult, I would imagine, even for you.

Mr MARSHALL: What proportion of the \$300 million federal fund is the South Australian government targeting and what projects is it targeting it for?

The Hon. A. KOUTSANTONIS: We are still negotiating our national partnership with the commonwealth government. Once we have completed that, we will make it public.

Mr MARSHALL: Given that this was a highlight of last year's performance, can you indicate what sort of reform projects you have been working on?

The Hon. A. KOUTSANTONIS: We are ahead of the curve on a lot of these matters. Obviously, CTP reform was a very good reform. Planning reforms have moved ahead to try to free up investment. Obviously, Harper boils down to a whole number of deregulations, especially with pharmacies, which is a very contentious topic. I note that the commonwealth Liberal Party is very

keen for us to deregulate pharmacies and allow greater access to pharmaceuticals out of supermarkets.

There is a very strong push-back here in South Australia. We have a very strong small business community in the pharmacy industry. There are a lot of family-owned businesses that are very keen to protect their regulated assets. I am a big supporter of theirs, but again the commonwealth government is pushing us towards those reforms. We will have to wait to see how the negotiation on the national partnership goes.

Mr MARSHALL: Yes, but you just indicated to this committee that some of the projects that you were considering were CTP reforms and planning reforms. Are you indicating that you are approaching the federal government to give you money under their \$300 million fund, like a retrospective payment, for a form that has already gone through?

The Hon. A. KOUTSANTONIS: Of course we would. If other states have not moved down this path and are being paid for them and we have already done them, we should be recognised for it—absolutely we should.

Mr MARSHALL: So you have some confirmation from the federal Treasurer, or federal Treasury, that you can be given a payment for reform that has occurred in the past that has not been taken up by other states? Really?

The Hon. A. KOUTSANTONIS: Yes, the commonwealth are in negotiations with us. We are pursuing the idea of back payments for reforms that have already been undertaken that fit into the Harper mould, and absolutely so we should.

Mr MARSHALL: How much do you envisage that state taxpayers will receive from the commonwealth for the CTP (reforms)?

The Hon. A. KOUTSANTONIS: I do not know. We will have to wait and see once the negotiations for the—

Mr MARSHALL: But you are—

The Hon. A. KOUTSANTONIS: The thing about national partnerships is it is very interesting. You might have noticed recently that Treasurer Morrison threatened the states that were banning unconventional gas and fracking with GST payments. I noticed you turned your head when I said that because your planned policy reforms could hurt the state in terms of GST receipts.

Mr MARSHALL: Anyway, back to questions—

The Hon. A. KOUTSANTONIS: Your policy on banning unconventional gas could actually hurt South Australia's finances—that is how reckless it is. Even your own federal party disagrees with you and thinks that your policy is reckless.

Mr MARSHALL: Just a question—

The Hon. A. KOUTSANTONIS: Yes, I would move on, too, if I were you.

Mr MARSHALL: —that I would like to get some clarification on, you are currently in negotiation with the federal government to receive a payment to South Australia for CTP and planning reforms, and you envisage money out of that \$300 million fund for that?

The Hon. A. KOUTSANTONIS: No, what I said to you was that the Harper reforms—

Mr MARSHALL: No, just to clarify, are you negotiating—

The Hon. A. KOUTSANTONIS: I understand—

Mr MARSHALL: —with the federal government for a payment?

The Hon. A. KOUTSANTONIS: Again, I understand you want to try to look tough because that has not been working, but the Harper reforms are wideranging, and what we are saying is that there are some areas of Harper where we have already moved and other states have not.

If other states are benefiting from having moved post Harper and undertaking the reforms that we have already been taking, we should not be penalised because of that. We should receive a

benefit. The commonwealth government never likes doing it, but if they want national reform they need to negotiate with all the states. There are some states, for example, that have done very little reform in this area of regulation, so I think it is important that we argue our case.

Of course, the more dangerous aspect of national negotiations is what the opposition is doing with its attempt to ban unconventional gas in the South-East and its impact on GST receipts. If that did not send a shiver up everyone's spine in South Australia—your reckless policy to ban gas exploration in South Australia will have a detrimental impact on GST receipts. Really, it is an appalling policy to take to an election and you should immediately withdraw it.

Mr MARSHALL: Thank you for your policy advice; it is always welcome.

The Hon. A. KOUTSANTONIS: Good. I am glad. I have more, if you like.

Mr MARSHALL: Nevertheless, when do you plan to conclude these complex negotiations that you have just confirmed on the record that you are having with the commonwealth Treasury regarding CTP and planning?

The Hon. A. KOUTSANTONIS: I said Harper.

Mr MARSHALL: No, sorry, you repeatedly said CTP and planning.

The Hon. A. KOUTSANTONIS: No need to apologise to me again and again and again. What I said to you was that, with the Harper reforms, we want to be recognised for some of the reforms that have already been made and other states have—

Mr MARSHALL: 'When do you think those negotiations will be concluded?' is the question.

The Hon. A. KOUTSANTONIS: When they are finished.

Mr MARSHALL: When do you envisage that will be?

The Hon. A. KOUTSANTONIS: When they are done.

Mr MARSHALL: So you do not have any indication, considering these CTP changes were made several years ago.

The Hon. A. KOUTSANTONIS: The commonwealth Treasurer is very busy.

Mr MARSHALL: Can you provide any evidence that this is actually what you have submitted to this fund? Can you provide any evidence to this committee?

The Hon. A. KOUTSANTONIS: Yes, I have been to the ministerial council on financial relations and we have talked about Harper. The state government is in negotiations with the commonwealth Treasury—

Mr MARSHALL: You have made a submission?

The Hon. A. KOUTSANTONIS: —about us—

Mr MARSHALL: You have made a submission?

The Hon. A. KOUTSANTONIS: —entering into those reforms.

Mr MARSHALL: Has the Department of Treasury and Finance been asked whether the deregulation of shop trading hours could qualify for funding?

The Hon. A. KOUTSANTONIS: It is one of the Harper recommendations, absolutely.

Mr MARSHALL: That is correct, so it would qualify. The deregulation of shop trading hours in South Australia would qualify South Australian taxpayers for funding from the—

The Hon. A. KOUTSANTONIS: Yes, that is right, but at a huge cost to small business. Independent grocers in this state—

Mr MARSHALL: Has any—

The Hon. A. KOUTSANTONIS: Hang on a second. Independent grocers in this state offer a competitive advantage to South Australia. We have the largest penetration of independent grocers—

Mr MARSHALL: How much would we get?

The Hon. A. KOUTSANTONIS: We have the largest independent grocer market share of all the states and those independent grocers, which are family small businesses, are opposed to your policy of deregulating trading hours to help big business take away their market share. They are very concerned about how you have turned your back on small business in this state. They are very concerned about your policies on that.

Mr MARSHALL: Have you modelled up what the likely payment would be?

The Hon. A. KOUTSANTONIS: What we are doing is we will be defending small business in South Australia.

Mr MARSHALL: No, but have you—

The Hon. A. KOUTSANTONIS: We will be defending their right to compete. We will not be allowing multinationals to take away their market share, as you wish.

Mr MARSHALL: Do you plan to regulate shop trading hours in non-metropolitan areas?

The Hon. A. KOUTSANTONIS: If there is a price rise for us to pay of a \$300 million fund divided up amongst all the states, it is a small price to pay for the independence of our independent grocers and making sure that they continue to employ those thousands of South Australians they employ who you want to see on the scrap heap.

Mr MARSHALL: Do you plan to regulate shop trading hours outside metropolitan Adelaide?

The Hon. A. KOUTSANTONIS: Again, trading hours are fit for purpose and location.

Mr MARSHALL: Do you plan to regulate—

The Hon. A. KOUTSANTONIS: Regional areas rely a lot more on the grocery chains that are available to provide them services. We have seen a lot of services reduced in country areas, whether it be Australia Post or bank services. More and more are relying on—

Mr MARSHALL: Do you plan to regulate—

The Hon. A. KOUTSANTONIS: —retail outlets, so those retail outlets are afforded the ability to trade longer because of their locations. It makes sense. But in metropolitan Adelaide, where you have multinationals attempting to squeeze out small South Australian family businesses, they have an ally in this government. We will stand with them—unlike you, who are standing with the multinationals over the small family businesses here in South Australia.

Mr MARSHALL: I think there are small family businesses in country SA as well, and I think there are multinationals in country SA as well. My question is: do you plan to reregulate shop trading hours outside metropolitan Adelaide in line with the comments you have just made and articulated in this committee?

The Hon. A. KOUTSANTONIS: No, because it is different market conditions.

Mr MARSHALL: Have you been provided with any advice that would suggest the value of the federal government contribution to South Australia if shop trading hours were deregulated?

The Hon. A. KOUTSANTONIS: It would be a share of the \$300 million, I would imagine, and they have not given us any details on what that would be.

Mr MARSHALL: But have you sought or have you received any advice—

The Hon. A. KOUTSANTONIS: We are in discussions with them now.

Mr MARSHALL: On that particular issue?

The Hon. A. KOUTSANTONIS: On all of the Harper reforms.

Mr MARSHALL: Has the Department of Treasury and Finance been asked whether establishing a state-based productivity commission could qualify for funding from the federal government?

The Hon. A. KOUTSANTONIS: I am advised that it is not part of the Harper reforms.

Mr MARSHALL: Nevertheless, that reform is about productivity improvement.

The Hon. A. KOUTSANTONIS: No, Harper was quite specific about what he wanted. I think another layer of bureaucracy is not what Harper is attempting to achieve.

Mr MARSHALL: That is what the Productivity Commission—

The Hon. A. KOUTSANTONIS: You think another state bureaucracy will help improve productivity?

Mr MARSHALL: A hundred per cent.

The Hon. A. KOUTSANTONIS: Well, there you go: form another committee.

Mr KNOLL: Can I ask another question on this same line. Treasurer, were there any GST HFE implications of the CTP changes or the sale of the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: Not that we are aware of, no—

Mr KNOLL: If I can move on to Budget Paper 4—

The Hon. A. KOUTSANTONIS: —but there will be from banning unconventional gas. You do not care? You do not care that by banning unconventional gas you will lose GST payments? You do not care that your leader is taking you down a dangerous path? You do not care that he wants to ban something that has been done in South Australia for 50 years? You do not care? You just shrug your shoulders that your leader is leading you down this dangerous left-wing, green path?

The CHAIR: I am on my feet.

Mr KNOLL: Maybe he needs a glass of water, Chair.

The CHAIR: I beg your pardon. That is not on a budget paper.

Mr KNOLL: Actually, I am sure it is, but we closed that this morning when we did the Premier's. On Budget Paper 4, Volume 4, page 154, paragraph 2—

The CHAIR: I ask myself what Speaker Bishop would do with you.

Mr KNOLL: —the South Australian Venture Capital Fund, how many FTEs were dedicated to administering the Venture Capital Fund in 2016-17?

The Hon. A. KOUTSANTONIS: I would refer you to minister Maher for those questions.

Mr KNOLL: Under Treasury Services, can you explain to me what role Treasury played in administration costs for the South Australian Venture Capital Fund? It is in their budget.

The Hon. A. KOUTSANTONIS: I will refer that to SAFA and take that question on notice. My understanding is that SAFA did some work.

Mr MARSHALL: We have been informed that this was specifically the work of Treasury, so why are you referring us to another minister?

The Hon. A. KOUTSANTONIS: Well, because it is his portfolio area.

Mr MARSHALL: But is Treasury not responsible for the—

The Hon. A. KOUTSANTONIS: I am not trying to avoid the question. I am saying to you that I will get you the information when SAFA are here. I will get you the information when the SAFA officials are here after lunch in the next session.

Mr MARSHALL: For the Venture Capital Fund?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: On Budget Paper 4, page 172, and the table there, Treasurer, what resulted in grants and subsidies under administered items coming in at almost \$850 million under the budget for 2016-17?

The Hon. A. KOUTSANTONIS: We do not have that information here for you. I will get it for you on notice.

Mr KNOLL: Can you also find out what is driving the budgeted figure for these expenses up by approximately \$734 million between 2016-17 and 2017-18?

The Hon. A. KOUTSANTONIS: We will take that on notice.

Mr KNOLL: Treasurer, why were tax equivalent revenues almost \$100 million greater than budgeted for in 2016-17?

The Hon. A. KOUTSANTONIS: ReturnToWork.

Mr KNOLL: The \$86 million. Treasurer, what drove the almost \$400 million worth of unbudgeted other income in 2016-17?

The Hon. A. KOUTSANTONIS: There is a footnote underneath that table saying that budget figures do not include the return of surplus cash held by agencies at 30 June 2016 to the Consolidated Account in accordance with the cash alignment policy.

Mr KNOLL: So—

The Hon. A. KOUTSANTONIS: So money held in agencies is to be returned centrally.

Mr MARSHALL: I have a quick question I would like to slot in while he is looking for that, if possible, regarding the federal government's Asset Recycling Fund. That has now closed.

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: But were applications made by the state government to receive money under that asset recycling? There was some talk that the Motor Accident Commission winding up—

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Could you perhaps provide some information to the committee?

The Hon. A. KOUTSANTONIS: Yes. We made an application and we received \$36 million over two years.

Mr MARSHALL: For the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Were there any other applications made?

The Hon. A. KOUTSANTONIS: Not to my knowledge, no.

The CHAIR: Before we have the next question, I want to acknowledge the presence in the gallery of a group of students, who are guests of the member for Finnis, from Kangaroo Island Community Education. We welcome them to parliament and hope they enjoy their visit.

Mr KNOLL: Treasurer, essentially what we are saying here is that agencies have held over cash surpluses in their bank accounts, as opposed to returning that money to the Consolidated Account. Can you outline who were the major contributors and who were the major holders of those cash surpluses in which departments?

The Hon. A. KOUTSANTONIS: We will take that on notice and get that to you.

Mr KNOLL: If I move, Treasurer—and your punishment is almost over—to Budget Paper 4, Volume 4, page 174 and the table there, does the betting operations tax refer to the place of consumption wagering tax included in last year's budget measures?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: Treasurer, can you explain the more than threefold increase in cash flows budgeted for this year compared with \$9.7 million operating revenues budgeted for in 2017-18 from last year's budget?

The Hon. A. KOUTSANTONIS: It is a long and complex answer and I will give it to you now, or I could give it to you on notice. It is up to you.

Mr MARSHALL: Now is good.

The Hon. A. KOUTSANTONIS: Okay, you have run out of questions?

Mr MARSHALL: No.

The Hon. A. KOUTSANTONIS: Okay, good. Well, whatever you like, because you asked for an extra half an hour and you have run out of questions.

Mr MARSHALL: You still have not answered all the questions on notice from last year or the year before.

The Hon. A. KOUTSANTONIS: Nice try, darling, nice try.

The CHAIR: Order!

Mr Knoll interjecting:

The CHAIR: Order! You are wasting the time of the committee.

Mr KNOLL: I am just trying to make sure that the South Australian people actually know what a corporate overhead is.

The CHAIR: Order! Member for Schubert, you may think there are no repercussions for speaking over the Chair, but there will be, so please do not continue to do it. We are right on time so, if there is a long answer, let us get started, otherwise we will do it when we get back.

The Hon. A. KOUTSANTONIS: I am advised that when the betting operations tax was introduced as part of the 2016-17 budget—which the opposition voted for—it was announced that we would raise net additional revenue of around \$10 million per annum, with around \$0.5 million being deposited into the Gamblers Rehabilitation Fund each year. This estimate did not include any net additional amounts from UBET's SA wagering revenue related to racing, which was supposed to be hypothecated to the racing industry.

Currently, UBET SA has a Racing Distribution Agreement with Racing SA under which UBET pays product fees to the racing industry broadly equivalent to 46 per cent of net wagering revenue related to racing. Once the betting operations tax comes into operation, UBET SA will be required to pay the 15 per cent betting operations tax on net state wagering revenue in addition to 46 per cent of the net wagering revenue that it currently pays for the Racing Distribution Agreement.

UBET has indicated that it will be unable to pay both the 46 per cent product fee on the net wagering revenue agreement and the 15 per cent betting operations tax. It is understood that Racing SA will be reducing their product fees payable by UBET under the RDA by an amount equivalent to 15 per cent of the net wagering revenue agreement.

Should Racing SA reduce this amount payable under the RDA, then it will seek funding from the government to meet this shortfall. The government would pay additional funding to Racing SA to a maximum amount of 15 per cent of UBET's wagering tax attributable to racing—around \$20 million per annum. This will ensure that the racing industry is no worse off due to the introduction of the wagering tax.

Under such an agreement, UBET will still be paying a combined 46 per cent of the net wagering revenue in product fees and taxation, being approximately 31 per cent of the NWR in product fees and 15 per cent of NWR in taxation, which is above the amounts contributed by other providers.

Betting operations tax revenue estimates have been revised in the 2017-18 budget to reflect the tax on wagering payable in relation to racing by UBET SA. There is no net impact on the budget position from this change. The additional revenue will be offset by grants to the racing industry.

The wagering tax is expected to raise gross revenue of around \$30 million per annum. The net impact on the budget position, after expected grant payments to the racing industry of about \$20 million per annum, remains at about \$10 million per annum, as summarised in the budget.

Mr KNOLL: Treasurer, do you understand whether that is going to be consistent over the forward estimates?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: Can you let us know then what that \$9.7 million operating revenue figure—

The Hon. A. KOUTSANTONIS: The \$9.7 million operating figure?

Mr KNOLL: You said it was \$30 million minus \$20 million given over to Racing SA.

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: I am suggesting that is potentially \$9.7 million, which was—

The Hon. A. KOUTSANTONIS: You think we are not taxing enough, we should tax more?

Mr KNOLL: No, I was merely asking whether that figure is going to be consistent over the forward estimates.

The Hon. A. KOUTSANTONIS: The answer is yes.

Sitting suspended from 13:33 to 14:30.

Departmental Advisers:

Mr D. Reynolds, Chief Executive, Department of Treasury and Finance.

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

Ms N. Rantanen, Chief Operating Officer, Department of Treasury and Finance.

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

Mr G. Jackson, Commissioner of State Taxation, RevenueSA.

Mr A. Blaskett, General Manager, South Australian Financing Authority.

The CHAIR: Welcome to the committee. I advise that we are looking at the estimate of proposed payments for the Department of Treasury and Finance, and the administered items for the Department of Treasury and Finance, and that they are still open for examination. I refer members to the portfolio statements in Volume 4. Are there new advisers to introduce or do we have the same group?

The Hon. A. KOUTSANTONIS: We have. We have Mr Andrew Blaskett, who is the General Manager of the South Australian Financing Authority, and Nicolle Rantanen, who is the Chief Operating Officer.

The CHAIR: You are also appearing as the Minister for Finance. Do you want to make a statement?

The Hon. A. KOUTSANTONIS: No, ma'am.

The CHAIR: Does the leader want to make a statement, or are you happy to go straight to questions?

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 175. Can you confirm that the \$5 million accorded as a forfeited bank guarantee for a building sale relates to the failed sale process for the State Administration Centre precinct?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Is this process continuing?

The Hon. A. KOUTSANTONIS: We have made an announcement. We are going back to the market to sell the building.

Mr MARSHALL: When you say that you are going back to the market, did you or anyone from the department ask Funds SA to consider the purchase of the State Administration Centre precinct?

The Hon. A. KOUTSANTONIS: They did a body of work, supported by Treasury, about whether they could purchase the properties, but were not able to settle that in a satisfactory manner, from their perspective or ours, so we will go back to the market.

Mr MARSHALL: Just to answer the question, did Treasury or did you as the Treasurer go to Funds SA, or did they come to you?

The Hon. A. KOUTSANTONIS: I cannot remember how the process started, to be honest.

Mr MARSHALL: But they have had a look at it now and they do not think it stacks up for their particular investment?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Did they give a reason?

The Hon. A. KOUTSANTONIS: We had a disagreement on value.

Mr MARSHALL: A disagreement on value. So they did not think it was worth what you thought it was worth?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: What do you think it is worth?

The Hon. A. KOUTSANTONIS: Whatever the market tells me it is worth.

Mr MARSHALL: What is that?

The Hon. A. KOUTSANTONIS: We will wait and see once we get the results back from the market.

Mr MARSHALL: Did they actually put in an offer?

The Hon. A. KOUTSANTONIS: They told us what they thought it was worth, but it was not so much as an offer.

Mr MARSHALL: Just run us through how this actually worked. Maybe you went to them, or maybe they came to you, you cannot remember, but what was the mechanism? Was it a chat or was it a letter? Was it an unsolicited bid from them? Did you actually ring up Kev and say, 'Kev, me mate, what are you up to? Got some dodgy buildings I want to flog.' How did it work? Just run us through it.

Mr DULUK: They were at Bunnings.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: After the Commercial and General sale failed—

Mr MARSHALL: The initial what, sorry?

The Hon. A. KOUTSANTONIS: —the Commercial and General sale failed—Funds SA conducted an arm's-length process where they, I understand, took the services to a consultant to evaluate the value of the buildings. They came back with a number. That number was not satisfactory to the government.

Mr MARSHALL: Via an unsolicited bid?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Sorry.

The Hon. A. KOUTSANTONIS: No, it was not through the unsolicited bids process at all. The Treasury and Funds SA have regular discussions. I am not sure how it came up. There was an arm's-length process done by the board to calculate what they thought the value of the assets was and whether it was worthwhile for the board to make the decision to purchase them or not. They came back with a number. That number was not satisfactory to us, and we moved on.

