

HOUSE OF ASSEMBLY**Tuesday, 1 August 2017****ESTIMATES COMMITTEE A****Chair:**

Ms F.E. Bedford

Members:

Ms A.F.C. Digance

Mr S.J. Duluk

S.K. Knoll

Mr T.J. Whetstone

Ms D. Wortley

*The committee met at 09:00**Estimates Vote***DEPARTMENT FOR HEALTH AND AGEING, \$3,748,814,000****Minister:**

Hon. J.J. Snelling, Minister for Health, Minister for The Arts, Minister for Health Industries.

Departmental Advisers:

Ms V. Kaminski, Chief Executive, SA Health, Department for Health and Ageing.

Mr J. Woolcock, Chief Finance Officer, Department for Health and Ageing.

Mr D. Frater, Deputy Chief Executive, Finance and Corporate Services, Department for Health and Ageing.

Ms L. Cowan, Acting Deputy Chief Executive, Transforming Health, Department for Health and Ageing.

Mr M. Baccanti, Chief Executive Officer, Health Industries, Department of State Development.

Mr P. Marcuccitti, Director, Health Industries, Department of State Development.

The CHAIR: Good morning, everyone, and welcome to committee A as we gather on Kaurna 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 the proposed payments, which will facilitate a change of departmental advisers. Can the minister and lead speaker for the opposition confirm that the timetable for today's proceedings previously distributed is accurate?

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: It sounds good to me.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 27 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 and 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 minister, not the minister's advisers. The minister 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, and I do ask anyone up there to make sure their phones are on silent; that would be lovely, thank you. I will now proceed to open the lines for examination after I have been advised of the new construction of the committee. The members for Ashford, Mitchell and Finnis have asked to be replaced by the members for Davenport, Elder and Schubert.

The portfolio we are opening this morning is SA Health and Health Industries SA. The minister appearing is the Minister for Health and the Minister for Health Industries SA. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 3. I call on the minister to make a statement, if he wishes, and introduce his advisers.

The Hon. J.J. SNELLING: It is obviously a very exciting time for South Australia with, to quote the Hon. Stephen Wade, our 'world-class new Royal Adelaide Hospital' opening its doors to the public in a matter of weeks. It signals a new phase of modernising our public hospitals to dramatically improve health care for South Australians. The opening of the new RAH will be one of the most iconic moments in our state's history.

Our vision is to ensure that the standard that is set by the new RAH is not the exception to our healthcare system but the norm across all our hospitals. There has been and continues to be an incredible amount of work being done across the whole health system to ensure that the move goes smoothly and safely for patients. I want to thank our hardworking doctors, nurses, midwives, paramedics, allied health professionals and all other SA Health staff for both the work they have done to prepare for the move and everything they are doing to ensure that this significant and challenging move happens safely.

More than 5,500 South Australians have jumped at the chance to look inside the new Royal Adelaide Hospital during the tour days we have had over the last few weeks. Overwhelmingly, the South Australian public have embraced the new hospital with a hugely positive response. I am sure that all South Australians will be as proud as I am when the hospital opens its doors on 5 September.

Over the past few years, the government has embarked on ambitious health reform driven by the need to make improvements in quality across our health system to make sure the people of South Australia receive the best possible care. Transforming Health has achieved a great deal, including the development and implementation of new models of care and clinical improvement projects. Many more patients are receiving their elective surgery as same-day or 23-hour procedure, in line with our interstate and international counterparts.

For example, in the north and north-east, where we have fully implemented these reforms, we have seen significant improvements. Modbury Hospital is now well and truly established as the elective surgery centre for the north and north-east and, as predicted, we have seen an increase in day surgery admissions. There has been an increase of around 44 per cent in the number of day surgeries performed at Modbury Hospital, which equates to an average of 53 extra day surgeries a month.

At the end of 2016-17, there were no patients overdue for elective surgery across Modbury and Lyell McEwin hospitals. This is because our patients are not staying in hospital for longer than they need and we can do more procedures for more people. Concentrating complex and emergency surgery at the Lyell McEwin also means fewer surgeries at Modbury are cancelled at the last minute, as the operating theatres do not need to be used for emergency patients. In fact, our data shows that 99 per cent of elective surgery patients at Modbury Hospital were admitted on the day that the surgery was planned.

The recent budget recognises significant reforms made in our health system over recent years, and that is now timed to focus our efforts on modernising our health infrastructure. With Transforming Health now nearing completion, we have committed to a health system that fosters ongoing clinical innovation and high-quality outcomes for South Australians. Our community expects nothing less. I would like to thank the staff who have worked on this generational reform, in particular our clinical ambassador, Professor Dorothy Keefe, for her hard work, dedication and support.

Since 2002, the government has invested over \$4 billion to rebuild every metropolitan public hospital and every major country hospital. Importantly, we have brought Modbury Hospital back into public hands. We are now investing \$1.1 billion in our public health system, ensuring it continues to be modern and cutting-edge.

We will spend \$528 million to build a new Adelaide women's hospital to be co-located with the new Royal Adelaide Hospital. This will ensure mothers and newborns have access to the most modern facilities and the best care possible. The sum of \$250 million will be invested in The Queen Elizabeth Hospital to provide modern world-class facilities for the western suburbs, as well as patients who need access to the most advanced specialised rehabilitation services in this state. We are also upgrading the Lyell McEwin Hospital, Flinders Medical Centre, Modbury Hospital and Mount Barker Hospital.

I repeat my sincere thanks to all our doctors, nurses, midwives, paramedics, allied health staff and other SA Health staff across the whole of our health system. Our reforms can only be achieved with their support, hard work and dedication.

The CHAIR: And your advisers, please, minister.

The Hon. J.J. SNELLING: Yes, I introduce the Chief Executive, Department for Health and Ageing, Vickie Kaminski; the Deputy Chief Executive, Mr Don Frater; Jamin Woolcock, Chief Financial Officer for the department; Lynne Cowan, Acting Deputy Chief Executive, Department for Health and Ageing; and Mr Marco Baccanti, Chief Executive of Health Industries South Australia, who is immediately behind me.

Ms BEDFORD: Do you have a statement?

Mr KNOLL: No, ma'am.

Ms BEDFORD: Straight to questions then.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, pages 26 and 27. In the 2017-18 budget, there are two capital projects in relation to TQEH: there is the new project costed at \$250 million to The Queen Elizabeth Hospital redevelopment stage 3, and then there is an existing project of \$22.4 million. How do these projects relate to one another?

The Hon. J.J. SNELLING: The \$22.4 million project was announced when we announced the Transforming Health reforms. It was to be a new ambulatory rehabilitation building at The Queen Elizabeth Hospital. It was to enable us to relocate services—in particular, spine and brain injury services and rehabilitation services—from Hampstead to The Queen Elizabeth Hospital—the bulk of those services. Some services were going to go to the new Royal Adelaide Hospital.

In consultation with clinicians, it became apparent that that \$22.4 million was not going to be sufficient to provide a service that was adequate, or certainly not superior, to what the clinicians had at Hampstead. As a result of those discussions, it was decided by the government to proceed with the full redevelopment of The Queen Elizabeth Hospital and the remaining patient-facing areas of the hospital, including rehabilitation, so that \$22.4 million, or what was going to happen there, has been folded into this new project.

We will sit down with our clinicians to do the detailed planning work, but that will enable us to relocate those services from Hampstead to The Queen Elizabeth Hospital. It will enable us, in addition to that, to have a new emergency department, operating theatres and outpatient clinics.

Mr KNOLL: Just to pick up on that, minister, regarding the \$22.4 million project, what parts of it will then be delivered?

The Hon. J.J. SNELLING: It will all be delivered as part of the \$500-odd million announcement, so it will be folded into it. All of it will be delivered. In fact, not only will it be delivered but more than that will be delivered because we will end up with a rehabilitation service and the brain and spine injury services providing what the clinicians say they need and, in addition to that, everything else. It is \$270 million in total: \$250 million is new money and the \$20-odd million is the money that had already been budgeted to do the ambulatory rehab.

Mr KNOLL: What was supposed to be delivered as part of the \$8 million in 2017-18?

The Hon. J.J. SNELLING: Do you mean originally, when the announcement was made?

Mr KNOLL: No. In the budget, there is \$8 million to be spent this year in 2017-18 under the \$22.4 million capital project.

The Hon. J.J. SNELLING: We will commence works this year. Part of the works is car parking. We have to increase the size by adding another level to the car park at The Queen Elizabeth Hospital, which is part of the building works. Because, of course, where the new building will go will be on what is currently the car park, we have to increase the size of the existing car park before we can commence works on the new building. A large part of the \$8 million will be to increase the size of the car park, plus other work commencements, which I am informed we would expect to be expending this financial year.

Mr KNOLL: Will any services or programs currently provided at TQEH need to be relocated to other parts of the hospital as part of this year's schedule of works? Are there going to be any interruptions?

The Hon. J.J. SNELLING: No, I would not have thought so because it is an entirely new build. The place physically where it is is currently the car park, so we are not redeveloping any buildings that are currently being used.

Mr KNOLL: The \$22.4 million was to include a hydrotherapy pool and on-ward gyms. That has now been folded into the new project?

The Hon. J.J. SNELLING: That is right. That will be included in this new \$570 million building.

Mr KNOLL: On ABC radio 891, on 20 July, you stated that the budget decision on the redevelopment of TQEH was made 36 hours before the announcement on 18 June. Who made that decision?

The Hon. J.J. SNELLING: Sorry, can you just repeat the question.

Mr KNOLL: On 20 July, you stated that on 18 June you announced this decision and said that the decision was made 36 hours before that announcement. Who made that decision?

The Hon. J.J. SNELLING: Me and the Premier.

Mr KNOLL: Was it taken at all to a special cabinet meeting, or was it subject to cabinet?

The Hon. J.J. SNELLING: We do not comment on what happens in cabinet, so I am not in a position to say, but it was something that had been discussed and reflected upon. A decision was taken not to proceed with the movement of cardiology services and we announced that on the Sunday.

Mr KNOLL: I am not asking you to comment on what happened in cabinet, and obviously a decision was made on 18 June, but you are not willing to confirm whether or not this decision was taken to cabinet at all?

The Hon. J.J. SNELLING: I will need to get some advice, but my understanding is that we do not normally discuss what was or was not taken to cabinet or discussed in cabinet.

Mr KNOLL: Was a cabinet submission put together and submitted?

The Hon. J.J. SNELLING: Again, I am not in a position to comment on what was or was not discussed in cabinet.

Mr KNOLL: In your previous answer, you suggested that it was you and the Premier who made this decision. Is it normal for quarter of a billion dollars worth of spending not to be taken in cabinet?

The Hon. J.J. SNELLING: Sorry, the quarter of a billion dollars spending? I thought you were talking about the decision to keep cardiology services. The quarter of a billion dollars spending was a decision through the budget process. The health spending went through all the normal budget processes you would expect budget processes to go through. Submissions go over roughly a six-month period, or three or four months. Departments put in bids. We have bilateral meetings with the Treasury. There are generally a number of meetings of the budget committee of cabinet, and indeed the full cabinet, to discuss the budget. Those decisions are canvassed at length. Sorry, I thought you were talking about the decision to keep cardiology services at The Queen Elizabeth Hospital.

Mr KNOLL: Just to break that out, does the decision to keep cardiology at TQEH have any impact upon the \$250 million capital refurbishment program?

The Hon. J.J. SNELLING: It may because obviously the cardiology services will go into the new build, but we have no reason to think that it will have an impact on the outlay for the new building.

Mr KNOLL: Minister, why was this release in relation to TQEH the only Health announcement not subject to a press release?

The Hon. J.J. SNELLING: Sorry? Why was it not subject to a press release?

Mr KNOLL: Yes. There is \$1.1 billion worth of spending, \$900 million in capital spending, yet there is \$250 million—

The Hon. J.J. SNELLING: I think there were lots of press releases about the spending.

Mr KNOLL: Sure, but not specifically in relation to TQEH upgrade.

The Hon. J.J. SNELLING: If we are here to talk about press releases—I know that the Premier and I had a press conference with the Treasurer, and with a number of other ministers, at The Queen Elizabeth Hospital on that Sunday—I am pretty sure I recall there being a press release.

Mr KNOLL: Considering the decision was made, we think, somewhere on 16 or 17 June, if it is 36 hours before the Sunday June 18 announcement, which is less than a week before the budget was tabled, are there any statements or figures in the budget paper in relation to the new or existing projects that are now inaccurate?

The Hon. J.J. SNELLING: No.

Mr KNOLL: So there is nothing that would have changed as a result of—

The Hon. J.J. SNELLING: I would not anticipate the decision to keep cardiology services at The Queen Elizabeth Hospital to have any budget impact at this stage.

Mr KNOLL: On the same budget line, what is the government's commitment in relation to continuing respiratory services at TQEH?

The Hon. J.J. SNELLING: I think we have been working through these issues with our clinicians. The clinicians at The Queen Elizabeth Hospital are keen to have the specialist inpatient respiratory services moved, but we will continue to have respiratory services at The Queen Elizabeth Hospital, as we have indicated. There will be beds available for respiratory patients so that they can be admitted, and we will have respiratory physicians at The Queen Elizabeth Hospital looking after patients.

Mr KNOLL: Will the services be restored to pre Transforming Health levels?

The Hon. J.J. SNELLING: We are working through those issues with the clinicians. The clinicians are keen to consolidate and have services at the new Royal Adelaide Hospital but, as I said, we are working through these issues with the clinicians.

Mr KNOLL: Sorry, just to tease that out—

The Hon. J.J. SNELLING: We are going to have respiratory services at The Queen Elizabeth Hospital; that is the bottom line. We are working through the shape of them with our clinicians. It has been agreed that there will be beds available for respiratory patients. We will have respiratory physicians at The Queen Elizabeth Hospital able to provide services to patients. We certainly will have outpatient clinics at The Queen Elizabeth Hospital as well.

Mr KNOLL: Just to pick up on a point you made before that I want to clarify, you said that clinicians were keen to see services consolidated at NRAH.

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: But you are restoring them at TQEH.

The Hon. J.J. SNELLING: We are not shifting them. The plan was to shift all respiratory services to the new Royal Adelaide Hospital. The decision has been taken to retain respiratory services at The Queen Elizabeth Hospital.

Mr KNOLL: Hang on, you cannot have it both ways. Either the clinicians want the services to go to NRAH, be consolidated at NRAH, or the clinicians want the services to be retained at TQEH.

The Hon. J.J. SNELLING: Can you say that again?

Mr KNOLL: You were intimating that the clinicians were happy to see the services consolidated at NRAH, but you are also saying that clinicians want them to be kept at TQEH.

The Hon. J.J. SNELLING: No, the clinicians were keen to have the services at the new Royal Adelaide Hospital. What we are going to have is a single-service, two-site service. The service will be one service offered across two different sites. As I said, there will be inpatient beds available at The Queen Elizabeth Hospital for respiratory patients who require admission, and there will be respiratory positions at The Queen Elizabeth Hospital available to look after patients. There will be outpatient clinics at The Queen Elizabeth Hospital for respiratory patients as well.

Mr KNOLL: So with the single-service, double-site model, will those service levels be greater than what the service levels were pre Transforming Health or, indeed, more than we have today?

The Hon. J.J. SNELLING: They will be adequate to what the needs are for the hospital. Obviously we would expect the higher security patients, as is currently the case, to be transferred up to the new Royal Adelaide Hospital but, where it is possible to look after a patient at The Queen Elizabeth Hospital and do so safely, that is where they will be treated. I am not a health minister who goes telling doctors what is the best way to treat their patients. I allow clinicians to make those decisions and to decide where is the most appropriate place for their patients to go.

Mr KNOLL: Have all transfers out of respiratory services out of TQEH been stopped?

The Hon. J.J. SNELLING: No, they have not, because obviously we are realigning services between the two sites in line with what the clinicians tell us they want.

Mr KNOLL: Is part of the \$250 million new project in relation to the commitment to retain respiratory services at TQEH?

The Hon. J.J. SNELLING: No, it is not. The \$250 million is to build the new building, including the new rehab and new operating theatres and new emergency department, those buildings. I think it is entirely capital money. None of it is recurrent.

Mr KNOLL: Minister, you said publicly that the decision to restore cardiac services was a political decision.

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: Was the decision to restore respiratory services also a political decision?

The Hon. J.J. SNELLING: Yes, indeed.

Mr KNOLL: Is this a decision that is supported by clinicians?

The Hon. J.J. SNELLING: Some clinicians, but not all of them. Obviously, with regard to cardiology in particular, the clinical advice was mixed; some clinicians argued very, very strongly for cardiology to be completely consolidated at the new Royal Adelaide Hospital—at least the cath labs to be only at the new Royal Adelaide Hospital—and others, such as John Horowitz, had a different point of view. In the end the government made a political decision to retain cardiology at The Queen Elizabeth Hospital.

Mr KNOLL: I am quite interested in the fact that you admit both these decisions have been political, yet you are still unable to guarantee what sort of service levels there are going to be, whether they are back to pre Transforming Health levels—

The Hon. J.J. SNELLING: The job of a health minister is not to direct doctors on what is the most appropriate way and place to treat their patients. I leave that to the doctors to do. God help us if we should have a situation where a health minister tries to micromanage the way doctors care for their patients. It would be disastrous. My job as health minister is to listen to the clinical advice and make sure that we deliver services as safely and appropriately as possible.

Mr KNOLL: But hang on, you cannot have this both ways. You have said that these are political decisions, you have said they were made without clinicians' advice—

The Hon. J.J. SNELLING: No.

Mr KNOLL: You are saying now that there is divergent opinion about clinicians doing things.

The Hon. J.J. SNELLING: No, that is not true. What I have said is—

Mr KNOLL: You have admitted this is a political decision rather than a clinically led decision. You cannot have it both ways.

The Hon. J.J. SNELLING: That is not true.

Mr KNOLL: You cannot say that it is a political decision and then say—

The Hon. J.J. SNELLING: That is not true. What I said is the clinical advice was mixed. There was different clinical advice. There was clinical advice—

Mr KNOLL: You just chose to listen to a different set of clinical advice based on the political decision you wanted to make.

The Hon. J.J. SNELLING: Often, the job of a minister is to listen to different advice and to make a decision.

Mr KNOLL: So you only listen to clinical advice when it suits you?

The CHAIR: I would ask members to wait for the answer before you ask the next question.

Mr KNOLL: So, minister, you only listen to the clinical advice when it suits you?