Mr MARSHALL: Can we just clarify that you did not give an instruction for Funds SA to look at this?

The Hon. A. KOUTSANTONIS: Not to my knowledge, no. No instruction was given at all.

Mr MARSHALL: Can you undertake to find out—

The Hon. A. KOUTSANTONIS: The board acts independently of me.

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: The board acts independently. It acts in the interests of the members of the fund, not in the interests of the government.

Mr MARSHALL: You cannot recall how it transpired that they just independently said, 'There is an asset that the state government is selling. We should put in a bid for it.' It does not sound logical.

The Hon. A. KOUTSANTONIS: I think it is completely intuitive.

Mr MARSHALL: Intuitive?

The Hon. A. KOUTSANTONIS: Yes, Funds SA accumulate assets all the time to fund their liabilities. The state owns assets that it is selling. I think it makes complete sense that Funds SA had a look at this. There is nothing counterintuitive about it at all.

Mr MARSHALL: So your evidence to this committee is that you did not speak to them.

The Hon. A. KOUTSANTONIS: First of all, I do not give evidence.

Mr MARSHALL: They decided to—

The Hon. A. KOUTSANTONIS: No, stop.

Mr MARSHALL: —have a look at this asset precinct—

The Hon. A. KOUTSANTONIS: This is not a court.

Mr MARSHALL: —intuitively.

The Hon. A. KOUTSANTONIS: This is not a court: this is estimates. I do not give evidence.

Mr MARSHALL: Well, you have just provided us—

The Hon. A. KOUTSANTONIS: What? What did I just provide?

Mr MARSHALL: You just said—

The Hon. A. KOUTSANTONIS: How is this evidence?

Mr MARSHALL: You have just said—

The Hon. A. KOUTSANTONIS: How is this evidence?

The CHAIR: I am on my feet.

The Hon. A. KOUTSANTONIS: Fool—been in parliament six years and you do not know how it works.

The CHAIR: Part of my role is to ensure that the business of the house is carried out in a respectful fashion, so I assure my members that it would be good to have the question and then the answer so we can actually hear the question and the response for Hansard's benefit, thank you.

The Hon. A. KOUTSANTONIS: As I said, ma'am, I am not sure who reached out to who—I will find out for the benefit of the committee—but Funds SA regularly purchase investments. That

is what they do with the money that they receive through superannuation. The government had buildings for sale. They had an arm's-length process to ascertain what they thought a fair value was for their members. They put that number to us. That number was not satisfactory to us.

There was no instruction made to compel them to buy it. There was no instruction made to compel them to do the work. There was no instruction given by the Treasury for any compulsion on the board in any way whatsoever.

Mr MARSHALL: Yes, but just to clarify, the evidence or advice that you have provided to this committee, which is recorded on *Hansard*—

The Hon. A. KOUTSANTONIS: What a fool!

Mr MARSHALL: —you would not want to mislead the parliament, is that they arrived at this—

The Hon. A. KOUTSANTONIS: Are you making an accusation that I am misleading the parliament?

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: Are you?

The CHAIR: Order!

Mr MARSHALL: I am trying to get some clarification because the story is all over the place.

The Hon. A. KOUTSANTONIS: Do not make things up.

Mr MARSHALL: So your evidence to this committee is that, in fact, Funds SA intuitively decided, that there was no discussion from you to Funds SA, there was no instruction and there was no correspondence. They just intuitively decided to put in a bid to you—not via an unsolicited bid methodology but they just did the work and provided it to you. Is that correct?

The Hon. A. KOUTSANTONIS: No, that is not what I said.

Mr MARSHALL: That is what you have said.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: No, that is not what I said. You are just verballing me. What I said—

Mr MARSHALL: Poor bugger.

The Hon. A. KOUTSANTONIS: What I said was that it is completely intuitive that, after the asset sale fell through with Commercial and General, Treasury and Funds SA had a discussion about these buildings. There were no instructions given. They did a body of work about whether or not it would be beneficial for Funds SA to purchase. They came up with a number. That number was not satisfactory to the Treasury, and we moved on.

Mr MARSHALL: And that was the independent view? You did not ever suggest that to Treasury to suggest to Funds SA, or go directly to Funds SA, or speak to the chair of—

The Hon. A. KOUTSANTONIS: I absolutely thought it was a good idea.

Mr MARSHALL: Can we just get a straight answer? It was either intuitive that they had nothing to do with you—

The Hon. A. KOUTSANTONIS: I have to say the way you conduct yourself is getting pretty creepy—pretty creepy.

Mr MARSHALL: Answer?

The Hon. A. KOUTSANTONIS: The word 'creepy' comes up a lot.

Mr MARSHALL: Do you have an answer?

The Hon. A. KOUTSANTONIS: It comes up a lot.

Mr MARSHALL: Do you have an answer?

The Hon. A. KOUTSANTONIS: I just gave it to you.

Mr MARSHALL: What methodology did they use to convey what they had as the value of that precinct? Was it an offer?

The Hon. A. KOUTSANTONIS: They had an independent consultant who did a body of work looking at the investment opportunity and how it fits into their mandate. They then decided to put a number to that. That number was not satisfactory to the Treasury and we moved on.

Mr MARSHALL: But how did you see it? Did they get on the blower and say, 'G'day. This is our number,' or did they write to you? Did they apply via the office of the Coordinator-General?

The Hon. A. KOUTSANTONIS: Treasury and Funds SA are in regular contact.

Mr MARSHALL: So just the vibe. What due diligence was conducted on each of the two proposed purchasers of the State Admin Centre that failed to settle on the earlier dates?

The Hon. A. KOUTSANTONIS: We had an agent, JLL, that conducted the process for us. They do the due diligence, the same as they would do with any other commercial transaction.

Mr MARSHALL: So JLL did the due diligence. What format did that take?

The Hon. A. KOUTSANTONIS: I will ask them and get back to you.

Mr MARSHALL: Thanks very much. In the case of the second proposed purchaser, five settlement dates were announced between March and November last year without any payments being made for the property. Why did the delay in settlement not trigger earlier intervention in this process?

The Hon. A. KOUTSANTONIS: We took probity and legal advice the entire process of the commercial transaction and we endeavoured to give Commercial and General every opportunity to settle and they were not able to.

Mr MARSHALL: Who provided the probity and legal advice?

The Hon. A. KOUTSANTONIS: The probity advice was provided by BDO and the legal advice by the Crown Solicitor's Office.

Mr MARSHALL: Can the minister indicate whether any payments have been made to JLL or others handling the transaction to date, or was their payment contingent upon a successful settlement?

The Hon. A. KOUTSANTONIS: The advice I have is that it was contingent on a sale, but we will double-check and go back and make sure that there were no payments made. There might have been some payments made for some work that they did. There might have been some sort of preparatory work that they did for the sale that the state got a value out of, but we will wait and see; I will check.

Mr MARSHALL: Can you, as part of that work, find out the total value that taxpayers have paid to support this sale process to date, because this really goes back now—

The Hon. A. KOUTSANTONIS: Other than the \$5 million we received in forfeited deposit by Commercial and General?

Mr MARSHALL: Yes, we would like to know what total cost it was to taxpayers.

The Hon. A. KOUTSANTONIS: Absolutely.

Mr MARSHALL: I think this goes back to—was it 2009 when you originally said you would sell this precinct? Is that the original date?

The Hon. A. KOUTSANTONIS: It might have been in the 2008-09 Mid-Year Budget Review.

Mr MARSHALL: The 2008-09—

The Hon. A. KOUTSANTONIS: —Mid-Year Budget Review.

Mr MARSHALL: That is going back some time now. What are your plans going forward for this speedy sale process that you are overseeing at the moment?

The Hon. A. KOUTSANTONIS: We are going to the market.

Mr MARSHALL: What is the process? Who is going to be appointed to manage it going forward?

The Hon. A. KOUTSANTONIS: We have not appointed a new sales agent as yet, but we will in due course, very shortly.

Mr MARSHALL: You will not be continuing with JLL?

The Hon. A. KOUTSANTONIS: I am not sure. I think we are in the process of selecting someone.

Mr MARSHALL: So the original agreement with JLL was terminated at the time that the previous sale settlement concluded?

The Hon. A. KOUTSANTONIS: My advice is that it has been completed, yes.

Mr MARSHALL: You are currently out to the market to get expressions of interest to manage the sale process for the third time; is that the gist of it?

The Hon. A. KOUTSANTONIS: Shortly, we will be going out.

Mr MARSHALL: Shortly?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: When do you envisage that it will be back on the market?

The Hon. A. KOUTSANTONIS: Shortly.

Mr MARSHALL: Can you give some indication as to the value put on this by SAFA relative to the amount that was contracted with the previous two signed contracts?

The Hon. A. KOUTSANTONIS: No, we will not be putting a value on these before we go out to market.

Mr MARSHALL: But was the amount that SAFA offered higher or lower—

The Hon. A. KOUTSANTONIS: Do you mean Funds SA or SAFA?

Mr MARSHALL: Sorry, Funds SA.

The Hon. A. KOUTSANTONIS: It is commercial-in-confidence. We are not going to reveal those numbers.

Mr MARSHALL: Have you had any contact with any other public financial or non-financial corporation to request, instruct or otherwise suggest that they consider purchasing the precinct?

The Hon. A. KOUTSANTONIS: I am not sure if there have been any through the unsolicited bids process, but I will check and get back to you.

Mr MARSHALL: But you have not personally suggested to Super SA or ReturnToWork—

The Hon. A. KOUTSANTONIS: I do not conduct the sale.

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: I do not conduct the sale. It is done independently of me.

Mr MARSHALL: You have had nothing to do with it. Good, thank you.

Mr KNOLL: On Budget Paper 4, Volume 4, page 161, the third bullet point under targets regarding the early release of funds on compassionate/hardship grounds, can you explain where the identified need for this is?

The Hon. A. KOUTSANTONIS: Can you repeat the page?

Mr KNOLL: Page 161, 'Implement Early Release of Funds on compassionate/hardship grounds.' It is in relation to super.

The Hon. A. KOUTSANTONIS: It is Super SA.

Mr KNOLL: I am happy to move on and come back to that; that is fine. Treasurer, on Budget Paper 4, Volume 4, page 157, in relation to RISTEC has any work been done to reassess the use of the existing legacy systems for first home owner grants and stamp duty and whether or not they are going to be viable as an ongoing product to support those taxes?

The Hon. A. KOUTSANTONIS: The advice I have is that the legacy software will be maintaining stamp duty and conveyance up until 1 January 2018. Then they will be moving to a new portal, but some of the operations from the existing legacy software will remain in place to support the new portal.

Mr KNOLL: What is the new portal?

The Hon. A. KOUTSANTONIS: It is part of a new third-party reporting portal that will be in place where conveyancers and lawyers can report publicly on our website.

Mr KNOLL: Is that portal designed to support the tax in the same way as the existing legacy system? I think it is called Storms. Is it designed to replace Storms?

The Hon. A. KOUTSANTONIS: I am advised that Storms is the back office operation that will stay in place for now.

Mr KNOLL: What was the cost of implementing this portal?

The Hon. A. KOUTSANTONIS: I am advised that this is part of a reform process that the commonwealth government have initiated. They have provided \$1.2 million for the body of work.

Mr KNOLL: They are the ones who provided it. What taxes are designed to be included as part of this front end?

The Hon. A. KOUTSANTONIS: Stamp duty and conveyance.

Mr KNOLL: In relation to the First Home Owner Grant, has there been any change to the IT arrangements to that?

The Hon. A. KOUTSANTONIS: It stays on the legacy.

Mr KNOLL: And that is designed to stay on the legacy into the foreseeable future?

The Hon. A. KOUTSANTONIS: That is the advice.

Mr KNOLL: And the Storms legacy system is for the back end of stamp duties?

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

Mr KNOLL: With regard to the move from the Valuer-General's office from the justice department to Treasury, was a business case done when that move was first mooted?

The Hon. A. KOUTSANTONIS: It was a government change, and it was not from Justice; it was from DPTI.

Mr KNOLL: Was there any change to the expected revenue provided as part of property taxes as a result of that change?

The Hon. A. KOUTSANTONIS: No, the operation stays the same; it is just where the office is located. It still answers to the same minister.

Mr KNOLL: Was there any change to the budget allocation for the Valuer-General's office in relation to the change? Were they given more cash when they came across?

The Hon. A. KOUTSANTONIS: Not from the change, no.

Mr KNOLL: Has there been a separate budget allocation or budget increase post the move to Treasury?

The Hon. A. KOUTSANTONIS: I do not have last year's budget here with me, but there was an allocation in last year's budget to the Valuer-General to make sure that valuations were fair and equitable across the entire state.

Mr KNOLL: What was the reason for the move?

The Hon. A. KOUTSANTONIS: It makes sense for the machinery of government to have the Valuer-General in Treasury and Finance.

Mr MARSHALL: If that is the case, why were they not there previously?

The Hon. A. KOUTSANTONIS: It is a good question.

Mr MARSHALL: So what is the answer?

The Hon. A. KOUTSANTONIS: I will ask former treasurer Lucas about why he had it in DPTI.

Mr MARSHALL: What savings did you envisage in the move from the Valuer-General's department from DPTI to Treasury?

The Hon. A. KOUTSANTONIS: I do not envisage it in terms of savings: I envisage it in terms of coherent business.

Mr KNOLL: Treasurer, was there any change, either upwards or downwards, of any property taxes as a result of the change?

The Hon. A. KOUTSANTONIS: I have not increased land tax or stamp duty for South Australians. There is the normal indexation for the tax-free threshold that goes up every year as a result of a very good Labor reform, but property taxes have not gone up unless valuations have gone up, which they do in the normal course of business.

Mr KNOLL: I refer to Budget Paper 3, page 48, the sixth paragraph. In relation to the SkyCity casino, is any compensation payable to SkyCity if the government increases tax on gaming machines or other gaming taxes?

The Hon. A. KOUTSANTONIS: I refer you to the Minister for Consumer and Business Services. He is the one who holds licensing.

Mr KNOLL: Treasurer, are you required to sign off on a deed in relation to the completion of the SkyCity Casino negotiations with the government?

The Hon. A. KOUTSANTONIS: Not that I am aware of, but I will check. No, the development agreement is with Renewal SA.

Mr DULUK: I refer to Budget Paper 4, Volume 4, page 173. Can you explain why the budgeted cash equivalent figure was expected to be about \$98 million higher in 2016-17 than in both the preceding and subsequent years?

The Hon. A. KOUTSANTONIS: We do not have that here, but we will get back to you about why.

Mr DULUK: In terms of short-term borrowings, page 173, can you explain why there is a sharp increase in 2017-18 compared with previous years?

The Hon. A. KOUTSANTONIS: There are a lot of reasons for it and we will get you a detailed written answer.

Mr DULUK: Surely, off the top of your head you will know three or four reasons why we have gone up almost \$2 billion in short-term borrowings?

The Hon. A. KOUTSANTONIS: No, I do not have that information here.

Mr DULUK: I find it very hard to believe that you do not know—

The Hon. A. KOUTSANTONIS: Careful.

Mr DULUK: —that you cannot provide one or two answers for us today.

The Hon. A. KOUTSANTONIS: I have undertaken—

Mr DULUK: There is a huge increase in short-term debt sitting on the state's balance sheet. I am sure it should be tabulated somewhere.

The Hon. A. KOUTSANTONIS: I will endeavour to get that answer, but I resent your accusation that I am misleading the committee.

Mr DULUK: I did not say that at all, Treasurer.

The Hon. A. KOUTSANTONIS: I will provide an answer.

Mr DULUK: Thank you. I refer to Budget Paper 3, page 31, which is going back to employment growth. I assume that Treasury is relying on a real decline of real wages of 2.2 per cent by 2021 despite FTE numbers staying the same. Have you budgeted for wage increases at all in 2021?

The Hon. A. KOUTSANTONIS: It was.

Mr DULUK: If you are relying on a real decline in real wages of 2.2 per cent by 2021, despite FTE numbers staying the same, have you budgeted for a wage increase at all in 2021?

The Hon. A. KOUTSANTONIS: The advice I have is that we have factored in wage increases, but we have also factored in savings that will occur in that year which net off the increases.

Mr DULUK: How much in wage increases have you factored in?

The Hon. A. KOUTSANTONIS: It depends on what the EB says.

Mr MARSHALL: I have some questions regarding Budget Paper 4, Volume 4, page 157, where it states that there was 'an increase in expenditure relating to the administration of the Jobs Accelerator Grant' of \$300,000. What was the total budgeted cost of administering the Job Accelerator Grant?

The Hon. A. KOUTSANTONIS: I am advised by the tax commissioner that in 2016-17 we provided \$100,000 for administration and \$522,000 for capital to build the system. In the following year, 2017-18, we will provide \$367,000 in administration and no money in capital.

Mr MARSHALL: What was the amount that you said you spent for the 2016-17 year?

The Hon. A. KOUTSANTONIS: It is \$100,000 in administration and—

Mr MARSHALL: It says in your financial commentary, on page 157 in the third dot point, 'an increase in expenditure relating to the administration of the Jobs Accelerator Grant' of \$300,000. So how could you have an increase of \$300,000 if you are only spending \$100,000?

The Hon. A. KOUTSANTONIS: The increase is rounded up from \$100,000. It is a \$267,000 increase, and we rounded it up to \$300,000.

Mr MARSHALL: What was the total amount expended last year?

The Hon. A. KOUTSANTONIS: Last financial year, it was \$100,000.

Mr MARSHALL: How can you spend \$100,000 last year if the increase was \$267,000?

The Hon. A. KOUTSANTONIS: Because the increase is for this financial year.

Mr MARSHALL: Sorry?

The Hon. A. KOUTSANTONIS: The increase was for this financial year, I am advised.

Mr MARSHALL: I will just state the question again: how much did you spend last financial year on administering the Job Accelerator Grant program? You have said \$100,000, but the negative variance was \$300,000, so it was not going to be a positive cost of \$200,000.

The Hon. A. KOUTSANTONIS: I am advised that we estimated a \$300,000 spend on administration. The actual cost was \$100,000. The following year, we—

Mr MARSHALL: Let's just stick with last year. Can you explain dot point 3 then on page 157?

The Hon. A. KOUTSANTONIS: The estimated result was going to be \$300,000. That is what we had budgeted for, but the actual result was \$100,000, and that is the variance, so we spent less in administrating than we thought we would.

Mr MARSHALL: Can you explain dot point 3 because the heading there is that the increase in expenditure is primarily due to an increase in expenditure relating to the administration of the Job Accelerator Grant? So you are saying that you underspent?

The Hon. A. KOUTSANTONIS: I have explained it. The expenditure in 2016-17 was \$100,000. We revised that up for 2017-18 to \$367,000.

Mr MARSHALL: That is not what you said at all, but anyway—

The Hon. A. KOUTSANTONIS: Yes, it was.

Mr MARSHALL: Well, we will check the *Hansard*.

The Hon. A. KOUTSANTONIS: Why don't you.

Mr MARSHALL: So it was \$367,000. It was budgeted to be \$100,000 and it was actually \$367,000; is that correct?

The Hon. A. KOUTSANTONIS: No, that is not what I said.

Mr MARSHALL: So \$367,000 was the budget—

The Hon. A. KOUTSANTONIS: I have answered the question and you are deliberately attempting to confuse yourself, which is interesting to watch, but boring.

Mr MARSHALL: What was the expenditure to administer the Jobs Accelerator Fund last financial year?

The Hon. A. KOUTSANTONIS: It was \$100,000.

Mr MARSHALL: What is it this current financial year?

The Hon. A. KOUTSANTONIS: It is an increase of \$267,000 to \$367,000.

Mr MARSHALL: What was the original budget for expenditure on administering the Job Accelerator—

The Hon. A. KOUTSANTONIS: Last year or this year?

Mr MARSHALL: Last year, because you have just told me what the budget is this year.

The Hon. A. KOUTSANTONIS: It was \$100,000.

Mr MARSHALL: So the budget was \$100,000 and you expended \$100,000 last year. The budget this year is \$367,000. What is the reason for the increase?

The Hon. A. KOUTSANTONIS: Last year, people were just registering for the grant. This year, we are actually administering payments.

Mr MARSHALL: How many people work in this area?

The Hon. A. KOUTSANTONIS: They have multiple functions. It is not just people focused on the Job Accelerator Grant.

Mr MARSHALL: Of the applicants to the Job Accelerator Grant to date, how many have been for apprentices or trainees?

The Hon. A. KOUTSANTONIS: We do not have information on registration. We only have that information on payment and payments have only just begun since the end of the financial year.

Mr MARSHALL: Does the \$367,000 cost this financial year versus the \$100,000 last financial year include any advertising associated with the Job Accelerator—

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Where does that appear in the budget?

The Hon. A. KOUTSANTONIS: I will correct that answer. We spent about \$700 out of the \$100,000 to create flyers for businesses to know how to apply, but I do not have—

Mr MARSHALL: In evidence already provided, we understand that there was an initial half a million dollars spent.

The Hon. A. KOUTSANTONIS: All the advertising budget for these matters are all held in DPC.

Mr MARSHALL: We understand that there was half a million dollars originally allocated to the Jobs Accelerator Fund advertising and that was increased by another \$500,000. So \$1 million to date has been budgeted or expended on advertising the Job Accelerator Grant but that is not included in anything with Treasury. The question is: who did the application for that funding, and indeed the revision to that original request for funding, and has there been any subsequent to the \$1 million that we already know about for the Job Accelerator Grant Scheme?