The Hon. J.J. SNELLING: No, that is not a fair characterisation of what I have been saying.

Mr KNOLL: Does the Central Adelaide Local Health Network consider that there is enough room at NRAH to accommodate the respiratory services?

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: Saturday's *Advertiser* on 29 July just gone reported that the move of respiratory and cancer services from TQEH to NRAH is scheduled to commence on 18 September; is that still the case?

The Hon. J.J. SNELLING: That is my understanding, yes.

Mr KNOLL: So, again, you are unable to tell me at what levels respiratory services are going to be restored, but you are able to tell me that they are moving to NRAH on 18 September?

The Hon. J.J. SNELLING: There will be, as promised, cancer and respiratory services at The Queen Elizabeth Hospital.

Mr KNOLL: But you cannot tell me at what level of service that is going to be?

The Hon. J.J. SNELLING: What I can say is there will be inpatient beds available for both cancer and respiratory patients, and there will be cancer and respiratory physicians available at The Queen Elizabeth Hospital.

Mr KNOLL: You just do not know how many?

The Hon. J.J. SNELLING: We will work that out with our doctors, as I say. It is up to doctors to make decisions about the appropriate level of services at these sites.

Mr KNOLL: Well, we have to make a decision quickly.

The CHAIR: Order!

The Hon. J.J. SNELLING: What we are operating is a single service with respiratory and cancer, I would think, over two sites, all under the clinical governance of CALHN. These decisions about what is the most appropriate place to take patients are made by doctors. I am not going to stand looking over doctors' shoulders and telling them, 'No, this patient has to stay here. This patient has to go there.' These are decisions doctors make, not ministers.

Mr KNOLL: At what point in time, in the next six weeks before 18 September, is this decision going to be made?

The Hon. J.J. SNELLING: We will work through these issues. I understand the Chief Executive of Central Adelaide Local Health Network is working very, very hard with our clinicians to frame the shape of the services, and the heads of those services are working very, very hard, but the government's promise is that there will be respiratory, there will be cardiology and there will be respiratory services and cancer services retained at The Queen Elizabeth Hospital, and that is what is happening.

Mr KNOLL: How many beds will be transferred from 18 September?

The Hon. J.J. SNELLING: It is being decided and worked through with the Chief Executive of the Central Adelaide Local Health Network, as she works with clinicians.

Mr DULUK: Staying on page 26, what is the government's commitment in relation to continuing those oncology services at TQEH?

The Hon. J.J. SNELLING: Sorry?

Mr DULUK: What is the commitment in relation to continuing those oncology services at TQEH? Is it to restore them to a pre Transforming Health service level?

The Hon. J.J. SNELLING: Point of order, Madam Chair: is it in order for a member to ask exactly the same question that has just been asked?

Mr KNOLL: We are talking about oncology, not respiratory.

The Hon. J.J. SNELLING: The promise, and the government commitment, is to retain oncology services at The Queen Elizabeth Hospital. There will be oncology services there. As I said before, as with respiratory, there will be inpatient beds at The Queen Elizabeth Hospital for cancer patients who require it. We will be doing chemotherapy at The Queen Elizabeth Hospital. There will be oncologists, cancer doctors, at The Queen Elizabeth Hospital, so we will retain services.

Mr DULUK: Yes, but at the current—

The CHAIR: Order!

The Hon. J.J. SNELLING: It is a single service at The Queen Elizabeth Hospital—

The CHAIR: Please wait until the answer is finished.

The Hon. J.J. SNELLING: —a single service to site, so I will leave it to the doctors to make a decision about exactly what sort of patient goes where. I would expect the highest acuity patients

would be going to the Royal Adelaide Hospital, and the lower acuity patients would be at The Queen Elizabeth Hospital in line with the service profiles of those two sites but, at the end of the day, these are decisions doctors make, not health ministers.

Mr DULUK: Is part of the \$250 million for the new investment in capital projects related to your commitment to retain oncology services at TQEH and, if so, how much of that \$250 million?

The Hon. J.J. SNELLING: No, it will not require any new money; as with respiratory, we do not expect it to. The \$250 million, as I said, as with respiratory, is for the new capital build. That is to build the new rehabilitation service; the new emergency department; ambulatory care for outpatients; an operating theatre suite, including day surgery admissions; clinical support areas, including medical imaging and pharmacy; and brain and spinal injury rehabilitation, which is going to be transferred from Hampstead.

Mr DULUK: Was the decision to restore oncology services to TQEH a political decision as well?

The Hon. J.J. SNELLING: Yes.

Mr DULUK: Is it normal for you as the health minister to make decisions about services as political decisions?

The Hon. J.J. SNELLING: Occasionally, yes, particularly where you have conflicting clinical advice about what is the appropriate way forward.

Mr DULUK: Why was clinical advice followed in making the decisions around Transforming Health to strip oncology services at TQEH and now you are deciding to follow different clinical advice?

The Hon. J.J. SNELLING: There was never advice, nor was it ever the government's intention, to strip, as you say, oncology services from The Queen Elizabeth Hospital.

Mr DULUK: There was never any decision to strip oncology services?

The Hon. J.J. SNELLING: No.

Mr DULUK: So oncology services going forward will be exactly the same at TQEH as they were pre Transforming Health?

The Hon. J.J. SNELLING: No. Our hospital system is not static, although it was static during the Liberal Party's last time in office. I know from the comments of the Liberal Party—the Leader of the Opposition and the Hon. Stephen Wade—

Mr DULUK: Sorry, what budget line item are you referring to, minister?

The Hon. J.J. SNELLING: —they would prefer it to be static and, indeed, nothing change from the 1950s, but that is not my approach to health policy in this state. The way we run health policy is that we allow it to evolve and adapt to different needs of patients, changes in health care and changes in medical technology, so that is the way we will be proceeding. Most importantly, we listen to advice from clinicians about what is the best way to frame these services.

Mr KNOLL: On the same page of the hymnal, minister, will inpatient beds for cardiac services—let me be clear—at TQEH be restored to their pre Transforming Health levels?

The Hon. J.J. SNELLING: What we will do is we will work with clinicians about what their requirements are to continue to provide a cardiac service at The Queen Elizabeth Hospital. My understanding is that we are still working through those issues about exactly what their requirements are; it will depend upon the sorts of patients they are seeing.

My main commitment is the maintenance of the cath lab at The Queen Elizabeth Hospital. Obviously, there will be a need to have inpatient beds to support that cath lab, or access to inpatient beds, and that will be the case, but exactly how many inpatient beds we will require we need to work through with the clinicians who are providing the service.

Mr KNOLL: In relation to the cath lab, is the government going to refurbish or replace the current cath lab at TQEH?

The Hon. J.J. SNELLING: Yes, we will have to. We do acknowledge that the current equipment there will need to be replaced.

Mr KNOLL: How much will that cost and when will it be ready?

The Hon. J.J. SNELLING: We have a number of options available to us and, as I said, that will depend upon discussions with our clinicians about what their requirements will be.

Mr KNOLL: So there is nothing specifically in this year's budget about—

The Hon. J.J. SNELLING: We have not budgeted, but normally we would be able to meet these sorts of things within our existing equipment replacement budget or our normal programs. Our normal annual programs would be sufficient to replace this sort of equipment. I would not expect that it would be something that we would have to go back to budget for.

Mr KNOLL: But it has not been completed as yet?

The Hon. J.J. SNELLING: No, because we need to work through exactly what the requirements are with our clinicians at The Queen Elizabeth Hospital.

Mr KNOLL: Given that the clinical ambassador for Transforming Health, Professor Dorothy Keefe, told the Charles Sturt council in November 2016 that TQEH cath lab would be out of date by May 2017, when will it be updated?

The Hon. J.J. SNELLING: It will obviously be a priority, but we need to work through that with our clinicians. Obviously, the plan was not to have the cath lab there and now the decision has been made by the government to retain the cath lab at The Queen Elizabeth Hospital.

Mr KNOLL: Minister—

The Hon. J.J. SNELLING: If you could let me complete. You have asked a question; at least give me the courtesy of giving me an opportunity to answer it. Obviously, the decision was made that the cath lab, which we were not going to do, will need to be replaced. We acknowledge that. We will work with our clinicians to see exactly what their requirements will be. We will be in a position, hopefully, in the reasonably not too distant future to make a decision and make an announcement.

Mr KNOLL: Given the fact that Dorothy O'Keefe suggested that we have—

The Hon. J.J. SNELLING: It is not O'Keefe: it is just Keefe.

Mr KNOLL: —sorry, yes, Professor Keefe—a cath lab that is out of date now, what risks are there to patient safety and why has this not been dealt with before now?

The Hon. J.J. SNELLING: I do not think that is a reasonable characterisation of what she said. I think there is no doubt that the equipment will need to be replaced. We will do that as a priority, but we cannot do that work until we have made a decision with clinicians about exactly what their requirements are.

Mr KNOLL: Can you give a commitment that all the equipment that is there is in certification and in date?

The Hon. J.J. SNELLING: Absolutely, yes, and it is perfectly safe. There is no question over its safety or its suitability for the work that it is doing, but we certainly do acknowledge that it will need to be replaced as a priority, and that is why we are working through these issues with our clinicians.

Mr DULUK: On Budget Paper 4, Volume 3, page 27, looking at the NRAH project, about \$111.4 million more was spent on the NRAH site works last year than was budgeted. What was this additional expenditure in relation to?

The Hon. J.J. SNELLING: The extra time in reaching technical completion and then commercial acceptance meant that we had to keep the project team in place longer. All those costs are related to that, our costs in keeping the project team in place longer than we were otherwise expecting, but it is important to point out that that was more than offset by the fact that we were not paying service payments as well.

From the previous estimates, this represents an increase of \$112 million, which is primarily due to a 345-day delay in reaching technical completion, and reflects the revised opening date of 5 September. However, as I said, that was more than offset by the savings the government made because we were not paying service payments to the consortium. So we came out ahead.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 39, in relation to NRAH. By the time the hospital opens—and we assume that is 5 September—

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: —for how many days would the government have paid this service payment to the partnership?

The Hon. J.J. SNELLING: From commercial acceptance. We actually have not paid anything yet because the service payments are paid quarterly. I think the first payment is due—

Mr KNOLL: How much would you expect the invoice to be for between those two dates?

The Hon. J.J. SNELLING: You want to know how many days between commercial acceptance and 5 September? Is that basically what your question is?

Mr KNOLL: Yes.

The Hon. J.J. SNELLING: From 14 June to 5 September, basically. We think roughly 90 days.

Mr KNOLL: We do not need to do the maths on the fly.

The Hon. J.J. SNELLING: I should point out that it is important to note that, in that period, the hospital has not been sitting empty. We expect to start getting, hopefully, some patients in the next couple of weeks—hopefully, day surgery—and some radiotherapy for cancer patients. We are confident that will start happening in the next couple of weeks.

In addition to that, we have had an enormous amount of training going on, and the government has been completing its own schedule of works that needs to happen before we can start moving patients into the hospital. It has not been sitting there idle over this period of time.

Mr KNOLL: Minister, have you sought a discount to the daily rate that needs to be paid under the partnership agreement by the government to the consortium?

The Hon. J.J. SNELLING: Do you mean are we seeking remissions for other things?

Mr KNOLL: The cost of service is about \$1 million a day.

The Hon. J.J. SNELLING: Roughly, yes.

Mr KNOLL: Have you sought a discount to that \$1 million a day in relation to the—and I am not going to do the maths either, but it is somewhere over—

The Hon. J.J. SNELLING: In relation to the fact that we have not been able to move the—

Mr KNOLL: Yes.

The Hon. J.J. SNELLING: I have to be a bit careful with the commercial sensitivities around what I say, so I just need some advice. We are in discussions with Celsus about the first service payment. I cannot go into much detail about what those commercial negotiations involve and what they are about, but it certainly would be fair to say that we are in discussions and we are seeking a reduction in the amount we pay in this first quarter.

Mr KNOLL: Do you have a date when you expect those negotiations to be complete? I assume that they want some money at some point.

The Hon. J.J. SNELLING: We do not at the moment. I can find out. All these commercial discussions are very, very complex. We have a very strong contract with Celsus, and it does provide opportunities for the government to reclaim money where the consortium has not delivered the services we are paying for.

Mr KNOLL: What is the total amount of the annual service payment?

The Hon. J.J. SNELLING: The service payment is \$396 million.

Mr KNOLL: What are the costs not covered by this annual service payment? What I am trying to get at is that the \$396 million is for meals, maintenance and a whole heap of other things, but what is going to be the total cost to run NRAH on top of that service payment?

The Hon. J.J. SNELLING: The breakdown for this year, 2017-18, is \$262,443,000, which is the service payment. That is the amount for the interest and the repayment of the principal. Separate to that, another \$70 million pays for the non-clinical services and so on that are part of the contract.

Mr KNOLL: Sorry, the question was in relation to 'on top of that'. I am not talking about the 396, if that is what you are breaking down.

The Hon. J.J. SNELLING: On top of the cost of that are all our clinical services, which we cover and which already exist—payment of salaries for allied health, doctors, medical consumables, and all of those.

Mr KNOLL: How much is that?

The Hon. J.J. SNELLING: We do not have it. The annual budget of CALHN is over a billion dollars, so it is a significant amount of money for all those things.

Mr KNOLL: The hospital is going to open next week, or the week after, and completely open on 5 September, and you do not know how much it is going to cost to run the hospital?

The Hon. J.J. SNELLING: No, because it is going to cost what it is currently costing us to run the existing hospital. We already employ doctors and nurses and use medical consumables.

Mr KNOLL: Except for, obviously, decisions related to oncology, respiratory and cardiac, where issues still have not been resolved, as you said previously.

The Hon. J.J. SNELLING: No, they would all be met within the existing budget. We do not expect any of those decisions to have budget impacts. We do not expect us to have to go back to budget relating to any of those decisions, as I have already made clear.

Mr KNOLL: Except, for instance, in relation to cardiac under Transforming Health, six cardiac beds were cut at The QEH. You do not know whether or not they are going to be restored but you can tell me that there is no budget impact.

The Hon. J.J. SNELLING: We are talking about transferring beds. The number of beds we have in a hospital is not static; it is not something that does not change. The number of beds goes up and down according to the needs of our patients. Health is used to managing these sorts of changes, which can happen on a daily basis, and we do that very, very well. I am not quite sure what the member for Schubert is getting at, but we know what the service payment is, we know what it costs to run the existing hospital, and all the services from the current hospital are being shifted (the main part) to the new hospital and we are dealing with that.

Mr KNOLL: What proportion of the current RAH budgeted services will be covered by the annual service payment? You are paying an annual service payment in relation to a number of things that are non-clinician based. Those services are currently provided at the RAH but, given that we are moving to a new hospital, there is likely to be a difference in the cost from one to the other. I am asking about what proportion of the current RAH's budget will be covered in the new RAH by the annual service payment.

The Hon. J.J. SNELLING: Are you trying to ask how much extra we are going to have to pay for this new hospital over and above what we are paying for the old hospital? Is that essentially what you are asking?

Mr KNOLL: No, because you just said that everything should switch across, that there are no budgetary impacts and that these services are already there. The question I am asking is: in relation to the \$396 million, which is going to be the cost in the new RAH—

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: —and obviously some of that cost is currently being expended at the old RAH, what proportion of the old RAH's budget is going to be transferred and paid for as part of this annual service payment?

The Hon. J.J. SNELLING: The cost of running the non-clinical services at the old Royal Adelaide Hospital is roughly \$70 million, I am told. That money will go across to the new Royal Adelaide Hospital and form part of our payment to Celsus, the consortium, who are offering their non-clinical services. So it is roughly \$70 million. As I said before, the \$262 million is new money. That is the new money that covers the cost of the hospital, the repayment of the principal and the interest.

Mr KNOLL: If I can take you back to Budget Paper 4, Volume 3, page 27, in relation to the NRAH transition, is the ramp-down on track?

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: If that is the case—and on 24 July you said that the ramp-down was going to start, and at that point there were about 600 patients in the current RAH—as of 5.30 this morning there are 711 occupied beds with 36 people waiting and a capacity of only 684 beds. Would the minister like to revise his statement, given the fact that there are an extra 100 people in beds than when he started the ramp-down? Would you characterise this still as a ramp-down, or have we ramped up?

The Hon. J.J. SNELLING: We do not turn people away who present to our hospitals. When sick people turn up to any of our hospitals, we treat them, and I am certainly not going to turn people away. There is no doubt we have had a busy winter so far. We have started the ramp-down process, which is creating capacity in our hospitals. From day to day, our hospitals will have different levels of occupancy, but there is no doubt, particularly at the beginning of the week, that we are going to be very, very busy. I will invite the chief executive to make some remarks about ramp-down and where we are at and her confidence that we are on track.

Ms KAMINSKI: Thank you, minister. The ramp-down started on 24 July, and the idea is that across the health system we will do a few things—reduce the pressure on beds for the elective surgery components, so some of the less acute, elective surgeries will be delayed. We started that on the 24th; if we had not done that, we would have seen a much greater demand for beds this morning when you checked the dashboard.

We do have a number of beds in our peri-urban hospitals that are vacant that we are going to be using when we get to the spot where we really empty out the Royal Adelaide Hospital to move it down North Terrace, so we are keeping an eye on those beds to make sure that the empty beds in peri-urban increase so that we can move people into those beds temporarily as we get closer to 5 September.

We have not done that yet because it is too disruptive, and the least disruption that we can have to patients when we move them around into peri-urban the better it is for them. As I say, we are keeping track of those empty beds, and we have a number of other contingencies lined up where we have private beds that we can move into and that we have actually contracted for.

I am confident that we are on track with the ramp-down, that the pressure we are seeing is winter demand and some of the flu impact, and that that will abate as we get closer to 5 September, and that we will have capacity to move our RAH patients to those other beds and reduce the number that we have to move down North Terrace.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 39. What is the total cost of the PR campaign currently underway in relation to the new Royal Adelaide Hospital?

The Hon. J.J. SNELLING: I will get back to you with the exact figure. I do not have it to hand and I would rather we make sure we get it correct.

Mr KNOLL: Could you also take on notice the elements of the campaign and the cost of each of the elements—a breakdown, if you will?

The Hon. J.J. SNELLING: If we are able to break down the detail, I am certainly happy to.

Mr KNOLL: We tried to ask these questions of the Premier last week, but he fairly and squarely pointed to you as somebody who could answer them.

The Hon. J.J. SNELLING: There is no doubt we can answer them. We just do not actually have that on us, and we would rather make sure we get it accurate than take a stab in the dark.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 39. What modifications to the hospital have been initiated, or planned to be undertaken, since commercial acceptance?