The Hon. A. KOUTSANTONIS: It is administered by the Department of the Premier and Cabinet.

Mr MARSHALL: Yes, but that was not my question. My question was—

The Hon. A. KOUTSANTONIS: Well, that is my answer.

Mr MARSHALL: —did your department do the application to the PCAG?

The Hon. A. KOUTSANTONIS: No, that was done by DPC.

Mr MARSHALL: So DPC did an application to the PCAG, not through your area which administers this part of the budget.

The Hon. A. KOUTSANTONIS: I will check but that is my advice.

Mr MARSHALL: There would be the original application (\$500,000), then my understanding is there was a revised application, so these applications were not submitted by Treasury.

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

Mr MARSHALL: That is your advice. Can you check that for us?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Can you also see whether any subsequent application has been made over and above the \$1 million?

The Hon. A. KOUTSANTONIS: Sure.

Mr MARSHALL: Thank you very much. While we are talking about government advertising, did the money that has been allocated for advertising the budget go through the same PCAG process?

The Hon. A. KOUTSANTONIS: All the advertising is done by the Department of the Premier and Cabinet.

Mr MARSHALL: Was an application submitted by Treasury to the Premier's department? The Premier looks after all that advertising, so he looks after—

The Hon. A. KOUTSANTONIS: They manage it themselves.

Mr MARSHALL: So no application was contributed to by your office for that process.

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: No.

The Hon. A. KOUTSANTONIS: That is the advice I have.

Mr MARSHALL: Given that the Liberal Party has indicated that it will be moving to block the implementation of the state bank tax—or whatever you call it, the major bank levy—and that crossbenchers have indicated that they will be supporting blocking that measure, can you indicate—

The Hon. A. KOUTSANTONIS: Constitutionally, they cannot block it. The constitution does not allow the upper house to block money bills and budget bills. It only allows them to make suggestions. So, misleading the committee by saying they are going to block it is a high offence, and you should know that after being here so long.

Mr MARSHALL: Nevertheless—

The Hon. A. KOUTSANTONIS: Nevertheless, other than you just making things up—but go on.

Mr MARSHALL: I think the practicalities of it are that it is not going to pass.

The Hon. A. KOUTSANTONIS: Okay.

Mr MARSHALL: If it does not pass—

The Hon. A. KOUTSANTONIS: Constitutionally, you cannot block it in the upper house, so how are you going to stop it?

Mr MARSHALL: How is it going to pass?

The Hon. A. KOUTSANTONIS: You are the one telling me you are going to block it, so how do you remove it from the budget bills?

Mr MARSHALL: Well—

The Hon. A. KOUTSANTONIS: Under what process?

Mr MARSHALL: —this is the basis of my question.

The Hon. A. KOUTSANTONIS: Under what process, member for Dunstan? Through the power of your personality? How will you do this exactly?

The CHAIR: Order!

Mr MARSHALL: How did it occur during the car park tax? What happened there?

The Hon. A. KOUTSANTONIS: The car park levy was removed by the government.

Mr MARSHALL: Does the government envisage—

The Hon. A. KOUTSANTONIS: So, you think—

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —miraculously you can get me to remove it?

Mr MARSHALL: I am just saying. I am just trying to work out how you are going to deal with this issue.

The Hon. A. KOUTSANTONIS: You must be very powerful.

Mr MARSHALL: My question is: will the government be removing this offending component of the Budget Measures Bill so that it can pass?

The Hon. A. KOUTSANTONIS: Both houses will have their say on the bill soon.

Mr MARSHALL: Yes, so what contingencies has Treasury taken to administer—

The Hon. A. KOUTSANTONIS: Given there is a 175-year precedent that no opposition has blocked or amended a budget bill—

Mr MARSHALL: Except for the car park tax, which we discussed less than a minute ago.

The Hon. A. KOUTSANTONIS: No, the government removed the car park levy.

Mr MARSHALL: The government has it within their ability to do precisely the same.

The Hon. A. KOUTSANTONIS: Given the dangerous and reckless nature of your leadership where you proposed a gas ban, opposed more discussion on the nuclear fuel cycle, and now breaking a 175-year precedent on budgets—

Mr MARSHALL: Has the parliament actually operated for 175 years? Somebody should inform the State Library and the Parliament Research Library because they will be fascinated to know it was operating about 15 or 20 years before they had previously thought.

The Hon. A. KOUTSANTONIS: How many budget bills have been blocked?

Mr MARSHALL: Well—

The Hon. A. KOUTSANTONIS: How many?

Mr MARSHALL: —can you explain why—

The Hon. A. KOUTSANTONIS: How many have been blocked?

Mr MARSHALL: —you took the action you took on the budget measure with relation to the car park tax as distinct from this offending component to the current Budget Measures Bill?

The Hon. A. KOUTSANTONIS: I would refer you to the *Hansard*.

Mr MARSHALL: I would like to know what contingencies you are putting in place if the Budget Measures Bill does not pass in time—

The Hon. A. KOUTSANTONIS: This is the unfortunate part of the government's dilemma with the opposition. The opposition have no criticism of any of the spending in the budget. Not once have any of them brought up any budget measures or any spending opportunities that they want halted. In fact, in all their budget reply speeches members have advocated for more spending in the budget—

Mr MARSHALL: Anyway, what are you going to do if it does not pass?

The Hon. A. KOUTSANTONIS: —you do not like the answer—yet, when it comes to measures to balance the budget, the opposition will use its numbers to attempt to block it, breaking a long-held tradition in this parliament. Until the opposition are able to actually advocate what parts of the budget they disagree with in terms of expenditure, I think it is a bit rich for them to be arguing with us about revenue measures.

Mr MARSHALL: Will you be using the existing mechanism to pass through payroll tax concessions if the Budget Measures Bill does not pass?

The Hon. A. KOUTSANTONIS: First, I do not answer hypothetical questions and I expect—

Mr MARSHALL: Well, when the Budget Measures Bill does not pass.

The Hon. A. KOUTSANTONIS: So you are voting against payroll tax cuts as well. That is a new admission by the opposition now—that they will be voting against payroll tax cuts as well to small business. First, it was just the major bank levy; now they are going to be voting against payroll tax cuts. Foot-in-mouth disease returns again to the Leader of the Opposition.

Mr MARSHALL: I am asking whether you are going to use the existing measure that already is there, without legislation, to pass through the payroll tax concessions?

The Hon. A. KOUTSANTONIS: The Budget Measures Bill offers a permanent tax cut, to lower the rate to 2½ per cent—

Mr MARSHALL: That is not my question.

The Hon. A. KOUTSANTONIS: If the opposition wish to block that as well, that is something they will have to deal with with their constituents.

Mr MARSHALL: Well, no, we made it very—

The Hon. A. KOUTSANTONIS: So you support that measure? Do you support that measure or don't you?

Mr MARSHALL: We are very clear—

The Hon. A. KOUTSANTONIS: It is a very simple yes/no answer. Do you support it or don't you? Why are you equivocating?

The CHAIR: Order!

Mr MARSHALL: We are not answering questions from you, especially nonsensical ones.

The Hon. A. KOUTSANTONIS: Okay, well, fair enough.

Mr MARSHALL: Will you be using the existing mechanism for the current payroll tax?

The Hon. A. KOUTSANTONIS: I expect the Budget Measures Bill to pass.

Mr MARSHALL: Have you made any plans, a contingency plan, to ensure that those payroll tax concessions can be passed on?

The Hon. A. KOUTSANTONIS: The easiest way for them to be passed on is for the opposition to vote for the bill.

Mr MARSHALL: The easiest way would be for you to remove the offending part of the Budget Measures Bill which does not enjoy the pleasure of the other place.

The Hon. A. KOUTSANTONIS: I had no such criticism of the major bank levy from the commonwealth government. I had no such concerns from the opposition saying that they would make Australia a lesser place to invest in, that it would hurt foreign direct investment into Australia, that there would be a differential tax rate for Australian banks. I heard no comments from the Leader of the Opposition whatsoever when that occurred. He has simply taken orders from the banks.

Mr MARSHALL: Has the Treasurer or Treasury uncovered any rorts with its administration of the current Job Accelerator Grant program?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Of all the applications to date, the government has conducted a reasonable audit of the before and after employee numbers and determined that there is not one case in which there is reason to believe that the number that has been put forward is not the correct number.

The Hon. A. KOUTSANTONIS: There are risk mitigation strategies in place for the applications and they do a risk assessment of the applications, and thus far they have found no evidence of rorting. I have a great deal of faith in the South Australian people—obviously a lot more than the Leader of the Opposition.

Mr MARSHALL: Can you provide details to this committee on what those audit procedures are?

The Hon. A. KOUTSANTONIS: We keep them secret deliberately so that—

Mr MARSHALL: Secret?

The Hon. A. KOUTSANTONIS: Yes, so that people do not try to get around them.

Mr MARSHALL: Do you think they keep other audit methodologies in the finance world secret so that people do not know what they are going to be caught out on?

The Hon. A. KOUTSANTONIS: I do not mind you having a political go at me. I think that is fair enough because we are in politics, but the tax commissioner is independent.

Mr MARSHALL: We are just asking what the audit procedure is.

The Hon. A. KOUTSANTONIS: That sort of mockery just demeans the position of the Leader of the Opposition, but you have been very good at that.

Mr MARSHALL: What is the audit cost to the taxpayers? You only spent \$100,000 last year. How much of that \$100,000 was involved in conducting this significant audit that makes you very comfortable that there is no rorting going on? How much of that massive \$100,000 was expended on this comprehensive audit?

The Hon. A. KOUTSANTONIS: As I said earlier, the administration costs cover the audit costs. They are done on a risk basis. The employees in the tax commissioner's office are the ones who instigate the risk mitigation procedures. They cover them as the applications are made and, as they are paid out, they do an assessment. I have faith in them. If the Leader of the Opposition has any evidence to the contrary, he should provide it to the committee now.

Mr MARSHALL: No, that is not the point at all. My question is: what evidence—

The Hon. A. KOUTSANTONIS: So you have no evidence, but you are making an accusation anyway?

Mr MARSHALL: Not at all.

The Hon. A. KOUTSANTONIS: Typical.

Mr MARSHALL: I am just trying to be prudent with state taxpayer dollars. There are plenty of examples in other jurisdictions that have looked at programs exactly like this where there was widespread roting. It concerns me that the Treasurer says that they have an audit methodology, he will not tell us what the audit methodology is and he admits that the total expenditure for managing this process, including auditing, is \$100,000. We are talking about administering a very large sum of state taxpayer dollars, and it does not seem like there is a very robust methodology for ensuring that those funds are going to be expended with full prudential regulation and oversight.

The Hon. A. KOUTSANTONIS: What jurisdictions are you talking about?

Mr MARSHALL: Others around Australia. We heard, anecdotally, one of the reasons why—

The Hon. A. KOUTSANTONIS: Anecdotally? You come into the committee with anecdotal evidence?

Mr MARSHALL: Well, it is published—Tasmania, for example.

The Hon. A. KOUTSANTONIS: Tasmania—there has been a major roting of the Tasmanian government subsidies.

Mr MARSHALL: There has been media coverage of the fact that—

The Hon. A. KOUTSANTONIS: Which one?

Mr MARSHALL: This is why they closed it down.

The Hon. A. KOUTSANTONIS: Which one? What program?

Mr MARSHALL: I am not here to answer your questions.

The Hon. A. KOUTSANTONIS: Was it a jobs accelerator grant program?

Mr MARSHALL: In that line of support, yes.

The Hon. A. KOUTSANTONIS: What was it?

Mr MARSHALL: I am not here to answer your questions. You are not—

Members interjecting:

The CHAIR: Order!

Mr MARSHALL: I am not. I am asking questions, legitimate questions—

The Hon. J.M. Rankine interjecting:

Mr MARSHALL: Are you the Treasurer now? Because God help us all if you are. We would be in so much trouble.

The CHAIR: I am on my feet again. You cannot see me, I know, but I am on my feet.

Mr MARSHALL: It is difficult to discern whether you are up or not.

The CHAIR: I know. I am going to get that little step. I will just remind everybody that the questions need to be asked and answered one at a time, for Hansard's benefit, with no interjection.

The Hon. A. KOUTSANTONIS: The tax commissioner advises me that we sought advice from the New South Wales government about their risk mitigation programs and how they manage their risk in their applications. They had a similar program in place, I think up to \$1,000, that then treasurer Baird introduced in New South Wales, and I understand that there were learnings from that that we have implemented.

Mr MARSHALL: So our audit procedure is as per the New South Wales jobs accelerator grant? That is good because I am catching up with them this week.

The Hon. A. KOUTSANTONIS: No, we tailored it for the South Australian condition.

Mr MARSHALL: Why did you reference New South Wales if you are not using their audit procedure? Who designed the audit procedure?

The Hon. A. KOUTSANTONIS: The reason the Treasury went to the New South Wales experience is that we wanted to learn from any mistakes that they may have had, or any experiences that they might have had, and we implement the appropriate audit risk mitigation services in place. I know that the Leader of the Opposition has run out of questions and he is just trying to badger—

Mr MARSHALL: Not at all.

The Hon. A. KOUTSANTONIS: —public servants who cannot defend themselves. It is a measure of the man, I suppose.

Mr MARSHALL: I still do not have an answer to who designed your audit process.

The Hon. A. KOUTSANTONIS: It is a measure of the man.

Mr MARSHALL: Who designed your audit process?

The Hon. A. KOUTSANTONIS: RevenueSA designed the audit process.

Mr MARSHALL: RevenueSA. Thank you very much.

Mr KNOLL: Can we move on now to SAFA, Super SA and MAC.

The CHAIR: What volume are you on, member for Schubert?

Mr KNOLL: Budget Paper 3, page 34, table 2.12.

The CHAIR: We have a change of advisers now.

Departmental Advisers:

Mr D. Reynolds, Chief Executive, Department of Treasury and Finance.

Ms N. Rantanen, Chief Operating Officer, Department of Treasury and Finance.

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

Mr D. Price, Director, Commercial Projects, Department of Treasury and Finance.

Mr A. Blaskett, General Manager, South Australian Financing Authority.

Mr G. Jackson, Commissioner of State Taxation, RevenueSA.

Ms J. Townsend, Chief Executive Officer, Funds SA.

Mr J. Montague, General Manager, Super SA.

Mr P. McAvaney, Director, Policy and Governance, Super SA.

Ms T. Minett, Acting Chief Executive Officer, Motor Accident Commission.

The Hon. A. KOUTSANTONIS: Andrew Blaskett is back, ma'am.

The CHAIR: We are at Budget Paper 3; is that right? What page are you on?

Mr KNOLL: Page 34. Treasurer, these are questions you referred to SAFA before. What is the state government's average cost of borrowing?

The Hon. A. KOUTSANTONIS: The cost of finance for the actuals for 2016-17 is 2.76 per cent; for 2017-18, 2.8 per cent; for 2018-19, 3.04 per cent; for 2019-20, 3.11 per cent; for 2020-21, 3.2 per cent; and for 2021-22, 3.36 per cent. Those numbers have been factored into the budget.

Mr KNOLL: Thanks very much. Treasurer, can you give an explanation of what is driving the increased cost of borrowing?

The Hon. A. KOUTSANTONIS: Market expectations on interest rate rises, I am advised.

Mr KNOLL: Has the spread on SAFA bonds increased since the state bank tax was announced?

The Hon. A. KOUTSANTONIS: It depends on what time or date you are looking at the spread. It depends on how much you are going out for and what other announcements are in the market, so I do not think you can definitively say yes or no. I do not accept the premise that the major bank levy will have any major determinant impact on our borrowing costs. If that were true, you would see that for the nation.

Mr KNOLL: Obviously, that is the borrowing cost over the forwards, as you provided for the actual plus the forwards. Are you able to provide, for this time last year, what those forecasts would have been over the forwards as they were then?

The Hon. A. KOUTSANTONIS: It would have been a different borrowing profile. We do not have them with us, but we can get them for you.

Mr KNOLL: I refer to Budget Paper 3, page 47. Obviously, we have dealt now with exactly what those forecasts are over the forwards, but can you identify when these forecasts were developed? Those figures you have provided just then—

The Hon. A. KOUTSANTONIS: They are in the budget papers now, so they were developed during the budget process.

Mr KNOLL: Have you actually sought any advice, or has SAFA sought any advice on the impact that the major bank levy is going to have—

The Hon. A. KOUTSANTONIS: Again, I refer you to the commonwealth Treasury and the secretary of the commonwealth Treasury, Mr John Fraser. He has said that the impacts of the major bank levy at a commonwealth level were minimal.

Mr KNOLL: So SAFA has also not undertaken any advice on the changes to their borrowing costs?

The Hon. A. KOUTSANTONIS: I have to say that if the advice that the commonwealth Treasury gives to the commonwealth estimates process is wrong, we are in all sorts of trouble. John Fraser is a well-respected secretary of the Treasury. He has a very strong banking background. I understand he used to work for UBS. He is someone who is held in high regard in financial markets. The scare campaign and the fear tactics of the opposition will not work.

Mr KNOLL: Would you concede that there are differences between the federal government's bank tax and the state government's major bank levy?

The Hon. A. KOUTSANTONIS: Yes, one collects a lot more money than the other.

Mr KNOLL: You believe that, given the fact that one is a state-based differential tax rate—

The Hon. A. KOUTSANTONIS: I understand the point.

Mr KNOLL: —versus one that is a major bank levy—

The Hon. A. KOUTSANTONIS: I think it is an intelligent question. I think it is an important question to answer. I think what you are saying is—

Mr KNOLL: The state bank tax is not the federal bank tax? That is right.

The Hon. A. KOUTSANTONIS: The difference between the commonwealth tax and the state tax is that the commonwealth covers the entire country. We are of course in an international community and in an international borrowing framework. If the commonwealth major bank levy has made Australia less competitive, or has made our banks less profitable, you would have seen impacts on the share market.

What you have seen at the share market, since the announcement of the major bank levy both at a state and federal level, is share prices have gone up. What you have seen is banks continue to lend. You have seen that Australia's international reputation has not been tarnished in any way whatsoever by what the commonwealth government have done, despite fears that the banking association voiced at the time of what it would do to Australia's international reputation. This is wrong. It has not done this in any way whatsoever, and I think the same can be said for South Australia.

If you look at the latest Deloitte report, the latest ANZ report, the latest CommBank report and the latest NAB surveys, they all show increases in business confidence and increases in investment in South Australia. We have also had, since the announcement of the major bank levy, two of the world's most respected billionaires make investments in South Australia: Mr Sanjay Gupta and, of course, Mr Elon Musk. Now, today, we see another international investor make a multimillion dollar investment in the Adelaide Casino, so all of your arguments are falling flat on their face.

Mr KNOLL: Treasurer, of the three bank surveys that you have discussed, have any of them, as part of the period of the survey that we are actually talking about, happened after the announcement of the bank tax?

The Hon. A. KOUTSANTONIS: They are all for the June quarter.

Mr KNOLL: What date was the state budget handed down?

The Hon. A. KOUTSANTONIS: 22 June.

Mr KNOLL: Well, you have answered your own question. Thanks very much. Treasurer, you stated earlier—

The Hon. A. KOUTSANTONIS: So you think a \$20 million tax on Westpac will change the gross state product of the state? Really?

Mr KNOLL: You stated earlier, Treasurer, that confidence is not about the state GDP, it is about a whole variety of measures.

The Hon. A. KOUTSANTONIS: What do you think banning unconventional gas does to confidence? What do you think having fewer GST payments to the state because of faux science bans on the exploration of minerals does to the confidence of the state? What do you think it does to the confidence of the state when you try to have a discussion about the nuclear royal commission and you have a Leader of the Opposition taking the side of Tammy Franks and the Greens rather than that of the commonwealth Liberal Party?

Mr MARSHALL: And the citizens' jury that you put in place.

The Hon. A. KOUTSANTONIS: No, you take all your advice from Tammy Franks.

Mr KNOLL: Treasurer, on the same budget line, you stated earlier in your answers that you do not believe that this tax is going to be passed on to consumers.

The Hon. A. KOUTSANTONIS: Yes, hence the anger of the banks.

Mr KNOLL: By virtue of that fact, would you concede that the cost of borrowing of the banks is going to increase as a result of the major bank levy?

The Hon. A. KOUTSANTONIS: Because of a \$20 million per year tax? No.

Mr KNOLL: Hang on. So you are saying that consumers will not pay and now you are saying—

The Hon. A. KOUTSANTONIS: It will come out of retained profits and earnings.

Mr KNOLL: —that banks will not pay.

The Hon. A. KOUTSANTONIS: It will come out of profits and earnings. The Australian banks made \$30 billion last year—\$30 billion. We are not talking about organisations that are just getting by. We are talking about organisations that are making super profits. The major bank levy that the commonwealth government introduced takes a considerable amount more out than our levy does. The idea that Westpac having to pay an extra \$20 million per year is somehow going to impact on its borrowing costs is ridiculous.

The Hon. J.M. Rankine interjecting:

The CHAIR: Order!

The Hon. J.M. Rankine interjecting:

The CHAIR: Order! I am in charge. You are asking a question?

The Hon. J.M. RANKINE: Yes, I am.

The CHAIR: I cannot hear you, so pull the microphone down.

The Hon. J.M. RANKINE: Do you have any information that compares the payments to chief executive officers of these banks?

Mr DULUK: What budget paper and what page?

The Hon. J.M. RANKINE: The same line.

Mr DULUK: What is it?

The Hon. J.M. RANKINE: Page 47, the same page that the member for Schubert was on.

The Hon. A. KOUTSANTONIS: Yes, I do.

The Hon. J.M. RANKINE: Do you have any information about the comparison of their wages and the major bank levy that they might be paying here in South Australia?

The Hon. A. KOUTSANTONIS: I also point out that the NAB survey, which showed an increase in business confidence, was taken immediately after the announcement of the major bank levy. The NAB pays its chairman \$700,000 per year, its chief executive \$6.7 million per year and its total board and senior executives \$35.8 million per year. Westpac pays its chairman \$800,000 per year, its chief executive \$6.8 million per year and its senior board and executives \$41.4 million per year.

The ANZ pays its chairperson \$800,000 per year, its chief executive \$5.1 million and its senior executives and board \$44.7 million. The Commonwealth Bank pays its chairperson \$900,000 per year, its chief executive \$8.8 million per year and its senior executive and board \$48.5 million. Macquarie pays their chairperson \$900,000 per year, their chief executive \$18.2 million per year and their board and executives \$120 million. The total in wages for chief executives, chairmen, boards and senior executives only is \$290 million per year—per year.

The idea that a state major bank levy that raises about \$100 million a year between the five banks of about \$20 million each, which is a lot less than Macquarie from memory, would have any impact on (1) their profitability, (2) their ability to borrow or (3) any investment climate in South Australia is ridiculous, but they have found an ally in the Liberal Party.

Mr KNOLL: Treasurer, now that you have SAFA, Super SA and MAC here, what is the total exposure to bank equities from each of the funds management organisations?

The Hon. A. KOUTSANTONIS: Funds SA is the only one with any exposure through shareholdings of about \$1.5 billion.

Mr KNOLL: Can you let us know what dividends are paid on these equities?

The Hon. A. KOUTSANTONIS: We do not have that with us, but we will get that for you.

Mr KNOLL: Treasurer, you have suggested that consumers will not pay. You have said that borrowing costs will not change. Will you now concede that equities, or 'retained earnings' as you

call them, will now be footing the bill for this tax and that the state government actually has exposure to changes and variations towards that?

The Hon. A. KOUTSANTONIS: Given that share prices went up during the debate about the major bank levy and that share prices in all the banks have gone up since the announcement of the major commonwealth bank levy, no.

Mr KNOLL: If I can ask the question again, will you concede that there will be a change to dividends as a result of this major bank levy?

The Hon. A. KOUTSANTONIS: That is a matter for the individual boards. Boards decide their dividends on all sorts of different policies. The idea that the Commonwealth Bank would pay its shareholders a lower dividend on the basis of the commonwealth government's major bank levy has not borne through, or that—

Mr KNOLL: This is magic pudding economics. Either consumers pay, or borrowers pay or shareholders pay. You can decide which one of those pays, but one of them has to pay. The money has to come from somewhere. It does not just hide in a secret box under somebody's bed. One of those three groups gets to pay. Which one of those three groups is going to pay?

The Hon. A. KOUTSANTONIS: It is a nice speech, but the reality is that dividend payments are calculated differently by each bank—

Mr KNOLL: Which one of those three groups, Treasurer?

The Hon. A. KOUTSANTONIS: —and those banks decide, on the basis of their retained profits and earnings, how much they will return in dividends.

Mr KNOLL: If there is \$100 million left as a result of this major bank levy—

The Hon. A. KOUTSANTONIS: Even if there is no change to dividend policy whatsoever and there is no increase in dividend policy, there are still plenty of retained profits to pay this tax out of and a lot more after that.

Mr KNOLL: So nobody is going to pay?

The Hon. A. KOUTSANTONIS: The banks will.

Mr KNOLL: Nobody is going to pay.

The Hon. A. KOUTSANTONIS: The banks will pay out of their profits.

The Hon. J.M. RANKINE: Maybe fewer annual bonuses for them.

Mr KNOLL: It is either shareholders or—anyway, that is fine. The magic continues.

The Hon. A. KOUTSANTONIS: If shareholders are worse off—

Mr KNOLL: This is brilliant. And you are the Treasurer of this state.

The Hon. A. KOUTSANTONIS: If shareholders are worse off then people who hold shares should recuse themselves from this vote.

Mr DULUK: Treasurer, given that no modelling has been done from your department—

The Hon. J.M. RANKINE: Sorry, what paper are you on?

Mr DULUK: The same page, member for Wright. Given that no modelling was done by SAFA or Treasury in regard to the bank tax, why request only \$90 million a year? Why not a higher amount of tax?

The Hon. A. KOUTSANTONIS: That is a good question.

Mr DULUK: Why not \$200 million? Why not \$500 million? If it has no impact, why not a higher level?

The Hon. A. KOUTSANTONIS: That is a good question. The way we decided on the level of taxation that we thought would be fair was we commissioned a series of reports during the tax debates that were being conducted when premier Baird and Premier Weatherill were having

discussions with then prime minister Abbott and then treasurer Hockey about the tax mix. We commissioned a report by Michael Evans, which found that the Australian banks were not contributing the appropriate amount of taxation through financial services taxation to the Australian economy. Subsequently, I understand that the commonwealth Treasury did a body of work as well, saying that that number was around \$4 billion.

The commonwealth government's levy will raise about \$1.6 billion per year. What we did is we said that if every other state levied this and raised another \$1.6 billion, that would take the total to still under the \$4 billion mark. We have set that figure based on the commonwealth major bank levy. We take a proportion of our economy as a share of GDP and apply it to that \$1.6 billion figure. If every other state applied the same levy as us, it would raise exactly the same amount of commonwealth levy.

Mr DULUK: If the state started going over that levy, would you then concede that your bank tax in the long run, if every other state were to buy in and go above, the same as WA did, would then affect the profitability of banks and then, over time, the cost of funds to banks and then be passed on to consumers?

The Hon. A. KOUTSANTONIS: No; because of their implicit guarantee, they get lower costs of borrowing anyway, but the truth is that, even with every other state applying this levy, that would take their profitability for one year from \$30 billion down to \$26 billion. A \$26 billion profit for one year is a very healthy margin. It is a lot more profitable than other international banks or other banks in comparable countries. The question here is: do I like taxation? No, I have cut more taxes than any Liberal treasurer in the history of this state. The taxes that we have cut as a government have been aimed at people who are active in the economy, people who are—

Mr KNOLL: Let's move on.

The Hon. A. KOUTSANTONIS: —let me finish my answer—active in the economy and want to go out and do things like buy land or buy a business, like your family business, for example. Your family business can now expand and buy other properties, other businesses and other plant and equipment without paying stamp duty. In any other jurisdiction, if they were to buy a new warehouse, if they were to buy new equipment, they would pay stamp duty on the goodwill of the business they purchase, they would pay stamp duty on the plant and equipment and they would pay stamp duty on the property that they bought—not in South Australia.

We have cut taxes dramatically. This is a part of the economy that is undertaxed. It is under taxed and they are not paying their fair share, and that is money we want spent on hospitals, schools and job creation. Again, I go back to the important matter here that in all the spending we have announced in the budget not once has the opposition mounted any opposition to any of it.

Mr MARSHALL: My question relates to Budget Paper 3, page 85. Are you able to provide an update on whether any decision has been made to retain surpluses in SAFA or Funds SA to Treasury?

The Hon. A. KOUTSANTONIS: Nothing on top of the standard dividend policy across government for SAFA. We do not take money out of Funds SA.

Mr MARSHALL: What is the quantum of refinancing to be undertaken in the 2017-18 year?

The Hon. A. KOUTSANTONIS: I think I answered that earlier.

Mr MARSHALL: No, you said that you would be going out in August, but I am wondering about the quantum of refinancing.

The Hon. A. KOUTSANTONIS: It is \$4.75 billion.

Mr MARSHALL: Will that all be going out in August?

The Hon. A. KOUTSANTONIS: Yes; \$2 billion will be rolled over in short-term borrowings, and the \$2.57 billion will be done over a 12-month period—four or five tranches of borrowings.

Mr MARSHALL: Four or five tranches beginning in August this year?

The Hon. A. KOUTSANTONIS: August, September.

Mr MARSHALL: What new or extra financing needs are to be raised beyond this financial year?

The Hon. A. KOUTSANTONIS: On average about \$4 billion a year.

Mr MARSHALL: Of the \$4.75 million that you are going out to the market for this year, what proportion is refinancing versus new finances that you are looking for?

The Hon. A. KOUTSANTONIS: It is all refinancing.

Mr MARSHALL: It is all refinancing, so there is no additional—

The Hon. A. KOUTSANTONIS: Not this year, no.

Mr MARSHALL: The debt position does not deteriorate at all this year?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: In terms of the Motor Accident Commission, is there a current valuation of the tail of the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: It is up in the annual report, which will be tabled in parliament later this year.

Mr MARSHALL: What is the most recent valuation of the tail that is published?

The Hon. A. KOUTSANTONIS: From last year's annual report, I imagine.

Mr MARSHALL: What does that show?

The Hon. A. KOUTSANTONIS: I will dig out the annual report and give it to you.

Mr MARSHALL: Can you indicate whether or not there has been a revaluation or a devaluation?

The Hon. A. KOUTSANTONIS: We will announce that in the annual report we will table in the parliament.

Mr MARSHALL: When is that due to be tabled?

The Hon. A. KOUTSANTONIS: Later in the year.

Mr MARSHALL: Is the government still investigating options for selling off that tail?

The Hon. A. KOUTSANTONIS: The current decision is that we will maintain the tail.

Mr MARSHALL: The current decision?

The Hon. A. KOUTSANTONIS: That could change, of course.

Mr MARSHALL: When was that decision taken?

The Hon. A. KOUTSANTONIS: Earlier this year.

Mr MARSHALL: The government has previously indicated that it was exploring options.

The Hon. A. KOUTSANTONIS: Yes, we do everything we can to maximise the value for the taxpayer.

Mr MARSHALL: Yes, excellent work.

The Hon. A. KOUTSANTONIS: Good. Thank you.

Mr MARSHALL: Who undertook that investigation?

The Hon. A. KOUTSANTONIS: PwC.

Mr MARSHALL: Was it presented to Treasury or to the board?

The Hon. A. KOUTSANTONIS: It was late last year.

Mr MARSHALL: Was the recommendation from PwC that the tail not be sold? Was that the recommendation?

The Hon. A. KOUTSANTONIS: It was a cabinet decision.

Mr MARSHALL: Was that in accordance with the recommendation from PwC and the board?

The Hon. A. KOUTSANTONIS: Cabinet deliberations are secret.

Mr MARSHALL: What was the value of that external work done on the sale of the tail?

The Hon. A. KOUTSANTONIS: I do not know, but I will get it for you.

Mr MARSHALL: To this point in time, and there is no reason for you to envisage it would change, the decision by the government has been not to sell that and to continue operating. What are the costs associated with the ongoing management of that tail?

The Hon. A. KOUTSANTONIS: It is just maintaining Allianz as our claims manager and maintaining the funds for the staff. I will get the costs for you.

Mr MARSHALL: Allianz are managing it, but I presume there is some overhead associated with the continuing operation of the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: I understand it is relatively small, but I will get it for you.

Mr MARSHALL: How many people are still employed?

The Hon. A. KOUTSANTONIS: I do not know, but I will get that answer for you.

Mr MARSHALL: So you will be able to provide us with the number of people who are employed by the Motor Accident Commission—

The Hon. A. KOUTSANTONIS: Yes, of course.

Mr MARSHALL: —and the annual costs of continuing to operate the Motor Accident Commission—

The Hon. A. KOUTSANTONIS: Absolutely.

Mr MARSHALL: —and the cost that was put together—

The Hon. A. KOUTSANTONIS: Yes, of course.

Mr MARSHALL: —to bring that case to the Motor Accident Commission board. Is there still a board in place?

The Hon. A. KOUTSANTONIS: Of course there is.

Mr MARSHALL: Who is the chair of the board?

The Hon. A. KOUTSANTONIS: Dr Bill Griggs.

Mr KNOLL: If we can talk now about a number of things about CTP, Treasurer.

The Hon. A. KOUTSANTONIS: Yes, you wanted the answers.

Mr KNOLL: I refer to Budget Paper 4, Volume 4, page 152.

The Hon. A. KOUTSANTONIS: You wanted the answers on the registration. I have done some research, and the increase for metropolitan registration was 3 per cent. The corresponding increase for regional areas was 3 per cent.

Mr KNOLL: Can you confirm that these remain capped for the same period as metropolitan premiums?

The Hon. A. KOUTSANTONIS: Yes, they are.

Mr KNOLL: Is 2017-18 now the last year for which capped premiums apply?

The Hon. A. KOUTSANTONIS: There is one more after that.

Mr KNOLL: We are talking about—

The Hon. A. KOUTSANTONIS: 2018-19.

Mr KNOLL: —the middle of 2019. Have any estimates or forecasts been produced about premium increases post the capped period?

The Hon. A. KOUTSANTONIS: It depends on the market.

Mr KNOLL: That was not the question. Have any estimates or forecasts been produced?

The Hon. A. KOUTSANTONIS: Not that I am aware of, no.

Mr KNOLL: You have not done any modelling, no understanding of whether—

The Hon. A. KOUTSANTONIS: It would be a free market then. Are you opposed to a free market now as well?

Mr KNOLL: No, Treasurer.

The Hon. A. KOUTSANTONIS: Good.

Mr KNOLL: When you brought this in, you said that this was going to help bring down prices. You then set a mandated three-year period by which there were capped increases. I suppose the proof in the magic pudding will come post 2019.

The Hon. A. KOUTSANTONIS: We will see.

Mr MARSHALL: Has Treasury done any analysis of what has occurred in other jurisdictions when that cap has been removed?

The Hon. A. KOUTSANTONIS: I think it is hard to compare jurisdictions because our model is very different. We had a much broader range of competitive tension in place and a lot more providers. I think the examples in other jurisdictions were for sole providers, but I will go back and check for you. I do not think you can compare apples with apples here.

Mr KNOLL: Continuing on with CTP and MAC, what is the balance of the Highways Fund?

The Hon. A. KOUTSANTONIS: I do not have that number here, but I will find out for you.

Mr KNOLL: Where would be the appropriate place to get an answer on where the balance of the Highways Fund would be?

The Hon. A. KOUTSANTONIS: Minister Mullighan would be the appropriate place.

Mr KNOLL: I refer to Budget Paper 4, Volume 4, page 162. Still on compulsory third party, in relation to the insurance regulator is that regulator funded for 2019-20?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: And it is funded across the subsequent years of the forward estimates?

The Hon. A. KOUTSANTONIS: Yes.

Mr KNOLL: What is the budget for this subprogram in each year of the forward estimates?

The Hon. A. KOUTSANTONIS: I am advised that it is stable across the forward estimates, but I will get you a more accurate number.

Mr KNOLL: Treasurer, are any of the costs of the third-party insurance regulator being recovered by the companies that are writing CTP premiums?

The Hon. A. KOUTSANTONIS: Yes, it comes out of premiums. That is the best practice model for regulation.

Mr KNOLL: Has the compulsory third-party insurance regulator done any modelling or forecasting in relation to what they believe the market is going to do post the middle of 2019?

The Hon. A. KOUTSANTONIS: No.

Mr KNOLL: Do you anticipate that they will be doing any modelling?

The Hon. A. KOUTSANTONIS: I do not know. It is a matter for the independent regulator. I will not be instructing her to.

Mr KNOLL: I refer to Budget Paper 4, Volume 4, page 172. We asked before about what drove almost \$400,000 million worth of unbudgeted other income in 2016-17. We are asking whether or not this is related to the MAC.

The Hon. A. KOUTSANTONIS: I think we answered that. That was the cash alignment policy. I think you asked another question about the MAC. It was not this one.

Mr KNOLL: We can move on to the South Australian Venture Capital Fund, Budget Paper 4, Volume 4, page 154. These are questions you asked us to refer to SAFA in this line. How many FTEs were dedicated to administering the VC Fund in 2016-17?

The Hon. A. KOUTSANTONIS: The Venture Capital Fund started operation on 4 July 2017. That was previously publicly announced. SAFA were on the implementation working group. They contributed three FTEs.

Mr KNOLL: Did those three FTEs start on 4 July, or did they start prior to that?

The Hon. A. KOUTSANTONIS: I am advised that the implementation working group was operating for the preceding 12 months leading up to the announcement.

Mr KNOLL: In addition to SAFA's three staff, how many other staff were part of this?

The Hon. A. KOUTSANTONIS: I would have to refer you to other ministers but, if you would like, I can try to corral an answer for you.

Mr KNOLL: Which other areas would staff have been seconded from to this VC Fund?

The Hon. A. KOUTSANTONIS: State Development.

Mr KNOLL: In 2017-18, across the forward estimates, how many staff?

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

Mr KNOLL: But in terms of SAFA's personnel contribution?

The Hon. A. KOUTSANTONIS: There will be no new FTEs assigned. They will be using existing resources and they will be offering commercial legal advice.

Mr KNOLL: Sorry, those three staff will remain ongoing for the life of the VC Fund?

The Hon. A. KOUTSANTONIS: Not full-time, no.

Mr KNOLL: Treasurer, what is the total cost of administering the fund in 2016-17 against the budget?

The Hon. A. KOUTSANTONIS: I refer you to minister Maher.

Mr KNOLL: Treasurer, referring to page 154, one of the highlights from Treasury is completing the establishment of the South Australian Venture Capital Fund.

The Hon. A. KOUTSANTONIS: That is right, the establishment.

Mr KNOLL: So, Treasurer, then you are obviously willing to take the credit for the work done, but you are not willing to answer questions about it?

The Hon. A. KOUTSANTONIS: First of all, I do not take credit for anything. I am simply part of a team—a very good team, a very successful team—and that team is working diligently to try to do all it can to grow our economy. One of the weapons in our armoury is the Venture Capital Fund, and it is being administered very well by minister Maher.

Mr KNOLL: Treasurer, the costs of administering the fund, will they come out of the \$50 million?

The Hon. A. KOUTSANTONIS: There was a budget allocation made last year in last year's budget for the management and operation of this fund. I understand that was \$750,000, I am advised.

Mr KNOLL: That is separate from the 500?

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

Mr KNOLL: It is separate.

The Hon. A. KOUTSANTONIS: It is additional, yes. You could ask the Treasurer of the Liberal Party. Apparently he has involvement with Blue Sky.

Mr KNOLL: I was just about to ask that. From which pool of funds will the fund manager, Blue Sky, be paid?

The Hon. A. KOUTSANTONIS: From the fund that I just announced. They will be paid out of the \$750,000 fund and a small portion of the Venture Capital Fund will come out in fees.

Mr KNOLL: They have a fixed fee as well as a percentage fee of the \$50 million. Is that percentage based on a performance—

The Hon. A. KOUTSANTONIS: You will have to refer this to minister Maher.

Mr KNOLL: Treasurer, what will the SAFA staff be responsible for, given now that we have an external fund manager?

The Hon. A. KOUTSANTONIS: I told you that earlier—commercial and legal advice.

Mr KNOLL: And the three staff, you said, will be part-time. Is there some sort of FTE allocation?

The Hon. A. KOUTSANTONIS: No, they will be using existing resources to assist.

Mr MARSHALL: I have a couple of questions now regarding SAicorp's performance, referring to Budget Paper 4, Volume 4, page 159. At the bottom of page 159, there is a table which is basically a performance indicators report. There was a substantial increase in the operating expense per \$100 of premium revenue between the 2015-16 year and then the target for 2016-17. Why was that revised up so substantially in the forecast? What were you envisaging was going to occur there that presumably did not occur?

The Hon. A. KOUTSANTONIS: The 2015-16 actual came in under what we had envisaged would be the cost. We hope it does it again. I am advised that the target estimate in 2016-17 is the same as the one that was in place in 2015-16. We just came in under.

Mr MARSHALL: Why did it come in under then in the 2015-16 year? Why were you budgeting for it to be so high that year and then it came in under and then you repeated it the following year?

The Hon. A. KOUTSANTONIS: Again, conservative budgeting and good performance in the administration.

Mr MARSHALL: Now you are actually offering a target which is lower, so it seems to change that prudential forecasting. What is driving it lower again? \$5.50 is what was expected and you came in at \$4.84 with great prudential management, why have you gone down again?

The Hon. A. KOUTSANTONIS: Because we think they can do it better. They are stretching the target and they have been performing, so we alter the targets appropriately.

Mr MARSHALL: Do you have any indication of how that cost of operating expenses compares with other jurisdictions?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Is any benchmarking done to suggest what that operating expense rate should be per \$100?

The Hon. A. KOUTSANTONIS: We do not have it with us, so I will get an answer for you.

Mr MARSHALL: But \$4.74 is the forecast which you are comfortable with for the current financial year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: Down from \$5.50 just last financial year?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: But you cannot provide any explanation as to why you budgeted so much higher last financial year?

The Hon. A. KOUTSANTONIS: They do speak to their peers. It is a very open and transparent community. They talk to each other, they understand the industry well, they have set benchmarks and they have come in under. They will set a benchmark again if they come in under again. They are backing themselves to come in at cheaper prices, so I back them as well.

Mr MARSHALL: Just while we are on SAicorp, how do you manage any surplus funds? Do they result in transfers to the Treasury or lower premiums internally for the following year?

The Hon. A. KOUTSANTONIS: The same dividend policy applies to SAicorp as applies to everyone else. If they are meeting their sufficient solvency ratios and there are surplus funds, they pay that into the Consolidated Account. If they do not, they do not.