The Hon. J.J. SNELLING: Sorry, say that again?

Mr KNOLL: Commercial acceptance is on 16 June. What modifications have needed to be made or will be made since that point?

The Hon. J.J. SNELLING: We have certainly been undertaking our own works, which are already out there on the public record. We have been rolling out the CDI (clinical data integration). That is the system that runs in our operating theatres that provides information to surgeons and connections between the emergency department and the operating theatres, so that work is being undertaken. There has been other work to correct things. We have been doing things in the resuscitation rooms to meet the requirements of clinicians. A host of works has been undertaken, but all those works are on track. We do not expect any of them to have any impact on our ability to move on 5 September.

Mr KNOLL: Have any modifications been made or initiated to install an adult-sized change table?

The Hon. J.J. SNELLING: We anticipate that will be done after we open. We have certainly taken into account representations that have been made, mainly by the Hon. Kelly Vincent, to accommodate those needs, but they will happen after we move in.

Mr KNOLL: That will be something undertaken by the government, as opposed to the partnership?

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: Do you have an estimated cost of what that will be?

The Hon. J.J. SNELLING: I do not, but we do not expect that it would be significant.

Mr KNOLL: Has there been any need to have to rewire any of the surgical theatres?

The Hon. J.J. SNELLING: Only through the CDI, I think. The only rewiring that would have been done would be connected to the installation of the CDI. They are state works. They were always the responsibility of the state to install, so any rewiring that has been done has been part of that.

Mr KNOLL: Just to be clear, the cost of rewiring the CDI is all being borne by—

The Hon. J.J. SNELLING: It is all included as part of the normal state works; that is right. In the operating theatres, the only rewiring work that has been done, or any wiring that has been done, has been entirely related to our own state works and met within that budget.

Mr KNOLL: Have there been any modifications, besides the adult change table, that will need to be taken by the government—as in they are not part of works being done by the partnership?

The Hon. J.J. SNELLING: Any—

Mr KNOLL: Modifications.

The Hon. J.J. SNELLING: —modifications being done? With regard to modifications, obviously there have been some changes. You are talking about a hospital that was designed seven or eight years ago, so there has been some change in the requirements of the clinicians over that period of time, but it was always anticipated that that would happen. There will be some modifications after we move in that the state will have to deal with as part of our normal maintenance budget, but those are all pretty minor. Obviously, we had to make some changes to the resuscitation rooms in the emergency department, but those are near completion and will not affect our ability to move into the hospital.

Mr KNOLL: What is the total cost for this?

The Hon. J.J. SNELLING: It has all been met within the current budget, so we have not had to go over budget. It is all money that has been accounted for. We are talking about a very small amount of money in the context of the project.

Mr KNOLL: Sure, but my question was not where the money is going to come from; I am just asking how much more that is—

The Hon. J.J. SNELLING: It is coming from within the current budget.

Mr KNOLL: Sorry, that is not my question; my question is how much, not where?

The Hon. J.J. SNELLING: I will find out for you, but it is an insignificant amount of money.

Mr KNOLL: Are we talking about tens of thousands, or hundreds of thousands? When you are spending \$2.3 billion on a hospital, a few million dollars seem insignificant.

The Hon. J.J. SNELLING: I will get the exact figure. We can get a breakdown of those costs for you.

Mr PISONI: I refer you to Budget Paper 4, Volume 3, page 27, which refers to the new Royal Adelaide Hospital. On 20 June, you were asked in the parliament about the cladding on the hospital. The question I asked you was, 'Will the minister now independently test the fascias to ensure that they meet Australian Standards?' This was after you were not able to tell the parliament where the fascias were made and where they were certified.

Yesterday, we heard from the Minister for Industrial Relations, Mr Rau, when he was giving evidence at a Senate inquiry into nonconforming building products, that there was a series of city buildings now that were receiving an audit after the Grenfell fire in London and that the new Royal Adelaide Hospital was one of those buildings. Yet, on 20 June, you said to the parliament, in answer to my question as to whether you would be seeking an independent test, that you would only do that or ask for that to be done if there were some uncertainty.

What has changed from your strong stance on 20 June, when you were convinced that the fascias met and conformed to Australian Standards, now the hospital is on the Minister for Industrial Relations' list of city buildings that are actually being audited in response to the Grenfell fire?

The Hon. J.J. SNELLING: Nothing has changed. At this stage, the audit is just to identify which buildings have cladding. The government has always been up-front: the new Royal Adelaide Hospital does have cladding. The audit has merely identified that fact. I can provide some more information about the cladding. All facade and curtain walling on the new Royal Adelaide Hospital is certified for use against the Australian Standards and Building Code of Australia requirements.

The BCA deals with the compliance for fire risk in construction and fire hazard properties. The cladding products were certified in Australia by CertMark International, a wholly Australian-owned, accredited certification body. Celsus (the consortium previously known as SA Health Partnership) is responsible for the design and construction of the new RAH, under the new RAH project agreement. The state set out, in its design requirements, that the new RAH facility must meet relevant Australian Standards and the requirements of the National Construction Code and the Building Code of Australia. The BCA deals with compliance with fire risk in construction and fire hazard properties.

The facade and curtain wall comprise a series of interlocking components including glass, metal, composite and aluminium. The components are extensively tested at the point of manufacture. In August 2013 the product used at the new RAH achieved a CodeMark Certificate of Conformity, which is current. CodeMark is a building product certification scheme that provides a nationally and internationally accredited process for assessment for compliance with the requirements of the BCA. That is the—

Mr PISONI: And the country of manufacture?

The Hon. J.J. SNELLING: My understanding is that it has been imported from China, but certified by CertMark International, an Australian-owned accredited certification body.

Mr PISONI: When was that certification?

The Hon. J.J. SNELLING: I do not have the date, but it is certified. If the member—

Mr PISONI: Was it before or after the Grenfell fire?

The Hon. J.J. SNELLING: It was August 2013 that it was certified.

Mr PISONI: So it was certified before changes to standards were implemented in 2016?

The Hon. J.J. SNELLING: All the advice I have is that the certification is current. If there have been changes to the standards, I am happy to check that out, but I am not aware of that. My advice is that the certification is current. If the member for Unley has some reason to raise any uncertainty about the certification process, I invite him to provide some evidence of that. I am certainly satisfied with the advice I have received that it has been appropriately certified and certified by an Australian company. There is no doubt in my mind of the appropriateness of the safety of the product but, as I said, if the member for Unley has some evidence contrary to that I would be happy to hear about it.

Mr PISONI: The Minister for Industrial Relations told the Senate committee yesterday that the audit process was a two-stage audit process and that the hospital would only receive the first stage of the audit process prior to the opening in September. What are the first and second stages of the audit process?

The Hon. J.J. SNELLING: You would need to speak to the Attorney-General, the Minister for Planning, although I can go through the information. Phase 1 is the identification of buildings suspected of having aluminium-composite cladding. That is the first stage—

Mr PISONI: So that is the first stage.

The Hon. J.J. SNELLING: Yes—and, yes, the new Royal Adelaide Hospital does have aluminium-composite cladding. Phase 2 is on-site inspection and desktop audit of associated documentation to identify, as far as is practical, responsibility for any noncompliance—designer, assessor, council, builder, owner. That is the second phase. I am providing that information to you here. We know who provided the material, where it came from, we know it has been certified and we know that it meets the Australian building standards with regard to fire risks. It does all those things, so while they will go through this process, we already know the answer to that.

Phase 3 is to respond based on the investigation findings, to undertake one or more actions; obviously, to do that. However, there is no information I have that it will not pass, that phase 3 would be necessary, because we already know who has provided it, we know it has been certified, we know it meets the fire retardancy standards. Indeed, I understand the Metropolitan Fire Service were in estimates and were specifically asked about the fire risks of the hospital, and they were quite emphatic that they were satisfied with the measures in place.

Mr PISONI: I will just take you to a media event where you were asked about the light poles in the grounds of the hospital, whether they were protected with a safety switch, as required under Australian Standard AS3000. Has it been confirmed that they did not, in fact, conform by having what is commonly known as a 'safety switch'? Has that been rectified?

The Hon. J.J. SNELLING: I can check that out, but I have to say the opposition are just so desperate to try to discredit this wonderful building and wonderful hospital that they will even come to criticising light poles. Of all the things that are happening in that hospital, you are worried about light poles. Goodness me!

I am happy to check out the light poles and make sure, but for anything that is being done by the builder the contractual requirements have been that they meet all the relevant building standards. To my knowledge, all those building standards have been met. If you have any evidence that they have not been met, I would be more than happy to hear it. If it were to be proven that building standards had not been met, then we would seek to make a recovery against Celsus for that, but I am not aware of any allegation where there is any substratum of fact that the light poles or anything else do not meet the required building standards.

Mr PISONI: Is there a dispute at the moment about the sign-off process? Were the light poles signed off as meeting standards before they were independently accredited? Is either your department or DPTI, which has been acting for you in some of these accreditation processes, now in dispute with the provider about who is responsible for making good the light poles?

The Hon. J.J. SNELLING: I am not aware of the independent certifier not certifying the light poles. I am happy to double-check that but, to my knowledge, there are no issues regarding the certification of light poles by the independent certifier. The way the process works is that the independent certifier tests everything and makes sure that the building meets what has been required of it from the contract, and then signs off on it. Through the commercial negotiations between Celsus and the government, we came to an arrangement that has already been made public whereby certain things were allowed to be completed post technical completion, so those works are being done, but there is no dispute with the independent certifier, to my knowledge, regarding the light poles.

Ms DIGANCE: I want to cross to the south and, in particular, I would like to go to the inner south. I was waiting for this topic to come up from those opposite, but it has not, so I will broach it. I have been doorknocking, and thanks to the member for Schubert for his advice on that. Minister, I was just wondering if you could please advise the committee about the future use of the Repatriation General Hospital site following handover of the site to the ACH Group. This is in reference to Budget Paper 4, Volume 3, page 33.

The Hon. J.J. SNELLING: I would be very happy to. The government entered into a contract for sale of the Repat General Hospital with the ACH Group on 8 June. ACH has said it will invest around \$200 million on the site to deliver a unique health, education, ageing and veterans precinct. Importantly, a land management agreement is contained within the contract of sale describing what the land may be used for, and that land management agreement is in place for perpetuity. For example, the land must be used for healthcare, ageing and community-related purposes.

I am told the ACH Group's plan for the site includes some two to five-storey residential accommodation, including social and affordable housing; ageing in place; independent retirement living units; veterans' emergency housing; and student housing. However, despite the fear campaign and recent dissemination of flyers that insinuate that the site has been sold off as just a housing development, the ACH Group's vision for the site will ensure that the Repat remains a place where the community can access key health services.

The ACH Group has publicly stated that their vision for the site includes health and aged-care services, including transition care and day hospital services; both inpatient and outpatient services; education and training facilities; a research and innovation hub; veteran services; and allied health services, including medical imaging, pathology, podiatry and pharmacy. ACH is also committed to maintaining the heritage buildings on the site, particularly the chapel, the SPF Hall and the Peace Garden.

A small part of the site, incorporating the ViTA Buildings, Orthotics and Prosthetics SA and associated car parking is being retained by SA Health. The ACH Group's redevelopment is expected to generate up to 1,000 new jobs during construction and at least 250 ongoing health and other job opportunities. It is also expected to see more than 850 students participate in new service models and an additional \$20 million per annum injected into the South Australian economy.

The CHAIR: Can I clarify the figure at the very beginning of that contribution, minister? Did you say \$253 or \$253 million?

The Hon. J.J. SNELLING: Do you mean \$200 million as part of that answer?

The CHAIR: Yes, just at the very beginning.

The Hon. J.J. SNELLING: \$200 million is being invested on the site.

The CHAIR: \$250 million?

The Hon. J.J. SNELLING: \$200 million is being invested on the site by the ACH Group.

Ms DIGANCE: I have a question that connects to this from Budget Paper 4, Volume 3, sub-program 2.3, page 47. Can you please advise the committee about how the Southern Adelaide Local

Health Network will ensure ease of access to services at the Flinders Medical Centre, particularly for elderly or disabled persons who have previously accessed those services at the Repat?

The Hon. J.J. SNELLING: I certainly can. The Flinders Medical Centre will have increased car parking spaces with a brand-new 1,780-space multideck car park, with 1,220 more spaces than currently exist. The new car park is currently being constructed and will be available for use from October 2017. It will be located next to the new rehabilitation, palliative care and mental health building and will have 148 car parks for patients and visitors.

Within the patients and visitors' area, 14 of the car park spaces have been allocated as dedicated disability car parking, providing easy access for patients and clients. In addition, 10-minute drop-off zones are planned for the front of the new rehabilitation, palliative care and mental health building. Increased capacity for patients and visitors' car parking will also be made available within the Wilson's multistorey car park directly opposite the FMC main building. The staff parking is relocated to the new southern car park.

A dedicated free car park will be made available for families and visitors to the new palliative care unit. The area will be a monitored permit zone area, with permits for the area issued by the palliative care unit. There will also be more patient services transport staff to support the additional patients due to the relocation of services from the Repat to the FMC.

Mr DULUK: Sticking with Budget Paper 4, Volume 3, page 47, within the land management agreement is there a definition of 'community-related purposes'?

The Hon. J.J. SNELLING: I will have to get back to you on that, but my understanding would be that that is a fairly frequently used term and well understood. I do not think there are any issues with any uncertainty about that. In any case, I have complete confidence in the ACH Group to stick to the letter and certainly the spirit of what they have announced. I think any suggestion that ACH would deviate from what they have and turn it into some sort of housing development is a pretty terrible slander against—

Mr DULUK: Minister, there was no insinuation of that at all. I was just asking about a common—

The Hon. J.J. SNELLING: No, but your political party has certainly made that slander.

Mr DULUK: I was just asking about a definition within the land management agreement, minister; I am not asking about ACH.

The CHAIR: Order! I have a point of order on my right.

Ms DIGANCE: I would like to hear the answer, please.

Mr KNOLL: Point of order: which budget line is this commentary on?

The Hon. J.J. SNELLING: It was you who was asking the question. ACH Group has an excellent reputation in this state for delivering aged-care rehabilitation services. As I said, they will invest \$200 million on that site. I think any insinuation that they would not stick to the agreement and stick to what is provided for in their contract is a slander against a very well-regarded South Australian not-for-profit.

Mr DULUK: Did the government instruct a valuation of the Repat site prior to preparation for sale?

The Hon. J.J. SNELLING: There was a valuation done on the site.

Mr DULUK: When was that done, this year, last year?

The Hon. J.J. SNELLING: I will check, but the Valuer-General, just as part of his normal course of things, would have an up-to-date valuation of the site.

Mr DULUK: So there was no third-party valuation of the site undertaken prior to sale?

The Hon. J.J. SNELLING: I would need to check, but there would be no reason to disagree in any way with what the Valuer-General's valuation was. Land valuation is derived very much from what the uses of the land are and, if you change how the land can be used, then obviously that will

have an effect on the valuation. The government has been very clear about this: that any purchaser of the site would have contractual requirements placed on them about what could be placed on the site and that we would consult with the community, and in particular with veterans, about what could go on the site. All those things have happened. I think this has been an excellent process and we will see a significant improvement on the site from what is currently there—an increased range of services to local residents. I think it is a great outcome.

Mr DULUK: What price did the Valuer-General put on the land at that site?

The Hon. J.J. SNELLING: I will have to take that on notice and check. I would have thought that would be publicly available anyway, would it not?

Mr DULUK: I am just asking

The Hon. J.J. SNELLING: Anyway, I am happy to find out.

Mr DULUK: Was the sale of the land to ACH more than the Valuer-General's recommendation?

The Hon. J.J. SNELLING: I would need to check, but we went through a tender process; we invited people to put in tenders. However, I have to point out that a key requirement through the process, and a consideration in assessing the various expressions of interest, was actually what the plans were for services on the site. In fact, I think there was a higher value on that than there was on how much they were prepared to pay.

Certainly, from the government's point of view, it was far more important that, whoever the proponent was, what we would be looking most closely at was what they proposed to do with the site. We were not looking at some sort of fire sale where we were trying to get the highest bidder. If we were trying to do that, then obviously we would not have had the restrictions that we have placed on the site and we would have had proponents for a commercial redevelopment or a housing redevelopment or whatever on this site, but that is not what we were primarily interested in. Our interest was in what the services were, what was being proposed and how much they were proposing to invest. I can advise that a valuation was done by Knight Frank, an independent valuation, and that they valued the site at between \$30 million and \$34 million.

Mr DULUK: Did Knight Frank include any cost of remediation in the valuation?

The Hon. J.J. SNELLING: I would need to check. That was done in March 2016.

Mr DULUK: Have you read the Knight Frank report, minister?

The Hon. J.J. SNELLING: No, I have not, nor would I expect to. It is a pretty technical document.

Mr DULUK: I am just asking. In my previous life, I used to love reading Knight Frank valuation reports.

The Hon. J.J. SNELLING: Obviously, yes; you can take the boy out of the accountancy firm but you cannot take the accountancy firm out of the boy.

Mr DULUK: Not reading reports seems to be quite common in that department.

The Hon. J.J. SNELLING: Maybe one day in the next 100 years, the member for Davenport might have an opportunity to be a minister. You generally do not have time to sit reading through valuation reports that do not really concern you.

Mr DULUK: Are you saying that the sale of the Repat site does not concern you, minister?

The CHAIR: Order, member for Davenport!

The Hon. J.J. SNELLING: It does concern me, but the valuation report—

Mr DULUK: So would you not want to know what—

The CHAIR: Member for Davenport!

The Hon. J.J. SNELLING: —being done by Knight Frank does not. As I have said, my first concern was not over how much money the government was going to get from the land. We made that very, very—

Mr DULUK: The valuation report has nothing to do with how much money you are going to get for a site.

The CHAIR: Member for Davenport, I am on my feet. You are distressing me and I am not well. If you keep speaking over the minister, I will not give you the call.

Mr DULUK: Sorry, Chair.

The CHAIR: It is up to you whether or not you have another question today. Minister.

The Hon. J.J. SNELLING: Thank you, Madam Chair. Our first priority, our first concern, was what the various proponents who put in bids to partner with the government to redevelop the site proposed to do with the site. Without doubt, if we had taken a less restrictive policy we could have got a lot more for the site from a monetary point of view than we did, but that was not the policy the government wanted to pursue.