Mr MARSHALL: When was the last time a payment was made into the Consolidated Account?

The Hon. A. KOUTSANTONIS: This current year.

Mr MARSHALL: What was that transfer? Is that on page 73 of Budget Paper 3? It says net assets, so free reserves of \$161.2 million as of 30 June. If you made a transfer post 30 June 2015—

The Hon. A. KOUTSANTONIS: So, \$3.1 million was the income tax equivalent. I will get the dividend answer for you in a moment.

Mr MARSHALL: What we would be interested in is what was the transfer, presuming you finished the financial year 30 June 2015, and in that last financial year you made a transfer from that accumulated surplus of funds; is that correct?

The Hon. A. KOUTSANTONIS: If it met the dividends policy, yes. If it did not, no.

Mr MARSHALL: So there was a payment made last financial year—

The Hon. A. KOUTSANTONIS: They would have made a tax equivalent payment if they made a profit.

Mr MARSHALL: In the 2016-17 financial year, or the 2015-16—

The Hon. A. KOUTSANTONIS: The approved dividend income tax equivalent payment policy to SAFA's insurance operations resulted in interim distributions into the Consolidated Account on 20 June 2017 of \$16.78 million.

Mr MARSHALL: When was that?

The Hon. A. KOUTSANTONIS: 20 June.

Mr MARSHALL: Which year?

The Hon. A. KOUTSANTONIS: It was 2017. The amount of \$7.63 million is a dividend and \$9.15 million is the income tax equivalent.

Mr MARSHALL: That was based upon the accumulated surpluses as of 30 June the previous year, so that was just retained for almost a year. When do you determine that—

The Hon. A. KOUTSANTONIS: It is based on the expected profitability on 30 June. That is an interim payment.

Mr MARSHALL: Just before 30 June this financial year, there was a transfer made of \$16 million?

The Hon. A. KOUTSANTONIS: I told you: \$16.78 million.

Mr MARSHALL: \$16.78 million, based upon the expected surplus. Interestingly, as of 30 June the previous year, it states here that the free reserves of SAicorp were \$161.2 million, so what transfer was made the previous year?

The Hon. A. KOUTSANTONIS: I am advised that this financial year is the first year that SAicorp have ever paid a dividend.

Mr MARSHALL: What was the estimate of the net assets or free reserves as of 30 June this year?

The Hon. A. KOUTSANTONIS: Last year, it was \$161.2 million and this year it is \$191 million.

Mr MARSHALL: You can see where my question is going. If there has been such a substantial increase in the free reserves, why have you not made a major contribution? You have contributed only \$16 million out of the additional \$30 million free reserve accumulation over that 12-month period.

The Hon. A. KOUTSANTONIS: We take actuarial advice and the actuarial advice is that we should keep between 120 and 165 per cent of net liabilities and then pay a dividend over the average profits of the previous five years. It is a very conservative process.

Mr MARSHALL: And that is the first time you have made a distribution?

The Hon. A. KOUTSANTONIS: That is the advice I have, yes.

Mr MARSHALL: If you sought actuarial advice in the past and they said, 'No, let's just retain the money in surplus funds, net assets, free reserves,' is this a transaction that you would only ever contemplate towards the end of the financial year, or could there be further interim flows?

The Hon. A. KOUTSANTONIS: I would imagine you would only do it at the end of the year, after actuarial advice.

Mr MARSHALL: Thank you.

Mr DULUK: I refer you to Budget Paper 4, Volume 4, page 159, the sixth bullet point, Treasurer—the low-emission vehicles. What was the total spend on vehicle purchases in 2016-17 against your budget for vehicle purchases?

The Hon. A. KOUTSANTONIS: Just low-emission vehicles or all vehicles?

Mr DULUK: We will get there. We will do both.

The Hon. A. KOUTSANTONIS: We will do both? Alright. We do not have a low-emission breakdown, but I can get that for you. Total vehicle was—

Mr DULUK: You do not have the breakdown but you highlight that you have increased the number of low-emission vehicles in the government's fleet.

The Hon. A. KOUTSANTONIS: I will get the cost.

Mr DULUK: Thank you very much. And the total number of—

The Hon. A. KOUTSANTONIS: It is 11.8 percent.

Mr DULUK: Of the total fleet was low emission?

The Hon. A. KOUTSANTONIS: Yes.

Mr DULUK: How many vehicles in the total fleet?

The Hon. A. KOUTSANTONIS: There are 7,151, including your car. Is yours a low-emission vehicle?

Mr DULUK: No. Proudly, no. Has the government entered into any form of fleet-buying arrangements with the manufacturers of low-emission vehicles?

The Hon. A. KOUTSANTONIS: Can you explain what you mean?

Mr DULUK: Has the government entered into any form of fleet-buying arrangement with manufacturers of low-emission vehicles?

The Hon. A. KOUTSANTONIS: We have bought low-emission vehicles from manufacturers, yes.

Mr DULUK: Good. Who are those manufacturers?

The Hon. A. KOUTSANTONIS: I imagine they are Nissan and Toyota.

Mr DULUK: They are the two?

The Hon. A. KOUTSANTONIS: They are the two.

Mr DULUK: What is the average cost per unit for low-emission vehicles compared with comparable vehicles that are not marked as low-emission vehicles from within the fleet?

The Hon. A. KOUTSANTONIS: We will have to get that for you. I do note, however, that the commonwealth government has left its luxury car vehicle excise in place.

Mr DULUK: We are not here to talk about the commonwealth government, Treasurer.

The Hon. A. KOUTSANTONIS: No, I bet you stay right away. Advance to the rear.

Mr DULUK: Was the state fleet impacted at all by the Volkswagen diesel vehicle recall?

The Hon. A. KOUTSANTONIS: We would need to confirm that, but I doubt it.

Mr DULUK: Following the exit of Holden, what options are there for fleet purchases going forward?

The Hon. A. KOUTSANTONIS: That is a good question. It is very difficult to replace a manufacturer with the range of vehicles that General Motors made for us. They suited our purposes beautifully, especially our law enforcement vehicles. It is very difficult to find a comparable motor vehicle of the quality of the Holden Calais and the Holden Statesman. They were very good vehicles. It is going to be very difficult to find a cost equivalent.

If you look at the cost comparisons between an equivalent foreign-made vehicle compared to what we were able to buy Australian-made vehicles for, there is going to be a dramatic increase from the commonwealth government's decision to rip out the heart and guts of the Australian automotive industry.

Mr DULUK: I refer to Budget Paper 3, page 166, table C.3. Could you explain what the government banking contract rebate is and who pays for this rebate?

The Hon. A. KOUTSANTONIS: This is a contractual arrangement we have with the Commonwealth Bank which we do all our banking through. There are triggers within that contract so that they pay us payments depending on transactions and amounts held in their accounts, and they pay us fees in exchange for that. It is part of the contractual arrangements we have in place through a competitive process when they won the tender off Westpac.

Mr DULUK: Has that rebate been reviewed at all in the last couple of months?

The Hon. A. KOUTSANTONIS: I understand that contract is up for negotiation or extension later this year.

Mr DULUK: Staying on page 166, can you explain the sharp increase in sundry recoupment, up from \$156,000 to \$961,000?

The Hon. A. KOUTSANTONIS: Not here right now, but I will get you a detailed answer.

Mr MARSHALL: Sorry, I do not know whether I heard any questions regarding the state fleet. Had you done those?

The Hon. A. KOUTSANTONIS: Yes.

Mr MARSHALL: And did you provide an explanation as to what we were likely to move towards?

The Hon. A. KOUTSANTONIS: No, it is very difficult to do this because the versatility of the fleet that we were getting out of Holden, Ford and Toyota was very, very good for our purposes. In terms of passenger sedan vehicles that we are going to need, especially for the police force, they are going to be very difficult to replace. The police force needs a certain type of vehicle with a certain amount of space.

Those equivalents that are European-made are very expensive. They are a lot more expensive than their Australian equivalents, but we are hopefully going to enter into some sort of national arrangement with law enforcement around the country to have perhaps one contract to supply the nation's police fleet. We will see how those negotiations go on.

Obviously, there are special-needs vehicles that we cannot do without: fire vehicles, ambulances, and four-wheel drives that we currently purchase for certain agencies such as fire and rescue. Generally, we will be going out to the market to look for the best value.

Mr MARSHALL: How many new vehicles are purchased or leased per year?

The Hon. A. KOUTSANTONIS: We will be purchasing 2,700 vehicles in the coming year.

Mr MARSHALL: In other words, from October onwards there are going to be a couple of hundred every month. What is the plan for October this year?

The Hon. A. KOUTSANTONIS: We will be diversifying the fleet dramatically as of October. We will be purchasing consistent with government policy on obtaining low-emission vehicles. Obviously, manufacturers who make low-emission vehicles will have an advantage—people like Toyota, Nissan and Honda.

I am not sure what American brands will be imported through the General Motors brand. Obviously, there is a very large dealer fleet that I am very concerned about. I am very concerned about the Holden franchisees around the state and how we manage them, but I would like to see the fleet diversify. The great thing about diversifying the fleet is that we get increased value in terms of our return, but we will be focusing on best fit for purpose vehicles.

Mr MARSHALL: But, given that in eight weeks' time there is no longer going to be Holdens to purchase, and you would envisage that people would be looking at models about now if they are going to get them delivered in October—

The Hon. A. KOUTSANTONIS: We are looking at models now.

Mr MARSHALL: —when will you be making a decision?

The Hon. A. KOUTSANTONIS: For example, we are diversifying the fleet now. We are already moving to hybrid and low-emission vehicles now.

Mr MARSHALL: What ones in particular?

The Hon. A. KOUTSANTONIS: Toyota Camry is a low-emission vehicle. You have Nissan Pathfinders and Toyota Corollas.

Mr MARSHALL: What are you going to be driving the next time you go to market for your ministerial vehicle? We know you like driving quite quickly.

The Hon. A. KOUTSANTONIS: Do we?

Mr MARSHALL: Yes.

The Hon. A. KOUTSANTONIS: You have interesting habits with your vehicle late at night, too. Do you want to discuss those?

Mr MARSHALL: Sure.

The Hon. A. KOUTSANTONIS: Really?

The CHAIR: Which budget line are we referring to now? Private vehicle—

The Hon. A. KOUTSANTONIS: Are you sure?

The CHAIR: Order! Private vehicle—

The Hon. A. KOUTSANTONIS: It is really creepy.

The CHAIR: Order! Treasurer, you are defying the Chair.

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

The CHAIR: The Chair is not happy. Back on task, please.

Mr MARSHALL: I am trying to get through a couple, so I hope you will not mind if I jump over the place. I was going to ask a question when we were on Funds SA about whether or not you have had any consideration of Funds SA managing other government funds, for example, like ReturnToWorkSA? What analysis has been done and who is doing that work?

The Hon. A. KOUTSANTONIS: There was a body of work done by Rod Chapman, I understand, on behalf of the Economic and Finance Committee. I think it was the Economic and Finance Committee. He did a body of work, I understand, looking at consolidating funds management under one umbrella. I think that makes a lot of sense. SAFA's insurance money is already with Funds SA. I would like to see ReturnToWorkSA go under the one management umbrella.

Mr MARSHALL: Any others?

The Hon. A. KOUTSANTONIS: Yes, but it is very difficult. Obviously, there are independent boards in place and members to consider.

Mr MARSHALL: What is the advantage to the state of greater critical mass?

The Hon. A. KOUTSANTONIS: Greater purchasing power and greater contractual ability to go out and get better deals.

Mr MARSHALL: What other agencies could there be, over and above ReturnToWorkSA?

The Hon. A. KOUTSANTONIS: Public Trustee, SAicorp, Super SA and Health Services Charitable Gifts Board. I am advised Funds SA currently has nine government clients and ReturnToWork and the Public Trustee are managed independently of Funds SA, but they could be easily brought in to be managed by Funds SA.

Mr MARSHALL: We will quickly do the omnibus questions, but then I would be quite keen to ask some questions around superannuation services.

The Hon. A. KOUTSANTONIS: Sure.

Mr DULUK: Thank you.

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2016-17 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 2016-17 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 2017-18?

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 2015-16 and 2016-17.

4. For each agency for which the minister has responsibility:

- (a) How many FTEs were employed to provide communication and promotion activities in 2016-17 and what was their employment expense?
- (b) How many FTEs are budgeted to provide communication and promotion activities in 2017-18, 2018-19, 2019-20 and 2020-21, and what is their estimated employment expense?
- (c) The total cost of government-paid advertising, including campaigns, across all mediums, in 2016-17, and budgeted cost for 2017-18.

5. For each agency for which the minister has responsibility:
- (a) What was the cost of electricity in 2016-17?
 - (b) What is the budgeted cost of electricity in 2017-18?
 - (c) What is the provisioned cost of electricity in 2018-19, 2019-20 and, 2020-21?
6. For each grant program or fund the minister is responsible for please provide the following information for the 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21 financial years:
- (a) Balance of the grant program or fund;
 - (b) Budgeted (or actual) expenditure from the program or fund;
 - (c) Budgeted (or actual) payments into the program or fund;
 - (d) Carryovers into or from the program or fund; and
 - (e) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

The CHAIR: The Chair would have let you know that you could have read the omnibus questions at the end of the day because it is the same minister, but you have done that now for the whole of the day.

Sitting suspended from 16:15 to 16:30.

DEPARTMENT OF THE PREMIER AND CABINET, \$260,146,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$1,976,000

Membership:

Mr van Holst Pellekaan substituted for Mr Duluk.

Mr Wingard substituted for Mr Knoll.

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, Department of the Premier and Cabinet.

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

Dr P. Heithersay, Deputy Chief Executive, Department of the Premier and Cabinet.

Ms P. Chau, Director, Performance and Governance, Department of the Premier and Cabinet.

Ms R. Knights, Director, Energy Markets, Department of the Premier and Cabinet.

Mr B. Goldstein, Executive Director, Energy Resources, Department of the Premier and Cabinet.

Ms P. Freeman, Acting Executive Director, Mineral Resources and Energy, Department of the Premier and Cabinet.

The CHAIR: I thank members for returning. Before we broke, I neglected to advise that the time had expired for the examination of the Department of Treasury and Finance and the administered items of the Department of Treasury and Finance and therefore the proposed payments are adjourned and referred to committee B.

We are now moving to the Department of the Premier and Cabinet. The minister appearing is the Minister for State Development and the Minister for Mineral Resources and Energy. I declare the proposed payments open for examination and refer members to the portfolio statements in Volume 4. I call on the minister to make an opening statement if he wishes and to introduce his advisers.

The Hon. A. KOUTSANTONIS: Thank you very much, ma'am. I will be making no opening statement. To my left is Mr Steve Woolhouse, Chief Financial Officer, DPC, and Dr Don Russell, Chief Executive. Dr Paul Heithersay is the Deputy Chief Executive. Phuong Chau is the Director, Performance and Governance, and Rebecca Knights is the Director, Energy Markets. Mr Barry Goldstein is the Executive Director, Energy Resources. Pru Freeman is back there as well, and she is the Acting Executive Director of Mineral Resources and Energy. I will take your questions.

Mr VAN HOLST PELLEKAAN: I will make a brief opening statement. By any measure, the results of the state government's energy policy over the last several years have been a complete failure. We have the highest electricity prices in the nation and some say in the world. We have regular blackouts. We have had job losses, and we now know from this budget that, in fact, the share of electricity generation in this state that creates emissions is going to increase.

The Treasurer has said on several occasions that the very best measure of future electricity prices is the ASX published forward contract prices. Interestingly, immediately after the government put out its energy plan on 15 March this year, those prices actually rose in response to the government's plan. Again, that is not helpful for anybody. Since then, both the minister and the Premier have walked away from some of their initial commitments they made, particularly including the fact that they both are on the record as saying that their plan would reduce electricity prices, but it is hard to get them to say that these days.

The government wants to spend \$550 million of taxpayers' money to fix the problem that the government actually created. There is a much better way, and the Liberal Party will announce its energy policy well in advance of the next election. Minister, my first question relates to Budget Paper 5, page 12. The whole series of questions for the next while relates to the table at the top of the page.

The Hon. A. KOUTSANTONIS: Why did you demote him?

Mr VAN HOLST PELLEKAAN: Minister, as part of the state government energy plan what measure will directly reduce electricity prices, by how much and when?

The Hon. A. KOUTSANTONIS: Sorry, which budget line?

Mr VAN HOLST PELLEKAAN: Page 12, Budget Paper 5.

The Hon. A. KOUTSANTONIS: Budget Paper 5 and the energy plan. There are a number of causes of the dramatic spikes in power prices across the country. What you have seen in New South Wales and Victoria are prices close to above \$100 a megawatt-hour consistently now. You have seen the interconnector reverse its flow. Rather than flowing from Victoria into South Australia, it is basically flowing directly into Victoria consistently. What is occurring is a policy paralysis in the National Electricity Market.

What we are attempting to do with Our Energy Plan is to give some level of confidence for investment in the National Electricity Market here in South Australia. Unfortunately for South Australians, since the privatisation of ETSA there has been very little new investment in unregulated power plants in South Australia. There have been dramatic investments in regulated assets, given the sweetheart deal signed by the former government and current shadow treasurer with the foreign purchasers of our assets, but there has been very little investment in new generation in South Australia. The energy plan is attempting to get more investment into more generation into South Australia. The first example of that, of course, is the battery.

The 100-megawatt battery will be probably the first in the world to firm wind. That firming process is very exciting. It basically means that a battery working in conjunction with a wind farm will be able, for the first time, to offer dispatchable renewable energy; that is, AEMO will be able to schedule it to come on and off based on prevalent wind patterns and, of course, the charge of the battery. This is a very exciting outcome of our procurement and partnership with Neoen and Tesla, which is the first part of the battery. If this is proven and if it is able to operate and dispatch regularly, you will see prices much lower than the national average currently.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: Well, from my understanding, dramatically lower. Those prices that are dramatically lower could be offered in the market for high-intensity users, like glass manufacturing, or any form of high-intensity electrical use. The good thing about it is that it is a lot cheaper to operate than a gas-fired generator or transmission lines through interconnection. That is the first stage that I think will do a great deal to help lower prices.

The other thing we are doing is relieving a lot of the risk margin being priced into South Australians' prices by energy retailers. AGL or Origin are pricing risk into their prices by deciding that, given the age of their plant and equipment and the demand in South Australia, often that supply cannot be met, so they set a higher price for their electricity and sign fewer contracts in the market. What we need in the South Australian market is a lot more contracts. To have more contracts, you need more competition.

The plan is twofold; first, we have the energy security target, which is an incentive for all synchronous power generation to come onto the market through an initiative, which is a lot like an energy intensity scheme but without the intensity aspect, which would incentivise more synchronous power to operate more often, which will create more electrons into the system, which will mean that retailers will have to write more contracts.

Another aspect of the risk margin that we want to lower is building our own generation to be offered in lieu of load shedding. We will be making an announcement very, very soon about the outcome of our procurement. That procurement, I believe, will give us the ability to offer generation into the market in a non-competitive way. We are not competing against AGL, Origin or any of the retailers. We will be saying to the National Electricity Market that in lieu of load shedding we will offer our generation to make sure that South Australians are not necessarily removed from the grid, and we are doing that in conjunction with the battery.

The other aspect is the ancillary markets that will be using our plan. The ancillary markets can raise anywhere between \$50 million and \$100 million a year from South Australian consumers. This is where Origin and AGL use their market power to bid in one or two megawatts to offer these ancillary services at exorbitant prices. The battery will play in that market, lowering that market dramatically, saving millions of dollars for South Australian consumers.

Of course, the other aspect is our own procurement to bring a new competitor into this state. Since the privatisation of ETSA, there have been very few new entrants who have their own generation. There are a lot of small market participants offering very competitive prices in the lower smaller market, but the big C&I customers—the big industrial customers—need more competitive tension. What we will be doing is using our procurement to go out to the market for a 10-year period to try to get a new competitor to build new generation. As the Premier announced when we announced Our Energy Plan, we short-listed three candidates all who were offering to build new generation in the South Australian market.

The other aspects of the plan that we think will lower prices, of course, is our PACE Gas program. PACE Gas is a very important part of the program, and one of the major determinants for electricity pricing in the country is the cost of the fuel that is being used—whether it is coal, gas, bunker fuel or other very expensive—

Mr VAN HOLST PELLEKAAN: Diesel.

The Hon. A. KOUTSANTONIS: Yes, diesel.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: Yes, there is a lot of diesel. Yes, there is, especially in Victoria and New South Wales.

Members interjecting:

The CHAIR: I do not think he needs help; not the sort of help you might give him, anyway. Minister.

The Hon. A. KOUTSANTONIS: Thank you, ma'am. The other part of our program, of course, is to try to incentivise as much exploration of gas through other unconventional or conventional means. We have put up now nearly \$48 million in grants to try to stimulate as much of that gas as we can out of the ground from really great targets in the South-East. I want to thank the opposition for their support for exploration of gas in the South-East, especially conventional wells, which do have some fracture stimulation involved.

It is good to see that the Leader of the Opposition has come around and is supporting fracture stimulation in conventional wells in the South-East. That is great news—a big step forward by the Leader of the Opposition—and I am putting out a statement tomorrow congratulating him on his support for that process in the South-East. I am sure that it will be welcomed by local residents down there. Unfortunately, Senator Xenophon and his group still do not support unconventional gas or conventional gas of any means in the South-East, so it is just you and me out there on our own supporting that conventional gas. I am sure Senator Xenophon will not find the support necessary to win those open seats down there.

Anyway, back to the topic. We want our unconventional players to try to stimulate as much gas out of the ground, and we will be hypothecating that gas in a number of ways. The first way will be to go to our generators and the second way will be to go to our industrial and business users for commercial purposes. After they are all satisfied, and through the surplus gas, after that it will go to domestic use. Only after that can it be exported. That is a brief explanation about ways in which we think we can lower prices and put downward pressure on electricity prices in the nation.

We went to a recent COAG where minister Frydenberg endorsed 49 of the 50 recommendations of Finkel. We would have liked all 50 to be adopted, and we will be tasking the Australian Energy Market Commission on behalf of South Australia, Queensland, Victoria and the ACT to begin their preparatory work on the clean energy target—which is a mechanism much like the RET, which is again much like the energy intensity scheme—to try to stimulate as much generation and investment in the industry as possible.

The Finkel inquiry's other recommendations were broad-ranging, from having an oversight board over the three market operators through the AER, the AEMC and AEMO, but currently the COAG is considering who will sit on that energy security board. There are other recommendations as well on calling on state governments to lift bans on gas exploration for unconventional gas to try to free up gas. The Prime Minister is very big on this. He wants to link GST payments targeted at governments that incentivise and assist in the exploration of gas and fuels. There are threats now to New South Wales and Victoria that they could lose GST payments if they persist with their gas bans, which is an unfortunate aspect for South Australians.

In the unfortunate circumstance that the opposition are ever elected, that could mean a loss in GST revenue because of their ban on unconventional gas in South Australia—a very dangerous and reckless move by the opposition—which Dr Finkel rejected completely in his recommendations.

We will be adopting all the Finkel requirements and start working on the 50th, which is the clean energy target. We think we agree with minister Frydenberg and the Prime Minister that, in the absence of a national mechanism, you will not get price reductions: you will get the increased prices that you are seeing in New South Wales and Victoria and, of course, the behaviour that is going on in Queensland. By and large, I think there are many measures we can put in place to try to lower prices, and the energy plan is one key aspect of it.

Mr VAN HOLST PELLEKAAN: Thanks for that fulsome answer, minister. Given all that information and given that the market has had all that information for several months now, why is it that the ASX figures published yesterday still show that over the next four years South Australia, on average, will have forward electricity contract prices 21 per cent higher than the national average?

The Hon. A. KOUTSANTONIS: But they are coming down from where they are now. What the shadow minister does not mention in his remarks is that they actually show a decrease. The important thing is that this is a National Electricity Market. I agree with Dr Finkel and I agree with the Business Council of Australia and I agree with the Australian Industry Group and the Minerals Council. Without a coherent national policy, you are going to see prices continue to be unacceptably high.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: The Leader of the Opposition just interjected with 'going it alone'. The most recent COAG commissioned by Josh Frydenberg did an investigation into our energy plan and especially our powers of intervention. The most recent COAG gave South Australia a tick and said that our intervention was in the best interests of South Australians and was consistent with the national energy market framework. But why would you pay attention to what the COAG is saying? I think we are on the right track. We can do more, but we need national leadership. I think Josh Frydenberg is attempting to show that national leadership, but unfortunately we are seeing that played out in the commonwealth parliament.

There are some members of the commonwealth parliament who do not support any form of target or any form of emissions reduction, but the Business Council of Australia put it quite succinctly at the most recent COAG: if you abolish the RET, prices go up. If you do nothing, prices go up. If you bring in a clean energy target, prices will drop. In fact, Dr Finkel's own modelling shows that a national policy framework could reduce prices dramatically.

Mr VAN HOLST PELLEKAAN: In addition to the market showing that South Australia will stay approximately 20 per cent above the rest of the national average for electricity over the next several years, why is it that figures released yesterday by AEMO also show that we will have a reserve shortfall one out of every nine days on average over the next two years?

The Hon. A. KOUTSANTONIS: What report are you referring to?

Mr VAN HOLST PELLEKAAN: 'Reserve shortfall amounts (Generation and DSP and Net Import) available to the selected region', etc., and it goes on. It is an AEMO report.

The Hon. A. KOUTSANTONIS: That is why we are building our temporary generators. Our temporary generators are there to meet any shortfalls.

Mr VAN HOLST PELLEKAAN: But the market knows about the generators. AEMO knows about the generators—

The Hon. A. KOUTSANTONIS: Summer is just around the corner. We will see how they go.

Mr VAN HOLST PELLEKAAN: —but they are still forecasting on average that, on one in nine days, we will have a shortfall.

The Hon. A. KOUTSANTONIS: I am not sure that the forecasts do actually factor in our generation. If that is what you are telling the committee—

Mr VAN HOLST PELLEKAAN: Don't they think you are going to do it?

The Hon. A. KOUTSANTONIS: You are the one reading out a report that I have not seen.

Mr VAN HOLST PELLEKAAN: It is published all the time, I am sure. One of the 20 people sitting behind you would—

The Hon. A. KOUTSANTONIS: I am not sure that the forecasts do take into account our generation.

Mr VAN HOLST PELLEKAAN: How many external independent consultants were used to develop the government's Our Energy Plan?

The Hon. A. KOUTSANTONIS: AEMO put out a report recently saying that we are going to meet our reliability standards because of our temporary generation and battery, so I am not quite sure where you are getting your information from.

Mr VAN HOLST PELLEKAAN: Could you table that report, minister?

The Hon. A. KOUTSANTONIS: I do not have the ability to table it, but I can make it publicly available to you. I think AEMO have it on their website.

Mr VAN HOLST PELLEKAAN: How many external independent consultants were engaged by the government to develop the government's energy plan and what did that cost?

The Hon. A. KOUTSANTONIS: I understand the Premier has taken that question on notice. I understand it is Frontier Economics, but I am not sure of the cost. Either the Premier or I will get that for you.

Mr VAN HOLST PELLEKAAN: Was it only Frontier Economics?

The Hon. A. KOUTSANTONIS: The Premier has taken that on notice and he will get that back to you later today.

Mr VAN HOLST PELLEKAAN: You are the energy minister. You would know how many different people you went to to help you develop your plan.

The Hon. A. KOUTSANTONIS: Yes, and you are such a high performing opposition that you got demoted.

An honourable member interjecting:

The Hon. A. KOUTSANTONIS: And fake laughs do not work either.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: What would you know about the electricity market?

The CHAIR: Order!

Mr VAN HOLST PELLEKAAN: Let's focus on the—

The CHAIR: No, when I say order, you are actually supposed to all stop. Continue.

Mr VAN HOLST PELLEKAAN: Minister, let's focus on the one independent person who you have mentioned so far: Frontier Economics and Danny Price. Why is it that Danny Price said, 'The South Australian government is to blame for electricity prices, not things that are outside of their control,' on 25 January?

The Hon. A. KOUTSANTONIS: You have used this comment before in question time and you have taken comments from it. I can extrapolate from that a number of things. I can extrapolate from that the South Australian government's privatisation of our electricity networks is to blame for the power prices that we are having right now because you sold to monopolies and did everything you could to dramatically get a big return for the regulated assets that you privatised. You could say that because any comment can be taken out of context.

What we have done with Danny Price is work with him to try to bring about a very clever and well thought-out plan to try to do everything we can to increase the reliability and security of our electricity assets and improve the competitive market that should have been set up when the assets were privatised but were not. We are doing everything we can.

For example, the opposition are very often quoting the Victorian example of privatisation and how there was no dramatic increase in prices there. Treasurer Stockdale did something very different from what treasurer Lucas did when he privatised his assets. He brought in something called contestability. When Rob Lucas sold the regulated assets to transmission lines and the distribution lines, he sold them as a monopoly and allowed no-one else to compete to build any new infrastructure.

What treasurer Stockdale did when he privatised those assets was say to those monopoly purchasers, 'You can have these items as a monopoly, but if you ever want to extend the networks or build new infrastructure or upgrade the infrastructure, it must be contestable to a third party.' That has meant dramatic differences in the rollout of their transmission lines and to the costs put by consumers, whereas the opposite occurred here. You gave unfettered monopoly power to massive

interests to be able to charge dramatic amounts to gold plate our networks. That is part of the difference.

Mr VAN HOLST PELLEKAAN: With regard to the proposed state-owned gas-fired power station, when do you expect the request for proposals process to be completed?

The Hon. A. KOUTSANTONIS: Soon.

Mr VAN HOLST PELLEKAAN: How many proposals have been shortlisted?

The Hon. A. KOUTSANTONIS: I am not going to go into that while the process is still underway.

Mr MARSHALL: You just did with the other commentary, just five seconds ago. You said there were three that were short-listed.

The CHAIR: Is that a question, leader?

Mr MARSHALL: A comment.

The CHAIR: You are not allowed to comment.

Mr VAN HOLST PELLEKAAN: What locations for the site are being considered for the power station?

The Hon. A. KOUTSANTONIS: I do not have that with me, but obviously the site would need to be fit for purpose for the type of equipment we are purchasing. Once the process is finalised, we will be able to choose a site.

Mr VAN HOLST PELLEKAAN: Will the power station have to go through the same assessments and regulatory approval process as if a private company were building it?

The Hon. A. KOUTSANTONIS: That depends on the urgency at hand. If it is urgent that we get our generators up and running quickly, we could come to the parliament and seek advice; we could try to use our regulatory powers to get this done faster. This is not about enabling a private competitor to come into the market, this is about energy security for the state. It is much more important. Obviously, we would want to be good corporate citizens and obey our own practices and rules and make sure no-one is disadvantaged. But if we have to move quickly, we will.

Mr VAN HOLST PELLEKAAN: So it is possible that the government might ease the burden of regulation on itself which it applies to—

The Hon. A. KOUTSANTONIS: If it is an emergency, absolutely. Of course, we should. It would be ridiculous to say that we would be short for summer simply because of red tape.

Mr VAN HOLST PELLEKAAN: Which summer?

The Hon. A. KOUTSANTONIS: Any summer. You are surely not proposing that the government tie itself in knots on a regulation to get this temporary generator. It is our regulation.

Mr VAN HOLST PELLEKAAN: I am just asking whether the government—

The Hon. A. KOUTSANTONIS: Well, I just gave you my answer.

Mr VAN HOLST PELLEKAAN: —applies the same standards to itself that it applies to others. Could a private company make a case to say that its power plant could avoid some of that regulatory burden so that it could be ready faster?

The Hon. A. KOUTSANTONIS: There are many processes within the regulatory process that will allow things to be fast-tracked: there is major development status; there are all sorts of processes that we have in place.

Mr VAN HOLST PELLEKAAN: Do you have the same view that was provided to the Budget and Finance Committee the other day, that the power station will be 18 months away or thereabouts?

The Hon. A. KOUTSANTONIS: We will have to wait until the process is completed.

Mr VAN HOLST PELLEKAAN: Is it possible that it could be longer?

The Hon. A. KOUTSANTONIS: You will have to wait and see.

Mr VAN HOLST PELLEKAAN: On 15 March 2017, the Premier said that a gas-fired power station would be operational by next summer; now we are being told that it will be 18 months away. What advice did the government receive and rely upon initially to say that it would be ready in time for this coming summer?

The Hon. A. KOUTSANTONIS: Our advice is that our temporary generation will be in place by 1 December.

Mr VAN HOLST PELLEKAAN: My question, though, was: what advice did the government receive initially that led the Premier to commit that it would be ready in time for this summer?

The Hon. A. KOUTSANTONIS: I thought he was talking about the temporary generation.

Mr VAN HOLST PELLEKAAN: No, he was talking about gas generated.

The Hon. A. KOUTSANTONIS: It is technically possible to be in place by summer, but there is no reason to think that the temporary generation might not be gas.

Mr VAN HOLST PELLEKAAN: You could build a gas-fired power station by this summer?

The Hon. A. KOUTSANTONIS: I have said all along that our temporary generators could be hybrid generators.

Mr VAN HOLST PELLEKAAN: But we are talking about the gas generator particularly.

The Hon. A. KOUTSANTONIS: I think the opposition's knowledge on the generation industry is coming to the fore. There are a number of types of generators you can buy: you can buy generators that are hybrid, you can buy diesel generators, you can buy gas plant that is mobile, you can buy gas plant that runs on diesel and gas, you can buy gas plant that runs on bunker fuel.

Mr VAN HOLST PELLEKAAN: Chair, just to help the minister, I am talking about the one that is in the plan.

The Hon. A. KOUTSANTONIS: There are all sorts of different types of fuels.

The CHAIR: We have a really strange thing happening here today where we ask a question and then we wait for the answer before we do the next thing. Can we hear him first and then you can tell me your next question.

Mr VAN HOLST PELLEKAAN: I am helping the minister.

The CHAIR: He does not need your help. We are doing really well. It is 5 o'clock. You have been excellent.

The Hon. A. KOUTSANTONIS: Thank you, ma'am.

The CHAIR: Have you finished your answer?

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

The CHAIR: Member for Stuart, you have another question?

Mr VAN HOLST PELLEKAAN: Minister, the question was specifically about the 250-megawatt gas-fired generator that is in your plan, not any other generator. The question was about the fact that the Premier initially said it would be ready in time for this summer. On what advice did he base that comment and what has changed?

The Hon. A. KOUTSANTONIS: It is possible to have it in place by summer, but more importantly we will have our temporary generation in place by summer.

Mr VAN HOLST PELLEKAAN: If it were possible to have it ready by this summer, why would you not do that instead of the temporary—

The Hon. A. KOUTSANTONIS: It depends on procurement processes, making sure we get the best value for money for the taxpayer, making sure of availability, where they are on the assembly lines in construction. All sorts of things would have been in play.

Mr VAN HOLST PELLEKAAN: What is the operational budget for this particular power station?

The Hon. A. KOUTSANTONIS: Once the procurement is completed, we will reveal that.

Mr VAN HOLST PELLEKAAN: Why did senior government officials provide specific figures to the Budget and Finance Committee just last week?

The Hon. A. KOUTSANTONIS: I do not have them here, but I imagine that there would be some estimates for operational costs, but we have not finished the procurement yet.

Mr VAN HOLST PELLEKAAN: Does the government's \$360 million price tag include the price of gas, ongoing maintenance and operational costs, or is that just the capital cost?

The Hon. A. KOUTSANTONIS: I do not have that with me because we are still in the procurement process, but we will make all this available once the process is finalised.

Mr MARSHALL: How did you come up with a budget?

Mr VAN HOLST PELLEKAAN: Exactly. How did you determine the \$360 million figure, minister?

The Hon. A. KOUTSANTONIS: We took advice from our consultants.

Mr VAN HOLST PELLEKAAN: Which consultants?

The Hon. A. KOUTSANTONIS: I understand that we were engaged with Frontier Economics. I am not sure if there was any other, and we took advice—

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: While the Leader of the Opposition scoffs, Frontier Economics was a personal adviser to the Prime Minister. If Malcolm Turnbull thought it was good enough to help him formulate an energy policy, why is it not good enough for South Australia? That is just another example of not thinking ahead. If you criticise Danny Price, you are criticising Malcolm Turnbull's judgement because he hired him. It is a pretty obvious connection, isn't it?

Mr MARSHALL: But you cannot tell us the depreciation costs, what the operating losses are going to be, the interest rate costs on it. We have just one number—\$360 million. How did you come up with it?

The Hon. A. KOUTSANTONIS: As we said earlier, we had consultants in place to work out what it would cost to meet the shortfalls that the market could not meet for us this summer and we have allocated the money to do it.

Mr VAN HOLST PELLEKAAN: Has the government received any modelling on the number of times the power station is expected to be used each year?

The Hon. A. KOUTSANTONIS: The way the operation of the—

Members interjecting:

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: The way the generation—

Members interjecting:

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: —will work is that they will work in lieu of load shedding. They will come on last, after everything else is on. Hopefully, it will not be needed at all. We will have to wait and see how many times it is called upon, but there could be a number of reasons why it is called upon. It could be a bushfire taking out transmission lines between the generator and the grid. It could be a fault at a generator. There are a whole number of reasons why it may or may not come on, so it is very difficult to forecast.

Mr VAN HOLST PELLEKAAN: Minister, do you rule out using this generator to take peaks off prices?

The Hon. A. KOUTSANTONIS: Yes.

Mr VAN HOLST PELLEKAAN: It is purely for shortfalls?

The Hon. A. KOUTSANTONIS: It is not a competitor in the market. It is there in lieu of load shedding. We are not competing with AGL or Origin. That decision was taken from us when assets were privatised.

Mr VAN HOLST PELLEKAAN: Has the government any plans to establish a fund for the decommissioning and rehabilitation of the site down the track?

The Hon. A. KOUTSANTONIS: Which site?

Mr VAN HOLST PELLEKAAN: This site—

The Hon. A. KOUTSANTONIS: Of the temporary generators?

Mr VAN HOLST PELLEKAAN: —where the gas-fired generator goes. The gas-fired generator—

The Hon. A. KOUTSANTONIS: Obviously, the government will hold all liabilities because it is a government-owned asset.

Mr VAN HOLST PELLEKAAN: Are there any arrangements—

The Hon. A. KOUTSANTONIS: I would not put money in contingency for it, no, because the government will be able to look after itself.

Mr VAN HOLST PELLEKAAN: Have you estimated the cost?

The Hon. A. KOUTSANTONIS: No. We have not finished the procurement yet, so we do not know what type of kit we are getting.

The Hon. A. KOUTSANTONIS: Are you going to ask a question or are you just sitting there?

Mr VAN HOLST PELLEKAAN: What advice or feedback has the government received—

Mr Wingard interjecting:

The Hon. A. KOUTSANTONIS: You do not have a question? Ask a question.

Mr VAN HOLST PELLEKAAN: —regarding the impact of a state-owned power generator on future generation investments—

The CHAIR: Order! I do not know how you can hear the question if you are engaging with the member for Mitchell, who is clearly out of order.

The Hon. A. KOUTSANTONIS: Out of his depth, ma'am.

The CHAIR: I am listening to you, member for Stuart.

Mr VAN HOLST PELLEKAAN: Thank you, ma'am. Minister, what advice or feedback has the government received regarding the impact of a state-owned power generator on future or other generation investments from the private sector?

The Hon. A. KOUTSANTONIS: What impact it will have on other—

Mr VAN HOLST PELLEKAAN: Yes, what advice have you had?

The Hon. A. KOUTSANTONIS: Given when we announced the purchase of a new generator subsequently AGL announced a massive investment in Torrens Island, obviously none.

Mr VAN HOLST PELLEKAAN: No, the question was: did you get any advice? I remember hearing you very well saying that you intend to do this because the private sector will not.

The Hon. A. KOUTSANTONIS: Yes, because if we are short this summer—

Mr VAN HOLST PELLEKAAN: But now the private sector has invested.

The Hon. A. KOUTSANTONIS: If we are short this summer, it is because the market, in a privatised market, cannot meet our demands, so the government is making an investment to make sure that we have energy security. What I have said is that, to ensure that we do not impact any commercial decisions by any generator, we will not be offering our generation in any competitive way. It will not be bidding into the market to offer competitive rates. It will not be there to try to compete with anyone. It is there to be offered in lieu of load shedding on the advice from AEMO.

Mr VAN HOLST PELLEKAAN: Minister, will the gas-fired generator be required to obtain a certificate of compliance from the Office of the Technical Regulator?

The Hon. A. KOUTSANTONIS: Of course, yes.

Mr VAN HOLST PELLEKAAN: That will not be one of the short cuts that is taken if you deem it an emergency?

The Hon. A. KOUTSANTONIS: The Office of the Technical Regulator should absolutely make sure that we are not doing anything to hurt energy security. That is what their licensing is for.

Mr VAN HOLST PELLEKAAN: Given that there are numerous proposals being considered for additional gas generation in South Australia, is there a point at which you might decide not to build the one that you have proposed?

The Hon. A. KOUTSANTONIS: No.

Mr MARSHALL: Definitely going ahead?

The Hon. A. KOUTSANTONIS: Definitely going ahead.

Mr VAN HOLST PELLEKAAN: Regardless? Even if three or four others are all built?

The Hon. A. KOUTSANTONIS: We have had a privatised market now since the 1990s, and the only new generation built was Pelican Point; that was then mothballed. We have seen a publicly owned generator that was privatised closed. We have seen very little new investment. We are seeing a deliberate policy of scarcity in the market by the private owners across the NEM. Whether they are government owned or privately owned, they are deliberately taking generation out of the market to increase price, so I think oversupply is a good thing.

Mr VAN HOLST PELLEKAAN: There is no level of new capacity installed in the market at which you would not go ahead and build this?

The Hon. A. KOUTSANTONIS: Given what occurred during the 8 February incident when the load shedding occurred, when we had a privately owned generator not dispatched and not ordered to dispatch by AEMO, and the market thought load shedding 90,000 South Australians was just fabulous and everything was working perfectly, that is massive market failure. Excuse me if the state government believes that South Australians should have their own capacity to make sure that we have energy security in place. I think it is an important reserve for us to have. It is very important.

Business SA put out a number on the cost of the statewide blackout and subsequent blackouts to the state's economy. They estimated the cost to be over \$400 million. If we are able to stop one statewide blackout or stop one major load shedding event, these generators pay for themselves, on the advice of Business SA itself. Why anyone would be calling on me to stop purchasing temporary generation—

Mr VAN HOLST PELLEKAAN: No-one is.

The Hon. A. KOUTSANTONIS: I notice you are shaking your head, saying, no, you agree.