We were not interested in how much money we were going to get for the site or maximising the amount of money we were going to get for the site. Our interest was in who was going to redevelop the site, the sort of organisation that was going to do it, their reputability, their existing presence in delivering services of the sort we thought were appropriate and what they proposed for the site. Valuation was not at the front of my mind. Obviously, it had to be reasonable, but we were going through a full, open tender process.

The land is only really worth what someone is prepared to pay for it. As I say, we certainly could have got a lot more money for it if we had been less restrictive about what could be done with the site, but we were restrictive. We did take into account, in a significant way, what the various proponents were proposing for the site, and ACH had an excellent proposal. We are very pleased to be partnering with them. I think this is without doubt a huge win for the people of the inner southern suburbs.

Mr DULUK: Minister, can you confirm that the contract of sale is subject to the government approving a master plan for the site submitted by ACH?

The Hon. J.J. SNELLING: Yes, that is the case.

Mr DULUK: What parameters does the contract lay down for that master plan?

The Hon. J.J. SNELLING: We will have to get back to you with that sort of detail.

Mr DULUK: Will there be an opportunity for public comment on that master plan before the final approval?

The Hon. J.J. SNELLING: I will just need to check. We would follow the normal processes, whatever those are. I am happy to check and get back to you.

Mr DULUK: Are there any consequences if ACH does not submit a master plan in time?

The Hon. J.J. SNELLING: If they do not, then they cannot take it over.

Mr DULUK: Under the contract, what are the consequences if the government does not accept the master plan?

The Hon. J.J. SNELLING: I imagine that they would have to keep submitting master plans until they presented one we were satisfied with.

Mr DULUK: To date, is the government on track, or does it believe it is on track, for a handover and sale date in December?

The Hon. J.J. SNELLING: Yes, we are.

Mr DULUK: Are there any encumbrances on ACH Group in regard to their having the ability to onsell the land, or part of the land, at Daw Park to another party?

The Hon. J.J. SNELLING: They have freehold of the site, so they could, in theory, resell it, but whoever they sold it to would have to comply with the master plan.

Mr DULUK: And failure to comply in that regard?

The Hon. J.J. SNELLING: Then they would not be able to proceed with the sale. I presume that, through the normal planning process, whoever had purchased it would not be able to do whatever they wanted to do because they would not be able to pass the planning hurdles.

Mr DULUK: Staying on page 47, will you remove the prohibition on SA Health services operating on the Daw Park site, given the pressure on beds in hospitals, overflows and the fact that not all services currently provided there have found a new destination yet?

The Hon. J.J. SNELLING: Two services remain on the site: the prosthetics service, which we have always been up-front about, will continue on the site, and SA Medical Imaging has a presence on the site. We have taken the decision to allow that service to continue on that site for, I think, a period of three years. We have agreement from ACH on that as well.

Mr DULUK: You mentioned radiology. Will that be allowed to stay on the site?

The Hon. J.J. SNELLING: Yes, that is what I said: SA Medical Imaging will remain for a period of three years.

Mr DULUK: For a period of three years; and after that?

The Hon. J.J. SNELLING: Then we will review it, we will reassess it, but it will be providing outpatient medical imaging.

Mr DULUK: Is the three-year period in the ACH contract?

The Hon. J.J. SNELLING: I do not know the legalities of it, but we have agreement from ACH to allow for that to continue for a period of three years. At the end of the three years, we will reassess it. I do not want to put words in ACH's mouth, but I think it would be quite attractive for them to continue to have that presence there. There is no reason to think that they would not, but we are looking at what our needs are at the moment, so we have decided to keep and continue that presence there for three years, and then at the end of three years we will review it.

Mr DULUK: Did you receive any written advice on the suitability of Ward 18 for ongoing use as an older persons mental health facility?

The Hon. J.J. SNELLING: I did not get written advice because it was not something that we seriously considered. In any case, even if there were written advice by the department, it would probably go to the Minister for Mental Health. I spoke to the chief operating officer for SALHN about the suitability of Ward 18 for patients from Makk and McLeay wards, and his advice was quite emphatic, that it is not suitable for that. I am very confident that the solution the government has come up with to relocate patients to the new Northgate facility is far superior than we would be able to offer in the old Ward 18 for that particular cohort of patients.

Mr DULUK: Minister, please forgive my ignorance, but is the chief operating officer of SALHN a clinician?

The Hon. J.J. SNELLING: He is; he is a nurse.

Mr DULUK: Have there been any opposing clinician views in regard to the suitability of Ward 18?

The Hon. J.J. SNELLING: Not that I am aware. Certainly, no-one has come to me who has any knowledge of the matter.

Mr DULUK: Nobody within the whole of SA Health came to you and said, 'We should look at this as a possibility'?

The Hon. J.J. SNELLING: In a department of 30,000 people, no-one has come to me, no. You are talking about a department of 30,000 people, and of that 30,000 people I imagine they would think all sorts of things. There is no-one of any knowledge of this matter or whose advice I would

seek who has approached me to suggest that the advice I have received from the chief operating officer of SAHLN is wrong.

Mr DULUK: What will be the net loss of inpatient beds in SAHLN when the Repat closes?

The Hon. J.J. SNELLING: It will be between 117 and 125.

Mr DULUK: To confirm, when the Repat closes, SAHLN will be down between 117 and 125 beds?

The Hon. J.J. SNELLING: That is right, but that does not mean that there will be fewer services or fewer procedures: we are massively increasing. We have two extra operating theatres at the Flinders Medical Centre and we have increased operating theatre capacity at Noarlunga Hospital. We expect the number of procedures being done at Noarlunga Hospital to significantly increase. We are also building the new rehabilitation and palliative care building at the Flinders Medical Centre. There are 70 new beds in the new rehabilitation and palliative care building at the Flinders Medical Centre. New developments at FMC include 55-bed rehabilitation, 15-bed palliative care and 30-bed Older Persons Mental Health Service in the new building to offset the—

Mr DULUK: To offset the 117 loss?

The Hon. J.J. SNELLING: No, to offset the closure of the beds at the Repat.

Mr DULUK: How many beds are there in Ward 18 at the moment?

The Hon. J.J. SNELLING: I do not have the exact number of beds; I can get that for you.

Mr DULUK: Is it about 30?

The Hon. J.J. SNELLING: I am not sure; I would need to check. I do not know the exact number of beds.

The CHAIR: You have one to finish off.

Mr DULUK: Minister, is the government still committed to honouring its undertaking to the ANMF that no bed would close in SAHLN until the need for that bed had been demonstrated to have been removed and warranted?

The Hon. J.J. SNELLING: Yes, we have certainly been working very closely with the ANMF about what has been happening at SAHLN, and about our plans for getting off the Repat site. Obviously they are not jumping for joy at the decision the government has taken, but I think they are satisfied with the process and satisfied with the measures that we have put in place to accommodate the increased patient load at both Noarlunga and Flinders Medical Centre as a result of this.

Mr DULUK: Is it fair to say that the Repat probably works at about 90 per cent capacity?

The Hon. J.J. SNELLING: I would need to check that: 90 per cent is my advice, yes.

Mr DULUK: That means that at any one time there are about 200 inpatient beds being used. We are losing 170 to 125. I would find it difficult that you are probably meeting that requirement or that agreement with the AMA(SA) in terms of the removal of beds?

The Hon. J.J. SNELLING: All I can say is that we have been working through all the relevant industrial bodies as we have made the reconfigurations that have been needed in the capital investments to support our getting off the Repat site. We are very comfortable with where it is at. Certainly, the ANMF has not come to me with any concerns about the process or the measures that we have taken to be able to accommodate that increase in patient load.

Mr DULUK: Has SAHLN made any provisions to deal with ramping and bedding capacity at the Flinders Medical Centre once the Repat closes?

The Hon. J.J. SNELLING: The Repat does not have an emergency department, so there is no issue there with regard to the emergency department—

Mr DULUK: Perhaps going the other way if I could at the same time, when the Flinders Medical Centre is working at full capacity—whether that be through the emergency centre and then

out the back door—are patients transferred to the Repat to deal with capacity issues at the Flinders Medical Centre?

The Hon. J.J. SNELLING: We are confident with where it is all at, and we are confident that once we are off the Repat site we will be able to do that safely and effectively. We have increased operating theatre capacity at Noarlunga and we will have increased operating theatre at Flinders Medical Centre. With those measures in place, and with the new rehabilitation services being provided and a new state-of-the-art building, we are comfortable with where it is all at.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 58, which is in relation to SA Ambulance. Minister, how many of the additional 72 ambulance officers and support staff promised in February 2015 have been deployed?

The Hon. J.J. SNELLING: We have had difficulty recruiting paramedics, so that has taken much longer than was originally anticipated. Of the 70, I know that we have had a fair bit of success in recruiting a large proportion of that 70. I do not have the exact number who are out on the road, but my understanding is that if they are not already—or a significant proportion of them—they will be very shortly. But we have had difficulty recruiting paramedics.

Mr KNOLL: To be clear, you are saying that some have been recruited and that that cohort will be on the road soon?

The Hon. J.J. SNELLING: If they are not already. I just do not have that information in front of me. I know that we had had success. When I last spoke to the Chief Executive of the SA Ambulance Service, he said that we had had some success in recruiting a significant number of that 70. We might even have some information here. What I can provide are the full-time equivalents for the SA Ambulance Service for 2015-16, which was 1,244, and the number of full-time equivalents as at June 2017 was 1,349. So we have increased the size of the service by about 100.

We expect that figure to grow further as more of that 70 that we had promised come onto the road. We will get the exact number. The chief executive is just advising me that roughly just under half the 70 have so far been recruited. Obviously, there is an induction process and so on that we have to go through. As I say, if that 30 are not on the road, they will be shortly. We have identified a further 35 paramedics to take up those remaining positions, but they are still to be recruited.

Mr KNOLL: Given that the promise was made now 30 months ago, why did recruitment only start nine months ago?

The Hon. J.J. SNELLING: It was always envisaged that the recruitment of the 70 was not going to happen straightaway. It was announced as part of the Transforming Health reforms, but the need for those additional paramedics was to coincide with the reforms playing out, so it actually time lined when those additional 70 would be recruited. It was never the intention of the government to begin the recruitment of the 70 straightaway, so we have done it exactly in the time lines that were originally intended.

Mr KNOLL: Given the fact that, in the minister's and Premier's own statements, Transforming Health has finished, obviously it has not if these extra paramedics have not been recruited yet.

The Hon. J.J. SNELLING: It is shortly to finish. Obviously, we are not off the Repat site and the commissioning of the new Royal Adelaide Hospital is the last part of Transforming Health to be completed. It was always envisaged that we would recruit those additional paramedics as they were needed in line with what the business case modelling suggested as part of the Transforming Health business case. It was never the intention to recruit them straightaway. Indeed, I know the Ambulance Employees Association understood that because they have been lobbying me pretty consistently to have that brought forward.

Mr KNOLL: What commitments did the government recently give to the Ambulance Employees Association in terms of recurrent funding, staffing and capital expenditure?

The Hon. J.J. SNELLING: It was exactly what was publicly announced—that is, that we would set up a working group to work through what the workforce needs would be for the SA Ambulance Service going forward and that they would be represented on that, together with

officials from Health. We have also asked a representative of the volunteer ambulance association to be involved in that working group. We expect its work to take between three and six months.

Mr KNOLL: Up until that three to six-month period is finished, you cannot tell us what the financial impact of this is going to be over this financial year in the forward estimates?

The Hon. J.J. SNELLING: No, not until that working group has completed its work.

Mr KNOLL: So there is nothing in the budget for 2017-18 in relation to this?

The Hon. J.J. SNELLING: No, nor would there be because that working group has to complete its work. Budget processes work by identifying what the workforce needs are and then you go through the budget process. You do not do it the other way around.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 27. In relation to the vehicle replacement annual program, why has the annual budget for the SA Ambulance Service's vehicle replacement program declined substantially over the past 10 years?

The Hon. J.J. SNELLING: I am aware that the Ambulance Employees Association have concerns about the SA ambulance fleet, in particular that vehicles continue to be in service after an agreed life span of over 250,000 kilometres or five years. We were told that when use for life was first extended in 2010 from three years automatic decommissioning out to five years or 250,000 kilometres, SA Ambulance Service wrote to the Ambulance Employees Association confirming that after such time vehicles would be decommissioned under the ambulance fleet replacement program.

Since 2010, this has been part of routine asset management. In 2017, some exceptions have been made to support the \$22 million investment in stretchers. The imminent move to the new RAH plays a role. We have been holding ambulances back. It has been suggested that the Ambulance Service is not conducting all necessary servicing and therefore has unsafe ambulances on the road. This assertion is categorically rejected by the SA Ambulance Service. All SA Ambulance Service vehicles undertake approved engineering services at regular intervals. At every 10,000-kilometre interval, vehicles undergo A, B and C manufacturer recommended servicing.

An additional review, over and above the manufacturer's recommendations, was included when the vehicles were first life extended in 2010, known as a D service, which involved further chassis tests and a visual review by a clinician. This practice ceased in 2014 when it was deemed that this would not add value on a risk basis. Mercedes, the supplier of the vehicle, has confirmed that a chassis check is not part of their recommended service requirements for this type of vehicle, nor is such a check carried out in either Western Australia or Victoria, where the same vehicles are used. In Western Australia, vehicles are sometimes in service until they are 10 years old.

Satisfied that all vehicles being used by the SA Ambulance Service adhere to manufacturer recommended servicing, are fit for purpose and are being properly maintained, by the end of 2017 both NRAH and stretcher demands on the fleet will have been concluded and SAS can return to business as usual asset management. Currently, there are 76 in the SAS fleet exceeding five-year servicing, which includes 34 that have been strategically delayed for decommissioning pending the completion of installation of the new stretchers. We have had to hold some back because we have had ambulances off the road while we have installed the new stretchers in them.

This requires every vehicle to be off the road for a week. Without this move, which poses no risk to patient safety, it would have reduced the total number of ambulances on the road. An additional 41 vehicles over their five-year life have been retained either to support the new Royal Adelaide Hospital move, which will require significant resources, travelling short distances over and above business as usual for South Australia's, or either historical or training fleet not in everyday use. SAS is satisfied that each one of these vehicles has been checked and is fit for service. The budget for service vehicle replacement for this year is \$5.9 million.

Mr KNOLL: Just to be clear, 76 vehicles are going to be kept in operation after the normal recommended 250,000-kilometre or five-year—

The Hon. J.J. SNELLING: There are currently 76 there, and they are for two reasons; one is to support the move to the new Royal Adelaide Hospital because we require additional ambulances

for that and, if we did not get those ambulances back, then we would have to reduce the number of ambulances we had on the road, which obviously we do not want to do. There are 41 of those, and 34 have been held back for the commissioning of the new stretchers. Those vehicles need to be kept off the road while the new stretchers are installed. Once again, if we did not keep those ambulances back, we would have to reduce the size of the fleet while that work was being done. Once those two bodies of work have been completed, then we will go back to normal replacement rate.

Mr DULUK: I refer you to Budget Paper 4, Volume 3, page 39, SA Pathology. Obviously there is a commitment to reducing staff by about 196 throughout SA Pathology. I am sure that this will see a reduction in skilled staff along the line. How many skilled pathology staff will lose their jobs as part of this—

The Hon. J.J. SNELLING: It is not a commitment: it is a proposal on which we are consulting with the workforce and with the industrial bodies at the moment. A review undertaken by Ernst and Young in 2014 found that the structure of SA Pathology's laboratory services was inefficient. Its operating costs were considerably higher when compared to similar pathology services interstate and the UK's National Health Service.

Currently, SA Pathology is structured so that there is duplication of equipment and laboratory services between public hospitals, whereas the general trend in other services has been to consolidate. With improvements in technology, modern laboratory automation and IT systems it is now possible for pathology services to be provided more quickly, effectively and efficiently while still maintaining a high quality of care.

An efficiency improvement program commenced in May 2016. One initiative of this program was the reconfiguration of SA Pathology services and the creation of an integrated and flexible, high-quality public pathology service for South Australians. In November 2016, consultation papers were released proposing a new configuration with an initial estimated FTE reduction of 278, based on work that had been undertaken by Ernst and Young and Beeston Consulting. This estimated figure was a starting point for consultation with staff and unions. Consultation was held from 9 November to 20 December 2016 and a large amount of feedback was received.

Following this, there has been further extensive consultation and engagement with staff and unions. This included clinical, technical and scientific staff across SA Pathology as well as engagement with local health networks. Based on discussions arising from this process of revised operational configuration, more detailed work on the model has now been designed for consultation having regard to South Australia's unique requirements. On 31 May, a consultation paper was released to staff and unions, providing the revised operational configuration and workforce model for formal consultation, which now proposes a net reduction of 196.6 FTEs.

The efficiencies envisaged would be realised by the state-of-the-art diagnostic laboratory at the new Royal Adelaide Hospital, consolidation of specialised testing, a repurposed advanced diagnostic laboratory at Frome Road and the implementation of modern IT systems, notably EPLIS. These innovations enable improvements in the quality and consistency of care. Feedback about the current proposal is open until 21 July. Feedback is being considered by SA Pathology and a final announcement will be made.

Other areas of the workforce in SA Pathology still to be reviewed as part of this program of work will be subject to a separate consultation process. We will have more to say about this. We are considering the feedback we have received. I have met with Professions Australia and they have concerns. I have listened very carefully to what they and their members are saying and we are giving that consideration. I hope to be in a position to make an announcement about what the government proposes to do shortly.

Mr DULUK: Putting aside consultation and meeting with the professionals, what does the budget expect to save as a result of a reduction of 196 FTEs across the forward estimates?

The Hon. J.J. SNELLING: I do not have the figure, but it is no secret that SA Health has savings requirements on it. If for some reason those savings are not met, then one of two things has to happen: either we have to have additional funding to make up for the savings not being met, or alternatively we need to find the savings elsewhere. However, as I said, we are still considering the

feedback we received. There is no doubt that what has been proposed is pretty ambitious, and I know there is a lot of uncertainty. A lot of the savings proposed very much hinge on the implementation of new technology—principally EPLIS, the new operating system—and the automation of the new Royal Adelaide Hospital. We are giving consideration to those things at the moment.

Mr DULUK: Obviously 196 jobs are going, and you would have done some modelling around efficiency and how you can still provide a service that you deem appropriate with 196 fewer FTEs. Surely you would be able to provide us today with roughly what the cost of those 196 FTEs is.

The Hon. J.J. SNELLING: We will achieve \$25 million in savings.