Mr VAN HOLST PELLEKAAN: No-one is. I am just asking the questions.

The Hon. A. KOUTSANTONIS: Good. That implies that you agree with our policy of—

Mr VAN HOLST PELLEKAAN: No, it does not. That is incorrect.

The Hon. A. KOUTSANTONIS: You have no policy on it?

Mr VAN HOLST PELLEKAAN: No.

The Hon. A. KOUTSANTONIS: You have no view on it?

Mr VAN HOLST PELLEKAAN: No.

The Hon. A. KOUTSANTONIS: You are not for or against it. You just work here.

Mr VAN HOLST PELLEKAAN: Minister, settle down and answer the questions.

The Hon. A. KOUTSANTONIS: Great, okay; fair enough.

Mr VAN HOLST PELLEKAAN: Settle down and answer the questions.

The Hon. A. KOUTSANTONIS: 'I just work here'—unbelievable.

Mr VAN HOLST PELLEKAAN: No, that is complete nonsense and you know it. Is there a minimum requirement for local content in the build of this generator?

The Hon. A. KOUTSANTONIS: Given we do not manufacture generators, it would be very difficult. We would like to use South Australian gas. I know you have an aversion to South Australian gas, but we want to use—

Mr VAN HOLST PELLEKAAN: Minister, we do not manufacture submarines either, and there is a—

The Hon. A. KOUTSANTONIS: We do now.

Mr VAN HOLST PELLEKAAN: We are about to start—

The Hon. A. KOUTSANTONIS: We absolutely do now; that is right.

Mr VAN HOLST PELLEKAAN: We are about to start—

The Hon. A. KOUTSANTONIS: But we do not manufacture generators.

Mr VAN HOLST PELLEKAAN: That is exactly right.

The Hon. A. KOUTSANTONIS: You really just walked into that, didn't you?

Mr VAN HOLST PELLEKAAN: No.

The CHAIR: I just remind members—

Members interjecting:

The CHAIR: Order! I just remind members that we have to finish the question in silence, and then you get to answer in silence—

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

The CHAIR: —because Hansard cannot hear over the top of you both screaming.

The Hon. A. KOUTSANTONIS: Thanks, Chair. We do not manufacture submarines!

Mr VAN HOLST PELLEKAAN: Moving on to the diesel generators, when will the government make its first payment on the diesel generators? These are the temporary diesel generators for the next two years.

The Hon. A. KOUTSANTONIS: Again, the procurement process has not been completed. Once that is completed, we will make that publicly available.

Mr VAN HOLST PELLEKAAN: Will those diesel generators be required to follow the same licensing and regulatory requirements—

The Hon. A. KOUTSANTONIS: Again, you are making assumptions about the form of generation but, once the process is completed, we will make all this publicly available.

Mr VAN HOLST PELLEKAAN: Is it correct that approximately four to five sites are being considered in the metropolitan area for the location of those generators?

The Hon. A. KOUTSANTONIS: I have left that to the independent experts. I will check with them and get back to you.

Mr VAN HOLST PELLEKAAN: If the gas-fired power generator is not operational by the summer of 2021, is there any scope for the government to extend the two-year contract for the diesel generation to cover that extra time?

The Hon. A. KOUTSANTONIS: I am not going to answer hypothetical questions in estimates.

Mr VAN HOLST PELLEKAAN: Is the government considering including that in the terms of the contract?

The Hon. A. KOUTSANTONIS: I am not going to publicly canvass the contract terms in the estimates hearing.

Mr VAN HOLST PELLEKAAN: Will the government agree to consult with the surrounding local community prior to agreeing to the locations of the generators?

The Hon. A. KOUTSANTONIS: Yes, of course.

Mr VAN HOLST PELLEKAAN: What if the local communities object?

The Hon. A. KOUTSANTONIS: We will go through the normal consultation process.

Mr VAN HOLST PELLEKAAN: But the question was: what if they object? You are saying you are just going to consult with—

The Hon. A. KOUTSANTONIS: It depends on whether there will be an impact. I am not sure what the impact is. I am not sure we have settled on a site yet. When we do, we will make it public and we will start a consultation process.

Mr VAN HOLST PELLEKAAN: What emissions forecasts has the government got for the diesel generators?

The Hon. A. KOUTSANTONIS: Again, we have not finished the procurement, so it is premature to be talking about emissions.

Mr VAN HOLST PELLEKAAN: Is there a maximum allowable emissions level—

The Hon. A. KOUTSANTONIS: Obviously, we have to operate within Australian standards, yes, of course.

Mr VAN HOLST PELLEKAAN: No, is there a maximum allowable limit that the government has put into the contract, or into the tender, essentially?

The Hon. A. KOUTSANTONIS: I am not going to talk about the contract details, but we will follow all Australian standards.

Mr VAN HOLST PELLEKAAN: Has the government budgeted \$19 million each year over the forward estimates for the renewable technology fund, as per the evidence of the Budget and Finance Committee?

The Hon. A. KOUTSANTONIS: I will have to check.

Mr VAN HOLST PELLEKAAN: I will frame it another way, minister, so it has nothing to do with the Budget and Finance Committee. How much is the government budgeting for the operation of the Renewable Technology Fund each year over the forward estimates?

The Hon. A. KOUTSANTONIS: It depends on how the fund is expended. We know that the cost of the Tesla-Neoen battery is about \$50 million over the next 10 years. Depending on what other subscriptions we have to the fund through grants or loans, we will be able to know more detail, but I will get you a more detailed answer on notice.

Mr VAN HOLST PELLEKAAN: Minister, what does the \$50 million over 10 years that you mentioned actually cover? Is that just the purchase of the batteries or is that the operation of the batteries?

The Hon. A. KOUTSANTONIS: We will not own the battery. The battery will be owned by Tesla and Neoen, it is a joint venture. We will be paying for a service.

Mr VAN HOLST PELLEKAAN: Is there any operational cost in that at all?

The Hon. A. KOUTSANTONIS: I do not have the contract details here.

Mr VAN HOLST PELLEKAAN: What service are you paying for?

The Hon. A. KOUTSANTONIS: I understand the figure of up to \$50 million covers the payments for up to 10 years. Obviously, the cost of the battery far exceeds the \$50 million; that is a risk borne by the operators, Neoen and Tesla. They will be purchasing the kit, plant and equipment, the operating and management system, installing it, importing it, operating it and distributing it into the NEM. Our fee is for service.

Mr VAN HOLST PELLEKAAN: Can you repeat all those things that are part of the \$50 million?

The Hon. A. KOUTSANTONIS: Our \$50 million is separate from the purchase of the battery; that is something that Neoen and Tesla will be doing. Ours is a fee. We are commissioning this battery to offer us services into the National Electricity Market.

Mr VAN HOLST PELLEKAAN: Are Neoen purchasing the battery, or are they leasing the battery?

The Hon. A. KOUTSANTONIS: I understand that they are working in a joint venture with Tesla. Tesla own the battery, I think it is their technology, and Neoen operate the operating system and also operate the substation and the wind farm alongside the battery.

Mr VAN HOLST PELLEKAAN: Can you be clear, please: \$50 million over 10 years is the price for the service. What is the service that the government and the taxpayer will receive?

The Hon. A. KOUTSANTONIS: It will be dispatching to the ancillary market to try to lower the cost of that ancillary market for frequency control. It will also be used in reserve to try to avoid load shedding, in conjunction with our generators.

Mr VAN HOLST PELLEKAAN: They are the things that the whole project will do.

The Hon. A. KOUTSANTONIS: No, the whole project will do a lot of other things as well.

Mr VAN HOLST PELLEKAAN: But the government will not be doing those things, so is it a subsidy, essentially? Is it a financial contribution to make it happen?

The Hon. A. KOUTSANTONIS: No, we went out to the market and said that we want someone to build us a battery to offer us services. They came back and said, 'We will build this battery and operate these services. This is what we can provide the South Australian government and this is the cost,' and they came in with the best offer. The cost for us is \$50 million over 10 years, roughly \$5 million a year, and that gives us services in the ancillary market.

I said to you earlier that the frequency control and ancillary services market is about \$50 million to \$100 million per year. If this battery does its job in that market, we could see that market plummet to next to nothing, which would save South Australians dramatic amounts of money on their bills. It could also offer services for us in lieu of load shedding, in conjunction with our generator. It also has the ability to offer other services for the benefit of Tesla and Neoen; that is, as I said to you earlier, affirming contracts for the wind farm to offer scheduled dispatchable power on demand.

Mr VAN HOLST PELLEKAAN: Who will actually operate the battery?

The Hon. A. KOUTSANTONIS: Neoen.

Mr VAN HOLST PELLEKAAN: So Neoen will actually operate it?

The Hon. A. KOUTSANTONIS: I understand that they will be the operator, yes.

Mr VAN HOLST PELLEKAAN: Who will be responsible for the replacement of the battery when that is required?

The Hon. A. KOUTSANTONIS: The owners.

Mr VAN HOLST PELLEKAAN: Tesla?

The Hon. A. KOUTSANTONIS: It is the joint venture; it is their responsibility. If there is any update to that, I will get back to you and give you an update, but my understanding is that we are paying money for a service, not ownership of the battery.

Mr VAN HOLST PELLEKAAN: Is that in the contract: if the government is going to spend \$50 million over 10 years, is there a guarantee that comes with that deal that the battery will provide the service for—

The Hon. A. KOUTSANTONIS: You heard it said very publicly: if it is not done in time, it is free.

Mr VAN HOLST PELLEKAAN: No.

The Hon. A. KOUTSANTONIS: You do not like that guarantee?

Mr VAN HOLST PELLEKAAN: No, that is not what I am asking about.

The Hon. A. KOUTSANTONIS: You want a different guarantee?

Mr VAN HOLST PELLEKAAN: You interrupted, so you do not know what the question is. The question is: is there a guarantee that comes with that \$50 million over 10 years that the full battery service will be provided over 10 years?

The Hon. A. KOUTSANTONIS: We have a contractual obligation for 10 years.

Mr VAN HOLST PELLEKAAN: If the battery needs replacing or some part of it needs replacing—

The Hon. A. KOUTSANTONIS: They have services that they need to provide to us over that 10-year period, and they need to provide them.

Mr VAN HOLST PELLEKAAN: Who is responsible for disposal of the battery and any components of it?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer, but I am pretty sure it is the owners of the battery.

Mr VAN HOLST PELLEKAAN: Is that all wrapped up in the same price?

The Hon. A. KOUTSANTONIS: I would have to check and get back to you, but we are not paying any extra.

Mr VAN HOLST PELLEKAAN: Do you believe it will last for 10 years?

The Hon. A. KOUTSANTONIS: Yes.

Mr VAN HOLST PELLEKAAN: Minister, will the battery and the wind farm be able to dispatch into the grid at the same time, or does the wind farm—

The Hon. A. KOUTSANTONIS: I do not know. I would have to speak to Neoen and AEMO about the dispatch protocol. I do not know what their bid structure is going to be. I do not know how they are going to bid into the market or how often they are going to bid. I do not know if they are going to have power purchase agreements done on the side. We have basically entered into a power purchase agreement with this organisation, so they will be offering us ancillary services in the FCAS market. They will be offering us load shedding services in lieu of load shedding in conjunction with our generator. Obviously, that will leave capacity for them to operate in the market. The way that they operate is a matter for them as long as our contractual obligations are met.

Mr VAN HOLST PELLEKAAN: Minister, when developing this plan did you not ask whether it would be possible for the wind farm and the battery to discharge into the market or whether, if you took the electricity from the battery, the wind farm may not be able to dispatch into the market, so you would be taking that electricity away?

The Hon. A. KOUTSANTONIS: No, I think you misunderstand the nature of the investment. The battery will sit alongside the wind farm. Dispatch protocols will be done on a market basis that is outside our contractual obligations.

Mr VAN HOLST PELLEKAAN: I understand.

The Hon. A. KOUTSANTONIS: Good. If you understand, then we are done.

Mr VAN HOLST PELLEKAAN: No, minister, the question was—

Mr Wingard interjecting:

The Hon. A. KOUTSANTONIS: Hang on, the member for Mitchell has a question. What is it? What do you want to know?

Mr WINGARD: Answer his question.

The Hon. A. KOUTSANTONIS: What is it?

Mr WINGARD: He is saying: can the battery and the wind farm actually put into the market at the same time? That is the question.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: They do not understand it.

Mr VAN HOLST PELLEKAAN: It is a yes or a no.

The Hon. A. KOUTSANTONIS: The operation of the battery outside the contractual obligations of the government is a matter for the operator. If they want to dispatch at the same time, it is behind the meter, as it were. It is entirely up to them how they dispatch it. For example, if there is no load shedding, there is a high price event in the market and there are no contractual obligations that they have to meet on our behalf, then how they use their battery and wind farm is a matter for them, not us, but what we want is our contractual obligations met. If they want to dispatch at the same time, it is a matter for them, but what we want is our contractual obligations met, which is in lieu of load shedding and in the FCAS market.

Mr VAN HOLST PELLEKAAN: I understand that those choices are up to them.

The Hon. A. KOUTSANTONIS: Good. Then why are you asking me more and more questions about the same thing?

Mr VAN HOLST PELLEKAAN: The question is: will it be physically possible for the wind farm and the battery to dispatch into the market simultaneously—

The Hon. A. KOUTSANTONIS: This is bizarre.

Mr VAN HOLST PELLEKAAN: —whether or not it was your choice or their choice?

The Hon. A. KOUTSANTONIS: I see no reason why it could not if, again, it is a matter for the operation of the battery. For example, there are a number of electricity assets that are connected to the grid and the NEM that offer dispatch that bid and are not dispatched. The way these things are dispatched is not necessarily up to the operators. It is up to the market operator to dispatch market participants. The market participants put in bids, and then it is up to the market operator to say who gets dispatched and who does not.

Mr VAN HOLST PELLEKAAN: I am just asking about the physical capacity, or does—

The Hon. A. KOUTSANTONIS: If the battery can offer us generation in lieu of load shedding, it means it can dispatch into the grid.

Mr VAN HOLST PELLEKAAN: At the same time?

The Hon. A. KOUTSANTONIS: The wind farm is already connected to the grid. How they dispatch it is a matter for them. What is so hard to understand? I get it from the member for Mitchell, but you should know better.

Mr VAN HOLST PELLEKAAN: Minister, I am just asking whether it is physically possible.

The Hon. A. KOUTSANTONIS: No, I understand why he does not get it; it is you I do not understand.

Mr VAN HOLST PELLEKAAN: You have finally answered the question and said that you do not see any reason why it would not be possible. Is an upgrade to the local substation required?

Mr Wingard interjecting:

The Hon. A. KOUTSANTONIS: Even you got it? Even the member for Mitchell got it. Hallelujah! It is a red letter day.

Mr WINGARD: You are laughable.

The Hon. A. KOUTSANTONIS: Ask me a question.

Mr WINGARD: I just asked you one. You took 20 minutes and you could not answer it.

The Hon. A. KOUTSANTONIS: Ask me another one.

Mr WINGARD: It took 20 minutes to answer the simplest of questions and you struggled.

The CHAIR: The Chair has been really lenient today.

The Hon. A. KOUTSANTONIS: And wise.

The CHAIR: I agree. I take that criticism on board. It may be that the last hour of today is going to be the worst, and I would hate to see your questions—

The Hon. A. KOUTSANTONIS: We will go out with a bang, ma'am. We will go out in a blaze of glory.

Members interjecting:

The CHAIR: Order! Audible laughter, Speaker Bishop has given a ruling on that—out. The member for Stuart.

Mr VAN HOLST PELLEKAAN: Minister, given that you said in the very last part of your answer that you did not see any reason why they cannot dispatch into the market at the same time, if that is what the operators want can the local substation currently support both the wind farm and the battery, or is an upgrade required?

The Hon. A. KOUTSANTONIS: I do not know; I will have to check.

Mr VAN HOLST PELLEKAAN: You have not checked? Okay. How much did it cost the government to hold the battery announcement event at Adelaide Oval?

The Hon. A. KOUTSANTONIS: I do not know, but whatever it was it was worth every cent. It got the front page of numerous papers around the world. It was breaking news I think on CNN, breaking news on Fox News and it was breaking news on international cable TV. It was reported widely. Whatever we spent, it was probably the best cost-benefit analysis the government has ever spent any money on. To have one of the most high profile disruptive technology leaders in the world here in Adelaide committing to come back to Adelaide was a great event and put Adelaide on the map.

Mr VAN HOLST PELLEKAAN: Was that part of the \$2.6 million advertising budget, or is that additional money?

The Hon. A. KOUTSANTONIS: I do not know; I will check.

Mr VAN HOLST PELLEKAAN: And come back with an answer?

The Hon. A. KOUTSANTONIS: Sure.

Mr VAN HOLST PELLEKAAN: What other technology is eligible for the renewable technology fund?

The Hon. A. KOUTSANTONIS: Lots if they are renewable. Hydrogen fuel cell technology is eligible and more batteries are eligible. As things that would assist in demand management and help intermittent energy to become dispatchable, forms of storage and hydro would be absolutely

eligible because these are forms of renewable technologies that could store energy, so more battery technology, hydrogen fuel cells and demand management mechanisms for large users.

The Hon. J.M. RANKINE: Minister, can you tell the committee what feedback you have received in relation to South Australia's energy plan and then also, more recently, the announcement of the batteries?

The Hon. A. KOUTSANTONIS: It has been overwhelming. The level of excitement generated by the investment of Tesla and Neoen were a bit overshadowed on the day by the star power of Elon Musk, but the truth is that Neoen are leaders in the delivery of not only hydrogen technology but of course wind technology. To have two of the world leaders in Adelaide talking about—

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: No, premiers only.

Mr Marshall interjecting:

The Hon. A. KOUTSANTONIS: That is what happens with these great announcements: you work for your Premier. It is called loyalty and discipline—things members opposite do not really understand. I think it has been exceptional. I think the proudest moment for me during the entire energy plan was at the last COAG, when Rob Heffernan was commissioned by the previous COAG to investigate what we had done through Our Energy Plan. There was a lot of criticism by other governments about South Australia apparently going it alone.

To hear Rob Heffernan read out his remarks at COAG and give South Australia a big tick for what it had done and to hear the endorsement by AEMO, the Australian Energy Market Commission and the AER I think humiliated those who mocked the plan. It made them look small, childish and foolish, and of course it endorsed what the government had been working on. It was a great tick also for the public servants who had developed this plan, who had worked tirelessly to make sure that South Australia was able to get through what we had been suffering last summer. I was very pleased with the outcome.

The international media attention generated by the world's largest battery has been very good for South Australia. The front line of those disruptive technologies is here in South Australia now. It is not Denmark, it is not Europe, it is not the United States: it is South Australia, and Australia holds the title for two very distinct hallmarks of energy generation. We have two jurisdictions: one has the highest penetration of coal in the world and one has the highest penetration of wind—New South Wales and South Australia. We are in a battle of ideas, and that battle of ideas is being fought out in Australia.

We do not contribute to the majority of global emissions, but we are leading the way to learn how to deal with capping those emissions and to offer South Australians and Australians affordable, cheap reliable power through this disruptive technology. I think we are leading the charge and I think it is very exciting.

Mr VAN HOLST PELLEKAAN: When do you expect the Renewable Technology Fund to be open for proposals?

The Hon. A. KOUTSANTONIS: Very soon.

Mr VAN HOLST PELLEKAAN: Is the funding for the Renewable Technology Fund all included in that table on this page that we are looking at?

The Hon. A. KOUTSANTONIS: Which page is that?

Mr VAN HOLST PELLEKAAN: Page 12.

The Hon. A. KOUTSANTONIS: The advice I have is that the table on page 12 is just the grants aspect of the technology fund, not the loans part of the technology fund.

Mr VAN HOLST PELLEKAAN: How much are the grants and how much are the loans?

The Hon. A. KOUTSANTONIS: My understanding is 75 and 75.

Mr VAN HOLST PELLEKAAN: I refer now to Budget Paper 4, Volume 3, page 178. Why is electricity generated from renewable sources expected to be reduced in 2017-18 compared with the financial year just finished?

The Hon. A. KOUTSANTONIS: The advice I have is that, with the exit of Hazelwood coal-fired generation, we expect to see a lot more operation of our gas-fired generators producing more electricity here in South Australia.

Mr VAN HOLST PELLEKAAN: Is the soon to be implemented 100 megawatts of diesel generation included in—

The Hon. A. KOUTSANTONIS: Which 100 megawatts of diesel generation?

Mr VAN HOLST PELLEKAAN: The temporary diesel generation.

The Hon. A. KOUTSANTONIS: Again, I said to you that we have not concluded that—and it is 200 megawatts, not 100.

Mr VAN HOLST PELLEKAAN: In relation to the 200 megawatts of temporary generation that will be in four or five places around the state, are the emissions from those generators included in these figures, or will they be additional emissions?

The Hon. A. KOUTSANTONIS: There are a couple of things. These forecasts are designed around how much gas-fired generation we think will displace renewable energy in the absence of Hazelwood, because a lot more synchronous generation will come on with the exit of Hazelwood. We do not expect our temporary generation to come on very often. Load shedding is not a regular occurrence. It is not something that happens every summer. It is not something that happens every hot day. It would be very rare, so their emissions impact would be negligible, and it is not forecast in these numbers.

Mr VAN HOLST PELLEKAAN: How many days per year do you expect to use this temporary generation?

The Hon. A. KOUTSANTONIS: Hopefully, none.