Mr DULUK: In FTE savings?

The Hon. J.J. SNELLING: That is everything. That is a global amount but most of it would be FTEs.

Mr DULUK: And over the forward estimates?

The Hon. J.J. SNELLING: It is a four-year impact, so it would be \$25 million every year.

Mr DULUK: In terms of the modelling of the impact on wait times and being able to prioritise non-urgent cases and the like, what impact will the staff reductions have?

The Hon. J.J. SNELLING: Obviously, we would be satisfied that it would not have any material impact on any of those things. We would not want to have any material impact on patient care in any way, so I would have to be satisfied, before we made a decision to go ahead with this, that there would not be any material impact on patient care, waiting times or anything like that.

The government has invested a significant amount of money and is in the process of investing a significant amount of money in EPLIS—the new IT system for our pathology services. That has so far successfully been rolled out in the Women's and Children's Hospital. At the moment, work is being done for its implementation in the new Royal Adelaide Hospital, so that has to happen.

The new pathology system at the new Royal Adelaide Hospital involves considerable automation. There is no doubt that, when you invest money in those sorts of new technologies, you should have the opportunity to be able to recover some of that through efficiencies gained from that investment, so that is really what we are looking at. I think there are some concerns about how quickly those sorts of savings can be generated, so we need to have a look at that and that is part of the consultation process we are going through at the moment.

Mr DULUK: Just to confirm, has modelling, a business case or a benefits realisation plan been undertaken to demonstrate that these new technologies will replace the massive loss of staff?

The Hon. J.J. SNELLING: That is part of the EY review.

Mr DULUK: So the modelling you have done is the EY review? The department itself has not done any in addition?

The Hon. J.J. SNELLING: Yes, EY and Beeston Consulting.

Mr DULUK: But no internal verification of that EY report has been undertaken?

The Hon. J.J. SNELLING: Yes, of course. We do not take as gospel what is provided to us. Obviously, we go through it, fact-check it and make sure that it all stacks up. Part of the process is not only Health's internal examination of what is being provided to us, but we also share that information with stakeholders which are, in this case, the various industrial bodies and our employees. We are getting feedback on that.

There is no doubt that the stakeholders and some of our employees have concerns about some of the assumptions made. They believe that there would be a material impact on patient care from the changes. At the moment, we are assessing that, and we will make a decision in the near future about to what extent we will be able to proceed with this.

Mr DULUK: I assume you have read the Ernst and Young report.

The Hon. J.J. SNELLING: I have been briefed on it. I do not read every consulting firm's report from cover to cover but I have certainly been—

Mr DULUK: Read the report where they recommend 196 job losses.

The Hon. J.J. SNELLING: —I have certainly been briefed on it in—

Members interjecting:

The CHAIR: Order!

Ms DIGANCE: Point of order.

Mr Duluk interjecting:

The CHAIR: There is a point of order, member for Davenport. I need you to stop.

Ms DIGANCE: Can the minister be given the chance to answer the question, please?

The CHAIR: Yes, I agree. You need to restrain yourselves.

The Hon. J.J. SNELLING: I have certainly been provided with a comprehensive briefing on the report by my department. We have just closed the consultation period. We are in the process now of assessing feedback from that consultation and will be in a position to make a decision shortly.

Mr KNOLL: I refer to Budget Paper 4, Volume 3, page 39. In relation to the Dental Service, how much commonwealth child dental benefits schedule revenue has the SA school dental service generated in each of the years of its operation?

The Hon. J.J. SNELLING: We will have to get back to you on that, but it would be a significant amount of money.

Mr KNOLL: Thank you; 'significant' is very specific. Can you also take on notice then how much national partnership agreement funding for the treatment of eligible adults SA has received in each of the years of its operation?

The Hon. J.J. SNELLING: As to the national partnership agreement on public dental services for adults, in the 2016-17 Mid-Year Economic and Fiscal Outlook, the federal government announced funding of \$242.5 million nationally over 2½ years from 1 January to improve oral health through providing treatment to additional adult patients. Funding under this proposed arrangement is significantly lower than under previous agreements. States and territories continue to negotiate the terms of this agreement in good faith with the commonwealth.

Mr KNOLL: How much of that money is South Australia getting or proposed to get?

The Hon. J.J. SNELLING: The total figure for all national partnership agreements is 58.1. Our proportion of that \$242.5 million, I imagine, would be our per capita, but sometimes they adjust it for other factors. It would be roughly our per capita amount, but sometimes the commonwealth do adjust these things based upon our age profile, utilisation of services and so on.

Mr KNOLL: Do you have how many additional eligible adults have been treated under this NPA funding compared with the number treated before the national partnership agreement?

The Hon. J.J. SNELLING: No, I would have to take that on notice.

Mr KNOLL: Can you also take on notice what the average cost was per eligible adult treated before the NPA funding became available?

The Hon. J.J. SNELLING: Sure, we can do that.

Mr KNOLL: If we can move on to Budget Paper 1, page 8, the Budget Overview on page 8 states, 'The Transforming Health program is now completed, having achieved significant reforms.' There is no need to stand with a sign on a battleship. The Premier has claimed that it was always intended that Transforming Health would conclude with the opening of the NRAH. Given that when Transforming Health was announced in February 2015 the new hospital was scheduled to open in April 2016, does the minister think that the Transforming Health program was achievable in 14 months?

The Hon. J.J. SNELLING: Sorry, I do not quite get what you are saying.

Mr KNOLL: You are saying that Transforming Health was supposed to have been completed with the opening of the NRAH. The NRAH was supposed to open in April 2016. Did you actually think you were going to get all the Transforming Health stuff done in 14 months?

The Hon. J.J. SNELLING: Transforming Health has always been about service configuration—which hospitals provide which services—and that work is largely complete. We have seen considerable benefits from realignment of services in the north between the Modbury and Lyell McEwin hospitals. We have also seen an expansion of services, because we have had additional services at the Lyell McEwin Hospital and new services that currently are there were not in the north at all at the Modbury Hospital, so we have seen some significant advances there.

In the south, we have seen the completion of works at Noarlunga Hospital, such as additional operating theatres. We are getting close to the completion of the new rehabilitation building at Flinders Medical Centre, so that will be complete very shortly. Once that is complete, along with the Jamie Larcombe Centre at Glenside, that will enable us to get off the old buildings at the Repat. So, it is largely to be complete. The new Royal Adelaide Hospital will enable the final realignment of services we anticipate happening in the centre.

Mr KNOLL: What is the level of recurrent health expenditure saved in this financial year compared with what was forecast under Transforming Health?

The Hon. J.J. SNELLING: I make no apologies: Transforming Health was never primarily aimed in the first instance at savings. I have always made it very, very clear that Transforming Health is about improving quality of care. We know that health services with poor quality of care are more expensive than health services that provide good quality of care because you have shorter length of stay, you have fewer medical errors requiring re-presentation and you have better outcomes all around. The first aim of Transforming Health was always achieving better outcomes and better quality of services and, from that, we expected that we would be able to harvest savings.

Mr KNOLL: What is the quantum of those savings that have now been harvested?

The Hon. J.J. SNELLING: My advice is \$16 million, but that is offset by additional costs. We are having more staff being rostered on seven days, we are employing additional paramedics—

Mr KNOLL: That \$16 million is—

The Hon. J.J. SNELLING: It is a gross figure. It is offset by increased expenditure.

Mr KNOLL: But it is per annum?

The Hon. J.J. SNELLING: It would be, yes, but offset, likewise per annum, by additional costs from the implementation of Transforming Health reforms. For example, we are having increased availability particularly of allied health across the roster across seven days a week, we are employing additional paramedics and we have an increase in presentations of about 2 per cent. Really what Transforming Health has enabled us to do is to accommodate those increased presentations largely within our existing beds. If we had not done that, we would have had to add to the number of beds that we have. So we have actually been able to accommodate the additional presentations.

It is not as straightforward as achieving savings. As I say, health is never static; you always have changes, but we have actually been able to keep the budget reasonably stable because of the changes we have made. It does not necessarily mean, and nor was it ever going to mean, that we would spend less money in health. We never envisaged that there would be a time when we would actually reduce the amount of money that we would spend in health. What it has meant is that the efficiencies have meant that we have been able to deal with more patients using roughly the same number of resources.

Mr KNOLL: Just to be clear, Transforming Health was predicted to save current expenditure of about \$300 million, so I assume it is about \$90 million to \$100 million a year—

The Hon. J.J. SNELLING: No, that is not—

Mr KNOLL: —and essentially now you are saying—

The Hon. J.J. SNELLING: I will just correct you there. Transforming Health has never had a savings figure attached to it. Transforming Health has always been an enabler to improve quality of care in our hospitals. From that, we have always expected that our health system would be more efficient and that we would be in a better position to deal with increasing demand for our services in relation to an ageing population and the increasing complexity of patients who are coming to us. That has largely been achieved. We have been able to keep our health budget stable.

If we compare our health budget to requirements and people in the private sector and the sorts of increases we have seen in private health insurance, which has been growing, I think roughly compounding at 5 per cent year in, year out for a very long time, we have been able to keep growth in health expenditure in South Australia far more stable and at affordable levels, and Transforming Health has been a key enabler of that.

It has never been the ambition of Transforming Health to reduce health outlays in South Australia, because that would be impossible and reckless. It has always been about how do we get the best use of the resources that we have and primarily how do we achieve that through getting better outcomes for patients. It has never been a savings target that Transforming Health was expected to achieve because we are never going to get an actual net reduction, or a reduction, in health outlays.

Mr KNOLL: I refer to Budget Paper 5, page 51, health services additional resources, \$65 million a year over three years to provide additional hospital services in South Australia. Is this to fund the shortfall created by the fact that Transforming Health has not achieved what originally the budget implications for Transforming Health were?

The Hon. J.J. SNELLING: It is about supplementing the funds Health has available to it to deal with the presentations we get. We get a certain number of presentations. We do not turn people away from our emergency departments. When they present to an emergency department, we treat them and, if they need to be admitted, we admit them, and we have to fund the health service to enable it to do that. Any supplement of any additional funding is to pay for our ability to continue to effectively and safely treat our patients.

Mr KNOLL: You said two minutes ago that Transforming Health has been able to keep the health budget relatively stable.

The Hon. J.J. SNELLING: Yes.

Mr KNOLL: But now we need an extra \$200 million injected into the system because we need to fund—

The Hon. J.J. SNELLING: Over four years. We are talking about a budget of almost \$6 billion. An increase in that is a relatively small amount in the context of an almost \$6 billion budget.

Mr KNOLL: I am just trying to understand the conflict between the two statements.

The Hon. J.J. SNELLING: If the opposition is suggesting that they take a different approach, I would love to hear it.

Mr WHETSTONE: I would like to go to Budget Paper 4, Volume 4, page 83, Health Industries. Employee benefit expenses rose from \$1.39 million in 2016-17 to \$1.84 million. What was the reason for that, considering there were no extra employees?

The Hon. J.J. SNELLING: I will introduce Marco Baccanti, the Chief Executive of Health Industries SA. I think that Health Industries had a certain budgeted amount for employee expenditure. It has been substantially underspending that amount while it has ramped up, while it has taken on new employees—

Mr WHETSTONE: The same number of employees.

The Hon. J.J. SNELLING: The answer is that they were not in operation for the full year previously and there is an additional FTE in 2017-18. Now they are in operation for the full year, you are seeing a full year.

Mr WHETSTONE: There was more than \$1 million of unbudgeted funding from the intragovernment transfer expenses in 2016-17. What was the reasoning behind the unbudgeted expenditure and where was the funding allocated?

The Hon. J.J. SNELLING: Sorry, say that again?

Mr WHETSTONE: There was \$1 million of unbudgeted funding from intragovernment transfers.

The Hon. J.J. SNELLING: That would be assistance we provided to companies. We have provided funding to companies to assist them in establishing and investing in South Australia. Prior to last year's Mid-Year Budget Review, Health Industries did not have a fund to enable us to do that. The arrangement was that, where Health Industries believed it had a company that wanted government assistance to establish in South Australia, rather than using additional money and having a budget impact, through the cabinet process we sourced some of that funding from other fund lines within the Department of State Development.

Mr WHETSTONE: Health Industries is being delivered by the Investment Attraction agency. How much of that funding has already been spent and is it solely on grants to attract health industry businesses to South Australia?

The Hon. J.J. SNELLING: I cannot comment on the economic investment fund because that is administered by minister Hamilton-Smith. Health Industries has its own fund of \$3 million a year, which is fully committed for last year and this year.

Mr WHETSTONE: What was the cost to establish the Health Industries fund?

The Hon. J.J. SNELLING: Previously, it was done within existing resources. There was no additional funding to enable its establishment. It was able to be done within the existing resources within Health Industries, and they would get some support from the Department of State Development and from SAFA as well; if we are making a loan or something like that to Health Industries, so we get advice from there. There was no additional cost; it would have been sourced from existing resources.

Mr WHETSTONE: Can you provide a breakdown of funding of the \$4½ million that was distributed through grants and subsidies?

The Hon. J.J. SNELLING: A breakdown as in?

Mr WHETSTONE: What was the \$4½ million used for?

The Hon. J.J. SNELLING: Do you mean in terms of the grant funding that has been provided to companies?

Mr WHETSTONE: Yes.

The Hon. J.J. SNELLING: I can have a look at that. Obviously, some of that would be commercial-in-confidence, but we are happy to get back to you with the information if it is appropriate and possible to provide it.

Mr WHETSTONE: There was a reference to delays in the implementation of marketing and international development activities and recruitment. What were the delays and why were there delays?

The Hon. J.J. SNELLING: In recruiting people, Mr Baccanti has taken care over who he has recruited; indeed, before we were able to recruit Mr Baccanti, before he started in the role, I think Health Industries existed for 12 or so months.

Mr WHETSTONE: How much was spent on promoting companies brought to South Australia by Health Industries SA in their targets for 2017-18?

The Hon. J.J. SNELLING: Do you mean have we spent money on the promotion of private companies?

Mr WHETSTONE: Well, outbound trade missions, inbound trade missions.

The Hon. J.J. SNELLING: You want to know how much we have spent?

Mr WHETSTONE: That would be nice.

The Hon. J.J. SNELLING: We can provide that; we can break that down.

The CHAIR: Member for Chaffey, one more question.

The Hon. J.J. SNELLING: Obviously, the cost would include travel costs for Mr Baccanti and anyone else, but normally I think that it is only Mr Baccanti. Sometimes the chairman of the Health Industries Advisory Board travels with him. There is the cost of brochures, accommodation, and those sorts of things, and we employ people who provide assistance to us overseas.

Mr WHETSTONE: The 2016-17 highlights include the attraction of several health industry-related companies. Given that there was no spend on grants and subsidies in 2016-17, where did the funding for the attraction come from?

The Hon. J.J. SNELLING: I am advised that we make the announcement, but we do not necessarily give the funding in that financial year. The funding could be allocated for future year budgets. Sometimes, the funding is dependent upon the firm reaching certain KPIs—employment milestones and so on—and then the funding would come across to them only on that basis.

The CHAIR: There being no further time for questions, I declare the examination of proposed payments completed.

Sitting suspended from 11:18 to 11:30.

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

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

Membership:

Mr Gardner substituted for Mr Knoll.

Ms Redmond substituted for Mr Whetstone.

Minister:

Hon. J.J. Snelling, Minister for Health, Minister for The Arts, Minister for Health Industries.

Departmental Advisers:

Ms A. Reid, Deputy Chief Executive, Department of State Development.

Mr P. Louca, Executive Director, Arts South Australia, Department of State Development.

Mr J. Andary, Director, Arts Industry and Finance, Arts South Australia, Department of State Development.

Ms J. Layther, Director, Arts Programs, Organisations and Initiatives, Arts South Australia, Department of State Development.

Ms H. Schultz, Director, Cultural Heritage and Assets, Arts South Australia, Department of State Development.

Ms S. McDonnell, Ministerial Adviser.

The CHAIR: The estimate of payments for the Department of State Development and administered items for the Department of State Development are open for examination, and I refer members to portfolio statement 4. I call on the minister to make a statement if he wishes and to introduce his advisers.

The Hon. J.J. SNELLING: The last year has been an incredibly busy and rewarding year for the arts sector. The sector is still reeling from the decision of the then arts minister Senator Brandis' decision in 2015, to move millions of dollars of funding from the Australia Council to his own discretionary fund, Catalyst. This has had a dramatic impact on several of our performing arts companies. As a result of my intervention, and that of Arts South Australia, and redirecting state funding to those affected, we have not only prevented those companies from folding but we have seen them continue to produce new and innovative art.

As state minister, I am committed to ensuring the additional funding to the small to medium sector remains in place for the next triennial funding round. That means more resources for those companies and independent artists. The Adelaide Festival has returned to its zenith, the Adelaide Fringe continues its remarkable growth and popularity, the Cabaret Festival, Oz Asia and SALA Festival are proof positive that with the right level of state government support and collaboration with extraordinarily talented individuals and organisations much can be achieved.

The Art Gallery, Museum, JamFactory, Carclew, State Library, Film Corporation, History Trust, Adelaide Symphony Orchestra and Country Arts Trust, to mention a few, go from strength to strength. Through the Made in Adelaide program, artists, festivals and organisations have the platform they need to boost their presence interstate and overseas and grow opportunity for more audiences, more investment and development, and more recognition of the great work being created right here. If last week's Helpmann Awards are anything to go by, the incredible haul of nominations and awards to locally produced and staged work demonstrates that success.

The redevelopment of the Adelaide Festival Centre fulfils my top infrastructure priority for the local sector, and that is now the imminent return of the old dame, Her Majesty's Theatre, to join the best medium-sized theatres in the nation. That is great for audiences and a boon for the visitation economy. We have increased funding to record levels and, for the third consecutive year, prevented the arts budget from being cut. Of course there is always more we can do, and I will continue to work closely with the sector to make changes and build on the reputation of excellence for which South Australia is renowned.

The CHAIR: Your advisers, minister?

The Hon. J.J. SNELLING: I introduce Alex Reid, Deputy Chief Executive, Department of State Development; Mr Peter Louca, Executive Director, Arts South Australia; and Mr Jeff Andary, Director, Arts Industry and Finance.

The CHAIR: Any questions or a statement from you, member for Morialta?

Mr GARDNER: I do not have a statement. I refer to Budget Paper 3 to start with, page 24, Her Majesty's Theatre. I do not imagine you will need to go too much to the papers, but what is the need for the increase in funding or, rather, what is the scope of the increased project for Her Majesty's Theatre becoming \$66 million? Has there been an adjustment to the fundraising target that was last year identified as \$3.2 million?

The Hon. J.J. SNELLING: I think the previous commitment the government gave in last year's budget to Her Majesty's Theatre was never to cover the full cost of the project: it was a contribution towards it. That then enabled the Adelaide Festival Centre Trust to fully scope the project and come back to government. The government decided to seek a way to ensure that the project was able to proceed as quickly as possible.

In the arrangement we have with the Adelaide Festival Centre Trust, we have shifted the asset. The asset shifts from being held by the Minister for The Arts to being held by the Festival Centre Trust itself, and state Treasury is loaning the Festival Centre Trust the money largely to enable the completion of the project. The Festival Centre Trust still has the \$3.2 million fundraising target to go towards the project.

Mr GARDNER: As a result of that transfer of the project or the land from Arts SA—

The Hon. J.J. SNELLING: Of the building, basically.

Mr GARDNER: —of the building from Arts SA to the Adelaide Festival Centre Trust—

The Hon. J.J. SNELLING: From the Minister for The Arts, yes.

Mr GARDNER: —it is constructed as a loan rather than as a grant and therefore does not impact the budget bottom line?

The Hon. J.J. SNELLING: That is right: it is a loan and it has to be paid back. The debt has to be serviced, sorry.

Mr GARDNER: What is the nature of that servicing arrangement?

The Hon. J.J. SNELLING: We are adding to the annual grant provided to the Adelaide Festival Centre Trust to cover the cost of servicing the loan. It is an interest-only loan.

Mr GARDNER: You are adding to the grant. Is that all in one year or is that for a period—

The Hon. J.J. SNELLING: No, that would be ongoing. It is a loan over 10 years. I will give you the advice I have been provided. The 2017-18 budget includes the provision for the Adelaide Festival Centre Trust to purchase Her Majesty's Theatre from Arts South Australia. The financial arrangement to support the purchase of the asset and the redevelopment project costs are a combination of the loan from the South Australian Government Financing Authority and the continuation of fundraising activities by the trust.

The loan has been established as an interest-only loan over 10 years. The trust can draw down the funds in line with the expenditure on the capital project. Interest payments will be made on a monthly basis. The existing governance arrangements for the capital project will continue with the Adelaide Festival Centre Trust and Arts South Australia working jointly with the Department of Planning, Transport and Infrastructure.

Ms REDMOND: On this same topic, minister, it is wonderful that this is going ahead, but I just want some clarity on what was the purchase or sale price in that transfer. What is the rate of interest for the interest-only loan and how much will the payments be on an annual basis?

The Hon. J.J. SNELLING: On the mechanism, Treasury would be able to provide more advice about how exactly it works from an accounting point of view. If you look at the 2017-18 Budget Statement, page 81, footnote (b) states:

(b) Includes the purchase of existing assets by the AFCT from Arts SA for the value of \$18.9 million.

That is the value of the asset—\$18.9 million.

Ms REDMOND: What are the interest-only payments?

The Hon. J.J. SNELLING: We will have to take that on notice. I think we can give you the increase, which would give you a pretty good idea. We will get the information for you for the sake of expediency, but the increase to the grant to the Adelaide Festival Centre Trust covers the cost of the interest. It is budget neutral: it comes in and goes out.

Ms REDMOND: But at the end of the 10 years is the trust intended to repay the loan that was advanced in the first place, if they are only paying interest only?

The Hon. J.J. SNELLING: It would be up to the government of the day to make the decision on what they wanted to do. They might seek them to clear the debt, to repay the loan in full, or extend the period by another 10 years. It will be between the government of the day and the Adelaide Festival Centre Trust what they want to do at the end of the 10 year period.

Ms REDMOND: So there is no definitive—

The Hon. J.J. SNELLING: That is the end and, short of the government making a decision otherwise, then, yes, the arrangement would be that they would repay the principal, but it would be up to the government of the day to make a decision on what they wanted to do. They would have to negotiate with the Adelaide Festival Centre Trust whether they wanted to roll the loan over and continue it on, or whether they wanted to repay it, or indeed perhaps the government of the day might decide they wanted to forgive the loan. That would be decided by the government of the time, which is what has happened in the past.

Mr GARDNER: I refer you to Budget Paper 4, Volume 4, pages 78 and 79, the Film Festival. Earlier in the estimates hearings, the tourism minister advised that questions about the budget for

Hybrid World Adelaide would be answered by the arts minister, as the event was organised by the Adelaide Film Festival. Therefore, how much has been spent and will be spent in the 2017 and 2018 years to establish this event? What is the total budget for last year and this year?

The Hon. J.J. SNELLING: My advice is the amount is commercial-in-confidence.

Mr GARDNER: From which budget line is whatever the commercial-in-confidence payment being made? Is this from the Film Festival's grant, or is a special grant being made?

The Hon. J.J. SNELLING: No, it is additional money that comes from Events SA. Events SA has made a grant to the Adelaide Film Festival for Hybrid World and the Film Festival is then responsible for running it and management, engaging sponsorship and all of those sorts of things; they do all that. It has been funded, though, by a grant from Events SA.

Mr GARDNER: I refer you to page 77, which references the arts infrastructure and storage project. Who is undertaking work on Arts SA's current arts infrastructure and storage project?

The Hon. J.J. SNELLING: With regard to the reference you have, these funds are the proceeds of the sale of the Arts South Australia building at Hindmarsh. The funds have been assigned for progression of collection storage solutions. The property was sold to the Department for Education. The funds from that have been put towards the progression of dealing with the storage issues. International museum standard collection storage is a major issue for both the Art Gallery and the Museum, the State Library and the History Trust. A collection storage strategy has been developed and work is progressing to determine the best solution for each organisation. The budget papers say \$1.85 million is being put towards this project.

Mr GARDNER: Is this project going to be assisting in managing, for example, what we talked about last year in relation to the water damage to the Aboriginal collection in the Museum?

The Hon. J.J. SNELLING: Yes, that is one of the things that we are having a look at. Obviously, the government does need to come up with a solution for the preservation and storage of our cultural heritage. So, yes, this is one of those issues, but there are also issues relating to the storage of the Art Gallery's collection, which is an issue as well, although not as critical as the storage of the Museum's collection.

It was just pointed out to me that it is particular parts of the Museum collection; the anthropological collection is probably most pressing. Part of the \$1.85 million has gone towards renting additional space at Netley to accommodate the items that were being stored in the Hindmarsh facility.

Mr GARDNER: Has all the Museum's anthropological collection—the Aboriginal artefacts—been moved now?

The Hon. J.J. SNELLING: No—

Mr GARDNER: They are still in the Hindmarsh facility?

The Hon. J.J. SNELLING: They were not at Hindmarsh; they have always been at Netley.

Mr GARDNER: Sorry; they are still in the same Netley facility that they were before?

The Hon. J.J. SNELLING: They are. Measures have been taken, as much we can within the confines we have in the existing facility, to try to protect it, but there is only so much we can do within that current facility. It is DPTI that manages the contract, and measures have been taken by the landlord, through DPTI. I can advise that over the last 12 months the following actions have been taken to reduce the incidence of water ingress at Netley Commercial Park:

- the frequency of gutter cleaning has been increased from monthly to fortnightly;
- approval has been obtained to remove a significant tree that drops leaves that block the gutters; and
- the building owners have undertaken roof repairs.

So there are steps that have been taken to try to protect as much as we can within that current facility.

Mr GARDNER: This time last year—I think Arts estimates was one year ago today—the minister outlined a series of incidents related to water damage to those artefacts, that had been taken in the first seven months of last year. Have there been any further incidents in the 12 months since?

The Hon. J.J. SNELLING: Following the roof repairs in March 2017, water ingress incidents have ceased. Prior to this, there were incidents in July 2016 and one each in November, December, January and February. In the December incident, a saltwater crocodile got wet but did not sustain any damage. There was no damage to collections in the other incidents.

Mr GARDNER: Excellent.

The Hon. J.J. SNELLING: And apparently the crocodile is okay.

Mr GARDNER: Last year, you indicated that \$200,000 had been proposed for remediation steps to protect the collection—I think those were probably the ones just outlined—and then there is this project in the budget papers. Are there any further funds currently allocated towards this purpose, acknowledging that you have suggested, I think, that further funds will be necessary?

The Hon. J.J. SNELLING: Regarding the funds indicated in the budget, the \$1.85 million, obviously part of that has been expended to accommodate that collection that was at Hindmarsh down at Netley, but part of it has also been expended into working on the next steps with regard to storage. Any other direct works to protect it are being met within the existing capital budget of Arts SA.

Mr GARDNER: While we are on the Museum—I think the reference is page 75—Suzanne Miller was a director of the South Australian Museum for a number of years. Last week, she was arrested on fraud charges in Queensland where she allegedly gained \$45,000 in benefits for herself using the private health insurance of the Queensland Museum. What work has been undertaken in South Australia to check our records to ensure that no inappropriate activities took place here?

The Hon. J.J. SNELLING: This is an employment matter, so I invite the deputy chief executive to answer as best she can, but there might be some restrictions on what she can say.

Ms REID: Thank you, minister. At this point, we are not a party in any way to the case before the appropriate agency in Queensland nor, to my knowledge, have we been contacted by that agency for any information pertaining to their investigation. Obviously, we would not make comment on a matter before such an agency in another jurisdiction.

We are undertaking some due diligence to have a look at our records and our arrangements at that time. As has probably been made clear from the media, when Ms Miller arrived in Australia to take up the role at the South Australian Museum following an international recruitment process, she was not a citizen of this country. I think that is about all I can say at this stage. The strict answer to your question is, yes, we are undertaking some proper due diligence ourselves about the matter, but no questions have been raised for us at this point.

Mr GARDNER: So there has been no contact from Queensland police to Arts SA, DSD or the Museum?

Ms REID: Not to our knowledge. At the time of course, Arts South Australia was part of DPC.

Mr GARDNER: And to your knowledge they have not been contacted either?

Ms REID: If they have been, they have not make contact with me or with anyone here today.

Mr GARDNER: But your investigations progress into making sure we have not been duded either?

Ms REID: I would not even characterise it as an investigation. I think, with a matter such has been raised—and we have only received information about it in the media, so we have exactly the same information that perhaps you have—

Mr GARDNER: Not much, then.

Ms REID: —it is right and proper for us to go back and have a look at it ourselves.

Mr GARDNER: Can I frame a question in a way that the minister may care to take on notice. Is the minister satisfied that, when Ms Miller was in that position in South Australia, there were no untoward activities taking place? I appreciate that there is a check currently going on.

The Hon. J.J. SNELLING: I was not the minister at the time, but at this stage there is nothing I am aware of that gives me any cause for concern. Obviously, out of an abundance of caution, the agency is taking what I think is the appropriate action, given the information that we have.

Mr GARDNER: The catch-all budget reference for Arts SA is page 72 and I suppose page 78, access to artistic product. On 6 November 2014, the minister issued a press release titled, 'Arts venues on the move', in which he said of the Fowler's building at the Lion Arts Centre, with State Theatre moving in to become the anchor tenant, 'We will work with the current tenant on how we keep live music performances continuing in the event of any changes.' In what way has the government been doing that?

The Hon. J.J. SNELLING: I will invite Mr Louca to take that question.

Mr LOUCA: State Theatre moved their administration last year from the Railway Station complex owing to the Festival Centre redevelopment works and, in particular, the grade separations happening on Festival Drive adjacent to the Railway Station. They moved to occupy a tenancy in the Fowler's building.

The Fowler's Live organisation, which runs the live music venue on the ground floor, has had their lease extended until 30 June 2018 after lengthy discussions and protracted attempts to find alternative venues for the existing tenant, for a number of reasons, including the capacity of the existing tenant to pay commercial rates in other venues. That was unresolved and continues to remain unresolved. He has expressed a desire to us that he is likely to resolve his business and cease to operate at some point after 30 June 2018 to go into retirement.

That may change, as it has in the past, because he has previously indicated that he was looking to retire. State Theatre is quite clear that they have long-term aspirations to return that site for more uses, including theatre work, but in our discussions with them about their aspirations we have made it clear that that will continue to need to be operated in addition to any theatre work, if that became part of the future; that live music would continue to operate out of that venue.

Mr GARDNER: Your expectation is then that what is currently Fowler's Live would in one form or another continue to offer live music opportunities. In particular, the uniqueness of the site is that it offers all ages gigs as a licensed venue.

Mr LOUCA: The existing operator, Peter Darwin, has indicated to us on several occasions now that he was looking to retire after the extension of this contract. Fowler's Live is not the only all-ages venue in Adelaide; there are many and, in the five years since the live music strategy of the government, more venues have come online, which is indicated by the growth in the overall sector, particularly through the efforts of the Music Development Office at St Paul's Creative Centre. The government's desire is that that continues to operate as a multipurpose venue.

Mr GARDNER: If the government's desire is for it to continue to operate as a multipurpose venue, is it your expectation that you will be looking for a new tenant to take over the Fowler's Live tenancy or that State Theatre would take over the remainder of the building and operate it as a multipurpose venue?

Mr LOUCA: We have not come to those arrangements yet. The current tenancy through Fowler's Live and Flashpoint, which is the lessee—they continue to operate a lease until 30 June. We have not had further discussions, and State Theatre certainly have not put a concrete proposal to us to take over that lease. We will go through a process. Presumably we would go to market or through an expression of interest process in the way that we do with our other venues.

Mr GARDNER: Who is managing this process? Is it Mr Louca as the head of Arts SA?

Mr LOUCA: Arts South Australia.

Mr GARDNER: Is there a contact person or a person in charge? Is it the executive director or is there a staff member who is in charge of it?

Mr LOUCA: It normally reports under Hannah Schultz, one of the directors in Arts South Australia. Hannah is the director responsible for managing our infrastructure and her team manages those assets. I think we have about 108 assets that we manage for the state.

Mr GARDNER: While I appreciate Mr Louca's suggestion that it would continue as a multipurpose venue, is there a proposal, a plan or a budget even, to adapt the building somewhat so that it can meet State Theatre's needs for a rehearsal space or potentially a small performance space in what is currently the area that is used as the all ages venue?

The Hon. J.J. SNELLING: There is no additional funding, but my understanding is that they are currently using the spaces that are available.

Mr GARDNER: If we go to page 72, FTEs, last year the staff cap for the Arts Centre of South Australia was 30.3, Artlab was 24.5 and corporate overhead allocation was 37.2. In relation to this year's FTEs, I assume that those numbers are fairly similar, but how many people work with Mr Louca in the Arts South Australia agency itself?

The Hon. J.J. SNELLING: It is 37.47 FTEs in Arts South Australia.

Mr GARDNER: Is that the number of people who specifically work under Mr Louca's direction or is that the broader allocation within DSD, which might include some Treasury allocation for other purposes, or are all those people actually within Arts South Australia?

The Hon. J.J. SNELLING: That is the actual direct number.

Mr GARDNER: Last year, the minister was kind enough to read a list of the grants, subsidies and intergovernment transfers for the 2016-17 year. I am talking about the Adelaide Festival Centre, the Adelaide Festival and so on. Are we able to get those figures for the 2017-18 year?

The Hon. J.J. SNELLING: Do you want me to read it or I could just table it?

Mr GARDNER: You can table it.

The Hon. J.J. SNELLING: I table two lists: one is 2017-18 funding for major arts organisations and one is for the smaller organisations for 2017.

Major Arts Organisations 2017-18 Funding

Organisation	2017-18
Adelaide Festival Centre Trust	\$18,608,045
Adelaide Festival Corporation	\$9,049,381
Adelaide Film Festival	\$2,100,000
Adelaide Fringe	\$2,372,300
Adelaide Symphony Orchestra	\$2,621,478
Art Gallery of South Australia	\$12,968,822
Artlab Australia	\$2,113,000
Australian Dance Theatre	\$1,226,600
Carclew Youth Arts Board	\$2,589,358
Carrick Hill	\$919,994
Country Arts SA	\$4,778,700
History SA	\$5,308,000
JamFactory Contemporary Craft & Design	\$1,164,000
South Australian Film Corporation	\$4,942,300
South Australian Museum	\$10,800,055
Libraries Board of South Australia	\$34,161,098
State Opera of South Australia	\$1,588,700
State Theatre Company	\$2,534,000

Organisation	2017-18
Tandanya	\$844,000
Windmill	\$1,084,000
TOTAL	\$121,773,831

2017 Arts Organisations Funding

Organisations	2017
Access to Arts	\$123,000
Act Now Theatre	\$80,000
Adelaide Chamber Singers	\$73,000
Ananguku Arts	\$105,000
ArtLink	\$98,000
Arts Law Centre of Australia	\$20,000
Australian Copyright Council	\$4,554
Australian Network of Art & Technology	\$105,000
Australian String Quartet	\$250,000
Brink Productions	\$320,000
Chamber Music Adelaide	\$126,076
Contemporary SA	\$432,000
Feast Festival	\$152,400
Guildhouse	\$200,000
Nexus Multicultural Arts	\$186,364
No Strings Attached Theatre of Disability	\$120,000
Open Space Contemporary Art	\$100,000
PlayWriting Australia	\$7,856
SA Writers Centre	\$140,000
SALA Festival	\$182,677
Slingsby Theatre	\$316,854
The Mill	\$90,000
Tutti Arts	\$100,000
Vitalstatistix	\$430,030
Zephyr Quartet	\$90,000
Total	\$3,852,811

Mr GARDNER: In relation to the Festival Plaza, using the same budget paper, is the Festival Centre precinct development on time and on budget?

The Hon. J.J. SNELLING: The Adelaide Festival Centre redevelopment is progressing with two main construction projects: the northern promenade and the internal foyer works now underway. In addition, significant contracts have been let for the upgrade of the technical equipment within the theatres. South Australian construction company, Badge Constructions, is progressing works associated with the northern promenade. This will see the creation of a walkway along the northern side of the theatres, from King William Road to the Riverbank pedestrian bridge. The walkway will feature new entries into theatres that will provide access to venues during the Walker Corporation redevelopment of the car park and beyond.

Another key feature will be the Walk of Fame, featuring 120 plaques of artists who have graced stages of the Adelaide Festival Centre since 1973. The project will also upgrade the Elder Park kiosk and toilets and create a new transition area from the Adelaide Festival Centre to Elder

Park on the site of the current amphitheatre, featuring a music theme playground. Works to the northern promenade are due for completion in December 2017.