Mr VAN HOLST PELLEKAAN: So \$110 million—

The Hon. A. KOUTSANTONIS: As I said to you earlier, Business SA did a piece of modelling where they claimed, and the Leader of the Opposition has repeated, that the blackouts have cost South Australia over \$400 million. If our generation stops and saves one blackout, it has paid for itself.

Mr MARSHALL: If only we had that Alinta plant still there.

The Hon. A. KOUTSANTONIS: If we had Alinta operating, we would not have Pelican Point on and we would not have parts of Torrens Island—

Mr MARSHALL: We would not have had blackouts either.

The Hon. A. KOUTSANTONIS: That is not true. The real cause of the blackout was the way the interconnector was managed during the storm.

Mr MARSHALL: We did not have diesel generators when Alinta was operating.

The Hon. A. KOUTSANTONIS: We did not have Pelican Point operating either. The most efficient gas-fired generator in the country was mothballed, and we had a coal-fired plant with a capacity of 750 megawatts operating at 250 megawatts—appalling.

Mr VAN HOLST PELLEKAAN: Minister, with regard to emissions and the government's current own-use electricity supply, what share of that is coming from renewable energy?

The Hon. A. KOUTSANTONIS: Our current contract was with Alinta. We had contracted with them that the government purchase electricity to try to—

Mr VAN HOLST PELLEKAAN: Was that 100 per cent of the government's use?

The Hon. A. KOUTSANTONIS: I am not quite sure of the details. I do not have the details here, but I think it was a large portion of our money. They would offset that purchase with the closure of Northern, so I am not sure what the portion of our purchase is. What we have done subsequently is we have gone out to the market for a 10-year contract to try to incentivise new generation to be offered in a competitive way in the South Australian market. We use our purchase to underwrite the purchase and building of a new generator, which will have surplus capacity to be able to generate and offer more contracts into the South Australian market.

Mr VAN HOLST PELLEKAAN: When will that contract be announced?

The Hon. A. KOUTSANTONIS: Soon.

Mr VAN HOLST PELLEKAAN: Have you completed all the internal work to assess it that was meant to be done by February?

The Hon. A. KOUTSANTONIS: No.

Mr VAN HOLST PELLEKAAN: What has caused the delay?

The Hon. A. KOUTSANTONIS: I would not call it a delay. I would call it due diligence. Obviously market conditions are changing dramatically across the NEM, but we will have an answer very, very soon.

Mr VAN HOLST PELLEKAAN: Is solar thermal at Port Augusta being considered?

The Hon. A. KOUTSANTONIS: I am not going to talk about any of the participants, other than to say that solar thermal is an excellent suggestion. Questions about whether or not they are competitive in a bid would be inappropriate for me to mention here. I like the technology. I have been out to Arizona—Nevada, sorry, or was it California? Anyway—

Mr MARSHALL: You have been to America; let's just leave it at that.

The Hon. A. KOUTSANTONIS: I have been to the operational—

Mr MARSHALL: You have been on a plane, great. We have narrowed it down.

The Hon. A. KOUTSANTONIS: I have been to the operational—

Members interjecting:

The Hon. A. KOUTSANTONIS: Is he having nanna naps? He is having nanna naps.

Members interjecting:

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I have been to see the solar thermal plant, and they have gas backup at that solar thermal plant in the United States. It is an impressive array.

Mr MARSHALL: Is that a pun? Array? Solar array? He does not get it because he did not read that briefing note.

The Hon. A. KOUTSANTONIS: Honestly, if you did not have him, you would have to invent him. It was a very impressive operation. I think heat storage through solar thermal is something that will eventually break through, whether it is in Port Augusta or Upper Spencer Gulf or somewhere else, I do not know, but I think its time is coming very soon.

Mr VAN HOLST PELLEKAAN: Given that 75 per cent of this supply is meant to come from a new generator and 25 per cent is meant to come from a renewable generator, would any of the currently proposed or considered new generators be eligible; for example, the expansion at Torrens Island by AGL?

The Hon. A. KOUTSANTONIS: No.

Mr VAN HOLST PELLEKAAN: That would not be eligible to bid?

The Hon. A. KOUTSANTONIS: That is right.

Mr VAN HOLST PELLEKAAN: How about the others that have not been confirmed, but are being considered?

The Hon. A. KOUTSANTONIS: I am not going to talk about proponents who are currently in the process.

Mr VAN HOLST PELLEKAAN: Given that this contract is meant to take effect on 1 January 2018 and it takes a significant amount of time to build a new generator (18 months in the case of your gas-fired power station), how is it that that contract could be fulfilled with 75 per cent delivery from a new generator when the decision has not been announced yet, but the contract is meant to start on 1 January?

The Hon. A. KOUTSANTONIS: Any new operator could have a retail arm where they can offset. They can toll through other generators.

Mr VAN HOLST PELLEKAAN: Sorry, but you said initially—

The Hon. A. KOUTSANTONIS: You asked me a question. I am trying to answer it for you.

Mr VAN HOLST PELLEKAAN: Fair enough.

The Hon. A. KOUTSANTONIS: You are now seeing operations where Origin and ENGIE have entered a tolling arrangement at Pelican Point where Origin provide gas and are using a portion of its generation capacity to distribute to Origin customers and ENGIE are using the remainder for themselves. There is plenty of capacity throughout South Australia, as I have said many times. There are over 2,900 megawatts of gas-fired generation available in South Australia that is not always on at any one time. Any successful bidder, while they are constructing any new plant, can have the opportunity to buy power through an offset tolling arrangement. That is a matter for them.

Mr VAN HOLST PELLEKAAN: Minister, are you saying that, with the 10 years of the contract period that starts on 1 January coming up, if it took two years to build a power station, they could actually deliver 75 per cent from a new power station just for the last eight years of that 10 years? Is that what you are saying?

The Hon. A. KOUTSANTONIS: Yes, but we get a new competitor in the market, which is the whole idea. The whole idea is not so much about us getting our power. We can go out to the market tomorrow to procure our power; that is not the issue. We can get it just like everyone else. The availability of power is not the issue. It is the cost.

What we are attempting to do is to use our procurement to say that existing operators in the market need not apply. We want new operators to come into the market with new competitive market offers and offer us new generation. It is not about us getting our power: we can get that any way we want. What we are attempting to do here is to get a new competitor to offer new contracts because the problem we have in South Australia is that there is scarcity in the market and they are deliberately pricing scarcity in their contracts. We need more market contract offers in there.

Mr VAN HOLST PELLEKAAN: So it is possible that someone could win this contract for 75 per cent new generation and 25 per cent renewable generation, but not actually fulfil that component of the contract for a few years.

The Hon. A. KOUTSANTONIS: No, because I will have a retailer offering competitive prices immediately.

Mr VAN HOLST PELLEKAAN: They could deliver the electricity, but it would—

The Hon. A. KOUTSANTONIS: The AEMC released a report the day before. The AEMC released a report about how the market operates at the lower end of the market amongst competitive offers and they are showing that market competition amongst small retailers is very, very healthy. You are seeing a lot of competitive tension from those small market operators, but the problem we have is large industrial customers not being able to get long-term contracts. That is why you are seeing people like the South Australian Chamber of Mines and Energy and now Business SA catching up to go out and try to aggregate businesses together to try to get one large contract. You are seeing big customers like BHP and OZ Minerals try to use these large procurement contracts to try to get cheaper power.

What we are attempting to do with our procurement is to try to get more of that capacity in, so we have people out there offering long-term market offers, not 12 or 18 months but five-year contracts, at much lower prices. If we can use our procurement to underwrite a new competitor into the market during construction that can offer long-term contracts to market players, you will see the forward curve go down, spot prices drop and contract offers drop as well. That is what we are attempting to do. Of course, the market will not factor that into the forward price because it has no visibility as to what the procurement is going to be yet and so you will have to wait and see.

Mr VAN HOLST PELLEKAAN: Minister, for how long would you be prepared to stretch that time frame? If somebody starts delivering electricity from another source on 1 January, but they say that they will have a new power station up in one year, two years, five years or six years—

The Hon. A. KOUTSANTONIS: We will wait and see what the competitive offers have to say, and I will leave that to the negotiators to make sure that they get the best value for price.

Mr VAN HOLST PELLEKAAN: So in your own mind you do not have a time when that new generator must—

The Hon. A. KOUTSANTONIS: The most important thing for us, whatever the outcome, is to have new competitive offers made to the market.

Mr VAN HOLST PELLEKAAN: But not necessarily from a new generator or a renewable generator?

The Hon. A. KOUTSANTONIS: No, we want new generation, absolutely.

Mr VAN HOLST PELLEKAAN: But it is not actually a requirement?

The Hon. A. KOUTSANTONIS: It is a requirement, and obviously there will be a lag time for construction. That makes sense.

Mr VAN HOLST PELLEKAAN: When is it required?

The Hon. A. KOUTSANTONIS: As quickly as possible. It depends on who wins: if it is solar thermal, if they are in the process, there is construction time there; if it is a gas-fired generator, there is construction time there; if it is another form of generation, there is another time there. It depends on what it is and it depends on what the successful procurement is.

Mr VAN HOLST PELLEKAAN: And you are very flexible with how long that would actually take?

The Hon. A. KOUTSANTONIS: I want to see the best outcome.

Mr MARSHALL: It is going well so far.

The Hon. A. KOUTSANTONIS: It is.

Mr VAN HOLST PELLEKAAN: On a different book, minister, Budget Paper 3, page 143, towards the bottom of that page of table, where it says 'Fuel and energy', what does the \$38 million budget in 2016-17 refer to?

The Hon. A. KOUTSANTONIS: I understand that it is the general government's electricity and other energy costs, but I will confirm that and get back to you.

Mr VAN HOLST PELLEKAAN: That is essentially the same energy, the same electricity that is out for tender at the moment?

The Hon. A. KOUTSANTONIS: I do not know. I will have to check.

Mr VAN HOLST PELLEKAAN: Minister, why did the estimated result come in \$17 million over budget this year?

The Hon. A. KOUTSANTONIS: I do not know. I have to check exactly what that line is for, as I said in my earlier answer.

Mr VAN HOLST PELLEKAAN: Somebody behind you must know.

The Hon. A. KOUTSANTONIS: This is a general government table, not a department for energy table, so I will get an answer for you.

Mr VAN HOLST PELLEKAAN: What is the estimated difference in the annual cost to supply electricity to the government sites in 2018 compared with the existing contract? Have you budgeted in an amount that you are willing to pay for this new contract?

The Hon. A. KOUTSANTONIS: I am not going to reveal this while we are in the middle of a competitive process.

Mr VAN HOLST PELLEKAAN: It presumably exists, but it is not in the budget?

The Hon. A. KOUTSANTONIS: It is probably in a contingency, but I will check and get back to you, but I will not be revealing the number while we are in a competitive process.

Mr VAN HOLST PELLEKAAN: Why was SA Water not part of the SA government's procurement process for the supply of electricity?

The Hon. A. KOUTSANTONIS: SA Water also have their own energy solutions. They have their own ability to generate electricity—I think up to five megawatts. They can generate through movement through their pipes, and they have demand management policies in place. They have their own innovative solutions, and obviously you would recall that they were corporatised by the previous Liberal government, so they have an independent board making their decisions.

Mr VAN HOLST PELLEKAAN: Would it be possible to add them in?

The Hon. A. KOUTSANTONIS: It is a very different load profile from what we are asking. Our load profile is very steady: it is hospitals, schools, police stations—very steady, a very different form from pumping.

Mr VAN HOLST PELLEKAAN: Pumping of water is quite steady too, often.

The Hon. A. KOUTSANTONIS: Different loads, different peaks, but they manage themselves.

Mr VAN HOLST PELLEKAAN: Minister, back to the first table in the first book.

The Hon. A. KOUTSANTONIS: Which one? Which book?

Mr VAN HOLST PELLEKAAN: Budget Paper 5, page 12, the main table that shows all your energy expenditure. Did any of the feedback received by external stakeholders to the energy security target support the government's claim that it will lower electricity prices to consumers?

The Hon. A. KOUTSANTONIS: I am not sure what you mean.

Mr VAN HOLST PELLEKAAN: Did any of the feedback received by the government from external stakeholders, with reference to the energy security target, support the government's claim that an energy security target will reduce prices?

The Hon. A. KOUTSANTONIS: Feedback from the stakeholders we went out to consult with was diverse. Some stakeholders had a concern that it might have an increase on their business, and this is obviously from energy generators who have to purchase credits, from retailers who have to purchase credits. But the advice from Frontier Economics was that the cost to the scheme would be offset by decreases in the wholesale market due to the larger generation and the production of more electrons into the system which would mean more contracting behaviour.

Mr VAN HOLST PELLEKAAN: When does the government intend to commence the energy security target?

The Hon. A. KOUTSANTONIS: On 1 January.

Mr VAN HOLST PELLEKAAN: How does that fit with the possibility of South Australia, Victoria and Queensland going it alone on a clean energy target which has been discussed?

The Hon. A. KOUTSANTONIS: Let's be very clear about this. I do not want to go it alone on the clean energy target. I want there to be a national approach. What minister Frydenberg is struggling with are recalcitrants within the commonwealth parliament who believe that a clean energy

target will drive prices up despite the evidence. What we agreed at COAG, what most states agreed at COAG, is that we would ask John Pierce at the Australian Energy Market Commission to do the preparatory work about how this would look.

When we designed the energy security target, we designed it to fit in with any national model. If there was a national EIS, or a national CET or LET, or whatever they wanted to call it, we could just slide ours in. I am hopeful that we can get some sort of settlement. If we get a settlement that there is going to be a clean energy target in place, obviously that will feed into our process because we want to have a national approach.

I hope it does not get to the point where states have to go it alone, but let's be frank about this: the National Electricity Market (NEM) is largely governed by states. The commonwealth has almost no responsibility in this area. All the bodies that run it, except the AER, are creatures of the states. Technically, if all the NEM states agreed, we could bring in our own NEM. I would prefer that we had national agreement so that there could not be any overriding commonwealth legislation to mute it or change it later. But ultimately the best outcome is for the commonwealth government to sort out its internal processes and either say yea or nay for a CET. That is when we know what the outcome is.

If it is a no, we are not doing a CET, we will do the other 49 recommendations of Finkel, then the states could have a discussion about what we do. If it is a yes, we do want a CET, the commonwealth government says by 2020 we will have it in place and there is bipartisan support, that changes our thinking.

My very strong view is that we should not go it alone, as is the Premier's, but in the absence of national leadership you have the Business Council of Australia, the Australian Industry Group, the CSIRO, the Chief Scientist, and the AEMC, the market operator, all saying, 'Maybe the states should consider this market mechanism, but the best option is a national approach.' I do not know how you would convince some members. I do not want to be political here. I am not sure how you would convince Tony Abbott that a clean energy target or an energy intensity scheme is the right thing to do. While we have a parliament with a one-seat majority, I am not sure that we can ever have national agreement.

Mr VAN HOLST PELLEKAAN: If there is national agreement on a clean energy target, will you persist with the energy security target or will you let that go?

The Hon. A. KOUTSANTONIS: I suspect that we will persist with it, because it will be a price signal into the South Australian market to invest, and it will aid in security outcomes as well.

Mr VAN HOLST PELLEKAAN: With regard to the operating expenses, DPC has created an energy plan unit, which I understand is under the leadership of Mr Sam Crafter, with four FTEs and 16 contractors. Is that the case?

The Hon. A. KOUTSANTONIS: Sorry, can you repeat the question?

Mr VAN HOLST PELLEKAAN: Within DPC and within this budget line that we are looking at at the moment—

The Hon. A. KOUTSANTONIS: If it is DPC operations, I refer you to the Premier and his estimates.

Mr VAN HOLST PELLEKAAN: Within this budget line here, there has been created an energy plan unit under the leadership of Mr Sam Crafter, I think, with four FTEs and 16 contractors. Is that the case?

The Hon. A. KOUTSANTONIS: I refer you to the Department of the Premier and Cabinet.

Mr VAN HOLST PELLEKAAN: Does that mean that the expenditure for that energy plan unit is not included in this budget line here?

The Hon. A. KOUTSANTONIS: The questions you are asking about the FTEs and the group assisting, they are based in DPC and report to the Premier's Program 1, so those questions should have been directed to the Premier this morning.

Mr VAN HOLST PELLEKAAN: Is the \$5 million for the 2016-17 year, 2017-18 year and \$2 million for the—

The Hon. A. KOUTSANTONIS: I have just been advised that these questions were asked this morning, so they are on notice anyway.

Mr VAN HOLST PELLEKAAN: So you do not have any answers to those?

The Hon. A. KOUTSANTONIS: No, they are the Premier's questions, and I understand that the Leader of the Opposition asked these questions this morning.

Mr VAN HOLST PELLEKAAN: I was not aware of that. What I am asking is whether that expenditure is in your budget line here?

The Hon. A. KOUTSANTONIS: No, I am advised that it is not.

Mr VAN HOLST PELLEKAAN: It is not. Okay, so it is outside.

The Hon. A. KOUTSANTONIS: I think we are talking about the same thing. You are talking about these FTEs?

Mr VAN HOLST PELLEKAAN: I left the FTEs out of the question because you did not want to answer that, so I am asking you about the dollars. Let me pare it down a bit further.

The Hon. A. KOUTSANTONIS: The program, the money and the implementation team all sit in the Premier's program.

Mr VAN HOLST PELLEKAAN: Nothing to do with this table at all? None of it is in this table on page 12?

The Hon. A. KOUTSANTONIS: The operating money out of this table has gone into the Premier's program to run it.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 4, Volume 3, page 177, Sub-program 8.4: Energy Policy and Programs. Given that there is a reduction of 16 FTEs in the 2016-17 year compared with the budget allocation, what positions were removed from this division and where did they go? On that page, looking at the FTEs, the budget for 2016-17 was 54.8 and the estimated result was 38.8, so 16 people have gone somewhere.

The Hon. A. KOUTSANTONIS: I think you are talking about accommodation costs and corporate overheads and corporate allocations, so I will get you a detailed answer on that on notice.

Mr VAN HOLST PELLEKAAN: With reference to interconnection and dot point 3, why has the regulatory investment test into additional interconnection with other states been delayed?

The Hon. A. KOUTSANTONIS: I am not sure that it has been delayed.

Mr VAN HOLST PELLEKAAN: There was \$500,000 in the budget for that, but only \$300,000 has been expended, so presumably the project has been delayed.

The Hon. A. KOUTSANTONIS: No, the project is run by ElectraNet. They do the regulatory test, I understand. We have helped fund them; they have put in their own half a million. The actual cost of the RIT-T is \$1 million. We have just put in half the money. If \$300,000 has been expended, I am assuming, and I will have to check, that actually \$600,000 has been spent because ElectraNet would have put in the other half. It is a dollar-for-dollar operation.

Mr VAN HOLST PELLEKAAN: Why was \$200,000 not spent as expected?

The Hon. A. KOUTSANTONIS: I understand they commissioned extra modelling, which has just pushed out some of the time lines, but there has been no deliberate stalling or delay. It is just part of the process.

Mr VAN HOLST PELLEKAAN: I did not say it was deliberate. I asked what the delay was, and if they have commissioned extra modelling it has pushed out the time line. That is a pretty straightforward answer, so thank you for that. When is the project expected to be finished now?

The Hon. A. KOUTSANTONIS: I am advised that it will not be completed until early next year.

Mr VAN HOLST PELLEKAAN: Over on the next page, the fourth dot point from the bottom, with regard to new generation at Maree, when will the government award this contract?

The Hon. A. KOUTSANTONIS: The South Australian government has responsibility for electricity supply to 25 remote off-grid communities, including 15 Aboriginal communities, in South Australia. The DPC operates the Remote Areas Energy Supplies scheme, providing operational management and electricity infrastructure in these communities. An open tender procurement process for the provision of a high-penetration solar-diesel hybrid power station at Marree, one of the towns under the Remote Areas Energy Supplies scheme, closed in June of this year and evaluations are currently underway. We expect procurement to be completed by October 2017 and to commence the contract in November of this year.

Mr VAN HOLST PELLEKAAN: What has caused the delay?

The Hon. A. KOUTSANTONIS: I am not sure that there is a delay.

Mr VAN HOLST PELLEKAAN: In June last year, you said that it would be 12 months.

The Hon. A. KOUTSANTONIS: The information I have is that the open tender for the project closed in June of this year (last month) and will be operational by late 2017. It will take 12 months of contracting issuing, with the system taking over the supply of the Marree township by December 2018. I am not sure that there has been a delay, but if there has I will get to the bottom of it and get back to you.

The CHAIR: Make this the last question, member for Stuart.

Mr VAN HOLST PELLEKAAN: With regard to the RAES scheme, will there be more of these hybrid generation plants rolled out through the other dozen or so RAES locations?

The Hon. A. KOUTSANTONIS: I hope so.

Mr VAN HOLST PELLEKAAN: Over what period of time? Do you have a plan for that?

The Hon. A. KOUTSANTONIS: I will seek advice from the agency and get back to you, but I think they are a good way of lowering power prices.

Mr VAN HOLST PELLEKAAN: So this is the only one on the books at the moment?

The Hon. A. KOUTSANTONIS: There is also Coober Pedy, I think, which is operational now.

The CHAIR: Time having expired for examination of this area, I declare the examination of the proposed payments closed. I thank the minister, his advisers and members of the committee for their help and cooperation today.

At 17:59 the committee adjourned to Thursday 27 July 2017 at 09:00.