Schiavello Construction, which is undertaking the interior upgrade, began on site on 24 July this year. The refurbishment of the Festival Theatre foyer will include the upgrade of amenities, the installation of a new Bass counter and cloakroom facilities, new bars and exhibition spaces. The design also incorporates a new eastern entrance directly off King William Road.

The Dunstan Playhouse works will refurbish level 4. The plaza level will see the installation of a pedestrian lift to allow access between the different foyer levels. Due to the nature of the Adelaide Festival Centre building and the complexity of the precinct-wide redevelopment, the Department of Planning, Transport and Infrastructure has engaged Mott MacDonald to oversee the interfaces between the private and public infrastructure projects. They are on time and on budget, I am advised.

Mr GARDNER: When will works be complete?

The Hon. J.J. SNELLING: Essentially, it will be complete in December 2017. There is one small part that will happen a couple of months later but the building, for all intents and purposes, will be complete in December.

Mr GARDNER: The one small part, that will be in January?

The Hon. J.J. SNELLING: I will invite Mr Louca to explain.

Mr LOUCA: Thank you, minister. The component that will be completed later—we expect that to be sometime in March 2018, I believe—is the outer foyer work, which is the interface between the Walker, so the eastern forecourt and the Dunstan Playhouse entry will be completed later. The Dunstan Playhouse entry will be significantly later in the project, but the eastern forecourt area, which is adjacent to the Walker component of the project, will come online several months after the reopening of the northern promenade and interior foyers.

Mr GARDNER: Who owns the title for this land?

The Hon. J.J. SNELLING: Me—well, the Minister for The Arts, whoever that person happens to be at any particular time.

Mr GARDNER: Does any of that change with the Walker redevelopment?

Mr LOUCA: The minister remains the majority titleholder in that precinct. There are mixed titles in that area. You would be familiar with the legislation around the ASER joint use of those facilities. It is quite a complex intersection between multiple titles, but the majority of the landholdings at the moment remain with the Minister for The Arts. There have been some discussions between government agencies about whether or not we would need to transfer titles to reflect the building footprints, but at the moment it is largely being managed through leaseholds being transferred, rather than titles. The titles remain intact.

Ms REDMOND: Minister, on the same redevelopment, you have mentioned the technical, backstage component. As I understand it, one of the problems we have had in getting some major productions into Adelaide has been the inadequacy of our technical and backstage facilities, which, of course, being the first of the festival theatres around the country, were out of date. Is the component in this project going to be sufficient that we will rank with the other states in relation to our capacity to get the big productions into town and into our Festival Theatre?

The Hon. J.J. SNELLING: Yes, it will be, or it will significantly improve it. There is \$11 million towards technical equipment, that is, replacing the data and power wiring, follow spotlights, new sound desks, theatre rigging and stage drapes. It will bring it into line with more modern theatres.

The other issue we have with attracting productions is the availability of the theatre. One of the main reasons we are investing in Her Majesty's is so that Her Majesty's can take a lot of the load off the Festival Theatre and make the Festival Theatre more available. We anticipate that Her Majesty's would tend to do the more commercial-type work, and that would provide greater access to the Festival Theatre for the home companies. Having that additional capacity at Her Majesty's will probably be the most important thing in attracting productions to the state.

Ms REDMOND: Following on from that line, one of the other things happening at the moment—and I have seen you at the concerts—is that the ASO is currently often performing at the Adelaide Town Hall but has from time to time performed at the Festival Theatre. Has there been any consideration by the government of the need for a concert hall in Adelaide, given that a symphony orchestra—and we have one of the best in the world—is best positioned in a situation quite different from either the capacity of the Adelaide Town Hall or the Festival Theatre?

The Hon. J.J. SNELLING: Arts South Australia is undertaking an arts infrastructure survey basically to assess the infrastructure needs of all our companies, and no doubt a concert hall will be taken into account as part of that survey. From a political point of view, I would need a lot of convincing about the need for a concert hall. Certainly, I would have higher priorities at this stage for capital expenditure within the arts portfolio.

From my point of view, my highest priority is to try to deal with the needs of the cultural collection we have and making sure that is accommodated. At this stage, I would make that a higher priority than a concert hall, but I know that there are different points of view in the arts community about that. I will let the infrastructure survey take place, and then we will have a look at its recommendations.

Ms REDMOND: On that infrastructure survey, how detailed is that in the sense of digging into communities? My observation from attending a lot of arts functions—and I see far more live theatre than I do movies or anything else—is that most of our small suburban companies are operating in probably council-owned community theatres and places like the Arts Theatre, which is owned by a religious body. Is the infrastructure survey taking into account all those, like the Sir Donald Bradman Drive theatres, the Star Theatre, and so on, or are they looking only at the state-owned capacity?

The Hon. J.J. SNELLING: Over 80 arts and cultural organisations have been approached to participate in the survey, so that would include those small community arts groups. It is a needs analysis, so we are looking at what their requirements are and basically identifying where the gaps are. So, yes, what you have identified would form part of that survey.

Mr GARDNER: Of the 80 groups approached, how many have responded and when do you anticipate this work being completed?

The Hon. J.J. SNELLING: The survey closed last week. We do not have the response rate, but we can get that information back.

Mr GARDNER: Who is conducting the work of this survey? Is it Arts SA, or is it being contracted to a private company?

The Hon. J.J. SNELLING: Arts SA and SGS Economics and Planning have been engaged to assist with the project. SGS is experienced in undertaking similar work for Creative Victoria and Arts New South Wales.

Mr GARDNER: But they are not a South Australian company.

The Hon. J.J. SNELLING: They are based in Sydney.

Mr GARDNER: What is the value of that contract?

The Hon. J.J. SNELLING: We will have to take that on notice.

Mr GARDNER: I will go back to the Festival Plaza, page 72. In last year's estimates, one year ago today, in relation to the Hajek sculptures Mr Louca advised, 'The removal of the sculptures commenced last Friday with the removal of the plinth.' One year and a few days on, I do not know if you have had a look out the back, but there are still quite a few plinths left. How is that work going?

The Hon. J.J. SNELLING: You are not a fan of postmodernist sculpture?

Mr GARDNER: There is a time and place, minister.

The Hon. J.J. SNELLING: I will invite Mr Louca to respond.

Mr LOUCA: The items were removed for preservation and to salvage an acknowledgement of that sculpture and to reimagine it in the new plaza works. We had to take out a couple of them because one of the reasons the Hajek sculpture is not viable is that the concrete degradation and the sculpture is integrated into the fabric of what is essentially the roof of a car park. The remainder of that installation will be demolished when works commence on the Walker development.

Mr GARDNER: When will that be?

Mr LOUCA: That is a DPTI question; it is not inside our brief.

The Hon. J.J. SNELLING: We will have to get back to you on that. DPTI are handling that part of the contract.

Mr GARDNER: I refer to page 80. There is \$300,000 indicated as a contribution towards the construction of the floating Riverbank Palais. What undertakings did the state government receive from the festival organisers in relation to how the Palais would be managed between festivals before they committed \$300,000 towards its construction?

The Hon. J.J. SNELLING: No undertakings were made to us, but the Adelaide Festival would have engaged directly in order to get the requisite approvals from the Adelaide city council. Whatever undertakings were given would have been given to the Adelaide city council, rather than to the government.

Mr GARDNER: Given the \$300,000 that has been given by the state government to this part of the Festival last year, has the state government been consulted on whether they support its removal or demolition prior to its intended future use?

The Hon. J.J. SNELLING: No, we have not. It is entirely a matter between the Festival and Adelaide city council.

Mr GARDNER: Has the state government been approached for any further financial support to deliver aesthetic improvements to the concrete barge or for its relocation and mooring elsewhere?

The Hon. J.J. SNELLING: No, there has not. We have increased funding to the Festival, but not for that purpose.

Mr GARDNER: Mr Brookman, who we are now pleased to see is the Executive Director of the Adelaide Festival—no aspersion on the previous one; I thought she was great too—has indicated that the Palais made a loss in 2017. Does the government have a figure on how much that loss was?

The Hon. J.J. SNELLING: They provide a financial report back to Arts South Australia quarterly. Mr Louca can explain.

Mr LOUCA: For those major funded organisations, generally they report quarterly to us, and that final quarter, which is the annual report, has not yet been supplied. We would have to wait until that report was received. The granularity of that, whether a specific measure within the context of what is over an \$8½ million budget for the entirety of the Festival in terms of our funding grant, is that you would not necessarily have a distilled profit and loss for each individual venture within the context in that respect. They did expect to fund it over a period, so amortised over a three-festival period.

Mr GARDNER: I can appreciate that, and I do not take issue with any of what the director has just said; however, the executive director of the Adelaide Festival has made public comments suggesting that there was a loss. If, when that report comes in it identifies the loss, I wonder if the minister might get back to the parliament or just take it on notice to get back to us on how much that is?

The Hon. J.J. SNELLING: Yes, I am happy to. I would just need to check that there are no issues with that being made public. I should point out that the Adelaide Festival would make losses and surpluses on different programs, and they would go into it with eyes wide open expecting to make a loss. It may not be of any particular surprise that they made a loss on this because there would be lots of things they would do that they would not make a surplus on, but would not expect to either.

Ms REDMOND: Further to that, it still seems to me odd that there appears to be a situation where the Adelaide Festival may well have gone into it thinking they would make a loss, but they may not have anticipated just what the cost was going to be of this problem that has now erupted. I was wondering whether the minister could undertake to make some inquiries as to the extent to which they actually understood the problem that they were going to be confronted with once the current festival was over.

I understand what you said about there being an anticipation that there would be an amortisation over a period of years of the cost, but to what extent was there an excess of cost involved in the current problem of the base of the barge being left?

The Hon. J.J. SNELLING: I am happy to get that information back to the parliament.

Mr DULUK: On page 78, Carrick Hill, is there an explanation for why the number of visitors at Carrick Hill is projected to decrease this financial year?

The Hon. J.J. SNELLING: Last year was their 30th anniversary. They had extra programs, which supported higher visitors. Over 5,500 visitors attended the Stanley Spencer exhibition. There were 5,500 visitors—the highest attended paid exhibition ever held at Carrick Hill—which meant last financial year's visitation was higher than you would normally expect because of that exhibition.

Mr DULUK: The year before that we had 71,000 visitors, last year 68,000 and this year was budgeted for 65,000, so we have seen a decrease two years in a row.

The Hon. J.J. SNELLING: The year before would have had additional programs as well, so it is simply that there is not the programming this financial year to support the higher visitation numbers.

Mr DULUK: Does the government have anything in place to assist Carrick Hill to achieve its target of increasing annual visitations to 100,000 over the next five to 10 years?

The Hon. J.J. SNELLING: There are a few things we are looking at. We have not committed any money yet, but there are a number of things. Firstly, obviously we are looking at work being done to the house itself. The other issue Carrick Hill has is with regard to the marquee where they have functions. They have an agreement with Mitcham council—that is not an ongoing agreement; it terminates—for them to have the marquee, and we are working with them to develop a permanent structure there to replace the marquee.

Mr DULUK: Has the government made any decision with regard to that permanent structure and whether—

The Hon. J.J. SNELLING: No, we have not.

Mr DULUK: Is there a time line in regard to when you expect a decision to be made?

The Hon. J.J. SNELLING: Currently, the approval to use the existing marquee expires on 30 June 2018. That said, Carrick Hill is working with Mitcham council about that. The board has been working on a master plan to develop the house and grounds infrastructure to maximise financial sustainability. Plans for the new 9½-kilometre Wirraparinga Loop Trail for recreational walkers, with Carrick Hill as a starting point for the trail, has also been factored into the master plan.

The board has developed concept plans for a proposed pavilion that will accommodate a visitor information centre, gift shop, cafe and restaurant. The pavilion will provide improved visitor amenities and services for visitors to Carrick Hill, as well as the Wirraparinga Loop Trail, and provide revenue opportunities to the board. Carrick Hill is exploring whether the commercial sector is willing to invest in a proposed pavilion. A market sounding process will commence in the next few months to determine market interest.

Mr DULUK: Thank you, minister—you have read the annual report. The annual report of the Carrick Hill Trust 2015-16 states that only seven schools visited Carrick Hill in that year, bringing a total of 210 students to the self-guided Children's Story Book Trail and grounds. What is the minister doing to assist and promote Carrick Hill as a destination for school groups?

The Hon. J.J. SNELLING: I expect the board to do those sorts of things. It is not normally something that the minister would directly involve himself in, although I have taken my children there.

Mr KNOLL: That is probably deemed statistically significant.

The Hon. J.J. SNELLING: It would have statistically had an effect. I was surprised it was not included in the annual report.

Mr GARDNER: I refer you to page 78, which deals with History SA. I understand that Veterans SA are looking at plans to take up the whole of the Torrens Parade Ground's Drill Hall. What plans does the state government have for the location of the History Trust to be moved?

The Hon. J.J. SNELLING: There is no formal advice at this stage that they have to move, but History SA have been looking for some period of time at alternative accommodation.

Mr GARDNER: Does the government have any sites in mind for that?

The Hon. J.J. SNELLING: I think History SA are investigating alternative accommodation somewhere close to the North Terrace precinct. They are having a look at what the options are. With regard to their vacating the Torrens Parade Ground, there is nothing happening in the immediate future.

Mr GARDNER: I refer you to page 72. I note on the charts that the government identified before that there is \$152,400 in 2017 arts organisation funding for the Feast Festival. How does that compare with last year? I do not have the 2016 figure here.

The Hon. J.J. SNELLING: It is consistent with previous years. There was no reduction.

Mr GARDNER: Has there been any approach from the Feast Festival to Arts SA, or indeed to the government, over the past year for extra support?

The Hon. J.J. SNELLING: They received \$35,000 extra last financial year from Arts South Australia. They also received some money from the Department of the Premier and Cabinet, and that was related to the relocation of their offices to Raj House and also to establish a drop-in centre.

Mr GARDNER: Are they reporting on how that is going to you or to the Department of the Premier and Cabinet?

The Hon. J.J. SNELLING: The money from the Department of the Premier and Cabinet? They would acquit that through the Department of the Premier and Cabinet's acquittal process.

Mr GARDNER: Perhaps I will ask one or two last questions before we do the omnibus questions. What involvement has Arts South Australia or any other function within the arts portfolio had with regard to Open State? Is there any funding going to Open State? Has there been any advice given to the Department of the Premier and Cabinet to fund Open State?

The Hon. J.J. SNELLING: There might be individual arts organisations that engage with it, but there is no additional program funding.

Mr GARDNER: So that must come through Premier and Cabinet or somewhere else?

The Hon. J.J. SNELLING: Yes, it would be Premier and Cabinet.

Mr GARDNER: Last year, \$500,000 was provided to the Art Gallery to progress the business case for the proposed Adelaide contemporary museum. I understand that there was a panel with various people. Has that panel reported?

The Hon. J.J. SNELLING: Yes, it has.

Mr GARDNER: What is the anticipated final cost of the Adelaide contemporary gallery after the design project that is currently underway is completed?

The Hon. J.J. SNELLING: A variety of figures have been publicly quoted, but the final cost will depend upon the design. We have engaged with the procurement for a design competition and it will report early next year. The final cost will be determined by the design that is chosen.

Mr GARDNER: One last question, and then we will do the omnibus questions. Are there any new grant programs being commenced in the next year, such as has been suggested by the Arts Industry Council?

The Hon. J.J. SNELLING: I will invite Mr Louca to answer that.

Mr LOUCA: The arts programs were reviewed fairly recently and reorganised into the structure they are in now. The minister, in his opening statement, remarked on the money that was put into one of the programs to support small- and medium-sized organisations. That money will continue to flow, so that is additional funding into that pool.

We have a small, new experimental grants program called ArtsPitch, which is essentially a kind of auditioning format for grants programs with a low burden around the application regime. It is five grants of \$5,000 to equal \$25,000. No additional funding has been received for specific lines within the Arts Industry Council's requests.

The CHAIR: The member for Davenport is going to do the omnibus questions.

Mr DULUK: The omnibus questions are as follows:

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 time having expired for the examination of this portfolio, I declare the examination of the Minister for The Arts completed.

Sitting suspended from 12:33 to 13:30.

DEPARTMENT OF STATE DEVELOPMENT, \$683,049,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF STATE DEVELOPMENT, \$13,911,000

Membership:

Mr Goldsworthy substituted for Mr Duluk.

Mr Tarzia substituted for Ms Redmond.

Mr Whetstone substituted for Mr Gardner.

Minister:

Hon. M.L.J. Hamilton-Smith, Minister for Investment and Trade, Minister for Small Business, Minister for Defence Industries, Minister for Veterans' Affairs.

Departmental Advisers:

Mr M. Duffy, Chief Executive, Department of State Development.

Mr L. Strangis, Executive Director, International Engagement, Trade, Immigration and Higher Education, Department of State Development.

Mr M. Hnyda, Chief Executive, Investment Attraction South Australia.

Mr A. Gerace, Manager, Finance, Investment Attraction South Australia.

Mr R. Janssan, Executive Director, Strategy and Business Services, Department of State Development.

Ms P. Chau, Director, Finance, Department of State Development.

Ms N. Slivak, Director, International Engagement, Department of State Development.

Mr P. Klar, Director, International and Higher Education, Department of State Development.

The CHAIR: Welcome to Estimates Committee A as we gather on Kurna land for 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 the proposed payments, which will facilitate a change of departmental advisers. Can the minister and lead speaker for the opposition confirm that the timetable for today's proceedings as previously distributed is accurate?

The Hon. M.L.J. HAMILTON-SMITH: Yes, I understand that is so, from 1.30pm to 3pm. I have suggested that we start with trade and DSD and then move on to investment attraction as it suits the opposition. I am happy to answer questions from wherever they want.

The CHAIR: You want to start with trade?

The Hon. M.L.J. HAMILTON-SMITH: We are here to discuss trade and investment; one is Department of State Development (DSD) and the other is the Investment Attraction agency, which is a stand-alone agency attached to DSD.

The CHAIR: Changes to the committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If 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, estimate 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 and referenced at the beginning of each question. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the 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 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. I declare the estimate payments, Department of State Development and administered items for the Department of State Development, open for examination, and I refer members to the portfolio statements in Volume 4. I call on the minister to make a statement, if he wishes, and introduce his advisers.

The Hon. M.L.J. HAMILTON-SMITH: I would like to introduce my advisers and then make a few opening remarks, if I may. First of all, on my extreme left is the Chief Executive of the Department of State Development, Mr Mark Duffy; on my immediate left is Mr Lino Strangis, the Executive Director, International Engagement, Trade, Immigration and Higher Education, having just filled the role in the last few weeks; on my right is the Chief Executive of Investment Attraction South Australia; behind us are Phuong Chau, Director, Finance; Narelle Slivak, Director, International; Mr Rick Janssan, Executive Director, Strategy and Business Services; Mr Peter Klar, Director International and Higher Education; and Albert Gerace from the Investment Attraction agency.

If I could make some opening remarks, I thank the committee for its work. South Australia is facing some significant challenges at the moment. Everything we do in this portfolio is focused on jobs and investment. I ask all my agencies regularly, with every budget line, 'How is this going to create jobs or investment in South Australia?' and we target everything accordingly. We do not have the gas, the oil, the iron ore or the mineral resources that certain other states have. As a consequence, while their trade performances have bounded in the last 20 years on the back of the mining boom, South Australia's have been more modest.

To give you a tangible example of that, in 2002 Western Australia exported a little over \$30 billion per annum. In 2017, Western Australia exported almost \$120 billion per annum, mostly in minerals and resources. That is almost a 300 per cent increase. During the same period, South Australia's exports grew from around \$9.1 billion per annum to a bit over \$15 billion per annum (\$15.12 billion), which is about a 50 per cent increase, and that is largely a consequence of the mining boom. There were similar figures in Queensland and New South Wales with coal.

A frequent statement is, 'Our percentage of exports appears to have declined,' but that is not quite right; it is the fact that the percentage of exports in other states has increased. For example, Western Australia now exports nearly 42 per cent of Australia's total exports, mainly minerals, oil, gas and iron ore. So there are some interesting dynamics that we face. To respond to that, we have run a fairly active program of international engagement.

We see the 3.5 billion customers to our north as being a great opportunity compared with the 25 million customers in Australia. Hence, 28 outbound missions were undertaken to support greater engagement with target markets, underpinning continued growth in South Australia's trade and job-related exports. An estimated 1,030 jobs will be created by South Australia achieving targets for skilled and business migrants as well. We have exceeded the skilled migration target of 2,400 for skilled migrants and more than doubled the target for business migrants, with 564 nominations expected to bring at least \$440 million of investment into the state.

We have achieved growth of around 6.6 per cent in international students to reach 34,177 enrolments in December 2016. We have delivered the International Education Action Plan and established the ministerial advisory council. We have delivered 19 business education sessions, an increase on the agency statement estimation, further assisting South Australian businesses to

achieve international export success. We have continued to deliver TradeStart, in partnership with Austrade, through the Export Partnership Program to support businesses and to develop export markets.

I will talk later about the Investment Attraction agency's achievements, but overall we sustain around 72,000 jobs in South Australia from selling our goods and services to the world, so that is 72,000 meals on the table every night. If that were one company and we called it ABC Pty Ltd, it would probably be the biggest employer in the nation, so it is very, very important to us. With those few opening remarks, I am happy to go straight to questions.

The CHAIR: Do you want to make a statement, member for Chaffey?

Mr WHETSTONE: No, I will go straight to questions. We will go to the grants and subsidies under the Export Partnership Program.

The CHAIR: Which book are you in?

Mr WHETSTONE: Budget Paper 4, Volume 4, page 91. Is the significant drop in grants and subsidies from the 2016-17 estimated result to the 2017-18 budget solely related to the reduction in the Export Partnership Program?

The Hon. M.L.J. HAMILTON-SMITH: I will just ask the member to repeat the question while I get the budget page in front of me.

Mr WHETSTONE: On Budget Paper 4, Volume 4, page 91, under grants and subsidies, there is a significant drop in grants and subsidies from the 2016-17 estimated result to the 2017-18 budget. Is this solely related to the reduction in the Export Partnership Program?

The Hon. M.L.J. HAMILTON-SMITH: There is a decrease in grants and subsidies, as pointed out, of \$1.7 million primarily due to the following: reduced expenditure in 2017-18 for the Export Partnership Program, resulting in once-off additional funding in 2016-17 of \$1 million, and the carryover of \$0.9 million from 2015-16 to 2016-17, \$1.9 million, partially offset by additional expenditure commencing in 2017-18 for the International Research Corporation to expand higher education participation in Shandong. That is the answer to that. If you would like me to talk further about the Export Partnership Program, I can do so.

Mr WHETSTONE: In relation to the Export Partnership Program, what is the budget for 2017-18 and is it a continual program over the forward estimates?

The Hon. M.L.J. HAMILTON-SMITH: The budget for 2016-17 is \$2.6 million, and that budget comprises carryover from the 2015-16 year of \$1 million. As at 31 May 2017, \$1.05 million has been provided to grant recipients. The budget for 2017-18 is \$744,000. DSD will be seeking to carry over from 2016-17 unspent budget to supplement the 2017-18 budget.

On these grants, they are grants of up to around \$50,000. Since its inception, there have been eight funding rounds and 328 applications have been received. Following assessment of these applications against grant guidelines, 164 companies have been awarded a total of approximately \$3,600,000 in grant funding. Twelve months after receiving funding, grant recipients must submit an annual report. An analysis of the annual report data to the end of May 2017 across 56 grant recipients has shown an increase in jobs directly attributed to the EPP funding by an average of 0.7 FTE per grant.

Additionally, the average percentage of sales directly attributed to grant funding was 10.6 per cent, or \$9.8 million, and forecast at 23 per cent, or \$26.1 million, for the forthcoming 12 months. In other words, the companies have to establish, as part of their application, that they are serious, that they have an export product on offer, that they have a plan to get it to markets and that the money is going to be appropriately spent. We monitor that and hold them to account.

By the way, I recently extended the scope of the EPP to include industry associations. One of the challenges with exports is motivating companies to export. They have a very good product, they are selling it to Coles and Woolworths and local customers, but they do not realise how valued this product would be in an international market. We have to educate, encourage and persuade them to look at the opportunity of international markets, and the Export Partnership Program is one way to

do that. That is a grant directly from the government on behalf of the people of South Australia to individual companies.

By extending it to associations, we have really brought the associations into the network with a view to them encouraging their members through information, through workshops and through attendance on missions to get their products overseas. To give you examples, we have extended a grant to Cherry Growers Australia of \$34,500; the Barossa Grape and Wine Association, \$50,000; AUSVEG, \$49,496; Potatoes SA, \$30,000; the SA Dairyfarmers' Association, \$30,000; the SA Wine Industry Association, \$22,593; the Water Industry Alliance, \$49,600; and there are others. It has been well received and it is getting results.

Mr WHETSTONE: Minister, why is it that the grants were given to the executive bodies rather than to individual businesses?

The Hon. M.L.J. HAMILTON-SMITH: They have actually been given to individual businesses. To be exact, \$4.112 million has been expensed to individual businesses. I mentioned that there were eight rounds. Applications were received and then certain applications were approved. For example, in round 8, 20 applications were received from individual companies and 16 were approved at a value of \$471,779. There were 176 successful applicants in total. The vast majority of what we have dispensed has gone to individual companies, that is, \$4,112,587.

Just recently, we extended it to the associations at a value of \$471,000, so less than 10 per cent. The reason is that these associations represent individual companies and they are often funded by their individual members. I have been the national secretary and state president of an industry association, and I know how difficult it is to fund your association to proactively encourage them to export. You are running on a shoestring. The idea is to help industries, for example the potato industry, the dairy industry, the wine industry, the cherry industry, the grape and wine industry, AUSVEG—

Mr WHETSTONE: That is what their members pay membership for, is it not?

The Hon. M.L.J. HAMILTON-SMITH: Well, not always. They are comprised of small businesses. They struggle for funding. Small businesses often do not have a surplus of funding to fund their association. They rely on their association for advocacy, for member support on a host of functions, for doing a lot of things. Exports and promoting exports may not be the first priority of the association. For example, advocating to government on behalf of their association in regard to regulatory matters, taxation matters or industry concerns might be priority number one, so they do not have a lot of resource. What we try to do is give them that extra bit of resource so that they can promote exports to their members to help their members engage.

Mr WHETSTONE: Firstly, you said that 164 businesses were successfully funded and now you say that there were 176. How many businesses applied for the funding?

The Hon. M.L.J. HAMILTON-SMITH: That is correct: there were 164 companies that received the grant plus 12 associations, making 176. In addition, as I mentioned, since 2015, of the eight funding rounds 328 applications were received and 164 companies and 12 associations have been awarded funding.

Mr WHETSTONE: Did you lobby cabinet or the Treasurer for more funds for the program, given \$1.7 million extra was committed over the past two financial years? Are we going to see a reduction in funding for this program? Are we going to see a reduction in the capacity to support new export businesses that are looking for that funding? What is the impact?

The Hon. M.L.J. HAMILTON-SMITH: This is for the Export Partnership Program?

Mr WHETSTONE: Yes.

The Hon. M.L.J. HAMILTON-SMITH: I went in to bat for more funding for the Export Partnership Program because it has been very successful. In the context of preparing that submission, it became clear to me that we had money that we would be carrying over from the previous year because, as I mentioned, not every applicant successfully receives the grant.

In light of the fact that I had money to carry over, I had enough to meet the expected take-up from applicants in the coming year. I was satisfied by Treasury and my department that we would

have more than enough money to meet whatever applications we received. I would like more applications. That is the challenge: I need more applications from companies for the grant, and if I get them I am sure I can get the money.

Mr WHETSTONE: My question was: how many applications did you have? A total of 176 were successful. How many did you receive?

The Hon. M.L.J. HAMILTON-SMITH: As I mentioned, in the eight rounds so far we have had 344 applications of which 164 companies and 12 associations have been successful. That means around 168 companies were not successful in their application. They are free to reapply, but we do have to make sure that taxpayers' money is prudently deployed. Often, we help those unsuccessful applicants with their next application.

Mr WHETSTONE: I refer to Budget Paper 4, Volume 4, page 92, highlights of MOUs. What was the total number of MOUs and agreements signed on outbound trade missions in 2016-17?

The Hon. M.L.J. HAMILTON-SMITH: I will have to take on notice an exact figure. It is quite a large number of MOUs in the case of China and fewer in the case of each of our South-East Asian partners and North-East Asian partners, but it is quite a long list. I am happy to provide it to you. What I have done is require the department to use the MOUs as a management tool to monitor progress. We monitor each MOU. About every six months, I ask the department to find out what has been achieved both in Australia and with our overseas partners on each MOU. We then have a process for reporting that.

If the MOU has achieved its goals, we strike it off the list; if a new MOU is signed, we put it on the list. It has proven to be a very valuable tool because one of the things that concerns me is that there is no point signing MOUs if nothing is done with them; they have to have actions. I strongly encourage the department and everyone striking an MOU to make sure it is an action-focused MOU with tangible KPIs so that we can measure progress. I am more than happy to get back to you with a complete list of the number of MOUs with each country separately, but I do not have that list here with me and it will take a while to put it together.

Mr WHETSTONE: You have a list, you take action, and if an MOU is realised you scratch it off the list; those that are not achieved, you then pursue. During an outbound—

The Hon. M.L.J. HAMILTON-SMITH: If I can just respond to that, not all MOUs are signed by the government, by the way. For example, a university in South Australia may sign an MOU with a university in another country, or a private business sometimes signs an MOU. They are not all within our control, but we monitor them all anyway. For example, in the case of China, I have a senior management council that manages the relationship, and the CEs of each department attend. For example, if it is an MOU between a food-producing company in the Riverland with a similar company, or a scientific establishment in China, I asked the CE of Primary Industries to report back and monitor that. So, yes, we do just that.

Mr WHETSTONE: During an outbound trade mission in 2015, an MOU was signed by South Australia and a Shandong consortium for a \$70 million agricultural consolidation park in Adelaide, and you and the Premier issued a press release on 9 September. It was a \$70 million ag park. Do you have a status on that MOU or that project?

The Hon. M.L.J. HAMILTON-SMITH: First of all, that is 2015. I am not sure what budget line in the current budget that refers to, but I will take the question in good spirit. I will have to get back to you, though, because—

Mr WHETSTONE: You must have it on your action list, though?

The Hon. M.L.J. HAMILTON-SMITH: I am sure it is, but I will need to get back to you. You are asking me a question about a specific MOU that was signed in 2015, so I will need to get advice on exactly where that is and get back to you.

Mr WHETSTONE: There was another trade mission to India that was signed between Heliostat SA and Global Wind Power Ltd. and meant to create 1,000 jobs. I am just wondering if that MOU has been realised to create the jobs and that partnership through an MOU?

The Hon. M.L.J. HAMILTON-SMITH: Going back to your earlier question about the China MOU, I am advised that was an MOU signed between two commercial parties and not by the government of South Australia. I will have to look into that, consult the commercial parties and find out where it is. The other one, Heliostat, again that is a commercial party. I will contact them and find out where that is and get back to you on notice because that will require us to talk to them about how they are progressing.

Mr WHETSTONE: It was just that you and the Premier put out media releases, yet there is no knowledge of where it is. Anyway, moving on, trade representation—

The Hon. M.L.J. HAMILTON-SMITH: No, there is knowledge. Hang on, just to pick that up, there is knowledge of where it is; it is just that I do not have the information here right now. I will get back to you on notice.

Mr WHETSTONE: Thank you. I refer to Budget Paper 4, Volume 4, page 92, under financial commentary, trade representation. In relation to an ongoing additional expenditure commencing 2016-17 to advance the South Australia China Engagement Strategy, mentioned in last year's budget was a \$160,000 fit-out of the relocated Jinan office from one side of the road to the other. What is the total spend for that fit-out now that the office is now open and operating? Did it come under budget? How much of that funding was transferred from the closure of the SinoSA office?

The Hon. M.L.J. HAMILTON-SMITH: First of all, our presence in China largely hinges around our sister-state relationship with Shandong Province, which is going absolutely gangbusters and delivering fantastic results. In fact, China stands out as our number one trading partner and 20.4 per cent of all we sell: \$2.335 billion. We headquarter, if you like, our China operations out of Jinan, the capital of Shandong Province. We have a person embedded with Austrade in Shanghai and also in Hong Kong, but our head office, if you like, is in Jinan. I will start with a bit of history here.

When I came into this portfolio we had Fion Jia located in Jinan, an excellent advocate for this state, and we had nothing in Qingdao, which is the second largest city in Shandong and, as I mentioned, we had someone in Shanghai. Decisions made a long time ago before my arrival had seen our office in Shanghai close, and we had someone in Hong Kong. We got a very clear signal from the Shandong government that, as Jinan was the capital, they really wanted our representative office in Jinan. That was point number one.

Outside my portfolio, an initiative was launched by Bio Innovation SA, which reports to a different minister and a different agency, to open an office called SinoSA House in Qingdao. That was an initiative of Bio Innovation SA, and it was a pretty good initiative, I have to say. I visited SinoSA House. I thought it was a very small office, but it was raised as a commercial office, not as an office of the government of South Australia, and it was done on a commercial basis; that is to say, it had no approval or licence to have registration as an official office of the government of South Australia.

It was more of a commercial collaboration between Bio Innovation and this commercial entity, the private company. I inquired and took advice on whether or not we could give that office in Qingdao official government status, and I made inquiries not only with Crown law here but also with the Chinese government. The messaging we got back from the Shandong government was that they preferred to have just one official office in Shandong, not two.

There are some diplomatic sensitivities. As a nation, China controls the number of official offices that any country or state can have in their own country, and they prefer not to have uncontrolled growth in this area. The messaging we got back was that they preferred to have one office and that they would prefer if it was in Jinan because that was where the head of government was and that was the capital of Shandong.

Because I manage resources fairly prudently, I had the choice of continuing to fund this commercial collaboration as a commercial office in Qingdao. I did see a media report recently where the commercial partner that Bio Innovation had in that office was having a bit of a grumble in the paper. He has obviously spoken to you. I am not sure whether or not that office, in effect, subsidised what he was doing in China, but my concern is for the best interests of South Australia and the South Australian government.

We decided that we would set up our main office in Jinan and not continue to fund this commercial office, which had no official recognition. I decided not to apply for funding to continue it on. The commercial partner we had there is more than happy to fund it himself if he wishes. If he is using it for his own personal commercial purposes, he is happy to continue funding it.

The new budget allocations for 2016-17 total about \$825,000, including a single payment of \$160,000 to support the fit-out costs of the new office, which include project design, office refurbishment, office equipment and furniture, and \$315,000 to support the expansion of the Jinan office in terms of ongoing staff salaries and office expenses.

Due to Chinese business licence restrictions, the functions of the former SinoSA office located in Qingdao ceased on 1 October 2016 and have now been incorporated into the relocation of the South Australian government office in Jinan. The budget of \$350,000 was reallocated to support activities in Shandong and Qingdao. In other words, the money that had previously been allocated by Bio Innovation SA for this Qingdao office we have deployed into other prospective activities.

I have kept a part-time person in Qingdao. We have three people now in the Jinan office. It was not actually moved across the road, as the member said. It was actually moved to a different part of the city and into much better premises. I visited the Jinan office that had been set up under previous arrangements and I was very unhappy with it. It was in the wrong location. It was in a high-rise building that I would have to say was rundown.

The paint was literally peeling off the walls. It was in very poor condition. There was no storage. Occupational health and safety was a concern. Frankly, it was an embarrassment to the state, in my opinion, that it had been allowed to be run down, so I changed it. I have moved them into a very good office and it has been done on a shoestring budget.

The other concern I had was that Fion Jia, who is an outstanding representative for the state, had very little backup and support. We really needed a deputy for Fion, who could help her out, and a third person who could help with a range of things, including business development, international students, interpretation of documents and preparation of materials. We did not have a viable show with just one person.

We now do have a viable show very affordably placed with our three people in Jinan and our part-time person in Qingdao. I think that more than adequately deals with the demands that are put on us from taking anything up to 300 people to Qingdao and to Jinan once a year and then organising an inbound mission to Australia of around 200 people from Shandong, which is very, very demanding on those staff.

Mr WHETSTONE: When was the original Jinan office set up? How long has South Australia had presence in that office?

The Hon. M.L.J. HAMILTON-SMITH: I cannot give you an exact date. I am happy to get back to you on that, but I think it would have been about 10 or 11 years ago. I think we have had Fion Jia for at least that time. It was really a one-person office and it was a huge responsibility for one person. It is now a very professional show, and I would invite the shadow minister, if he is going to China, to visit it and I am happy to arrange a briefing and whatever else he may want.

Mr WHETSTONE: I have been to many Australian trade offices—some are better than others; it is just a matter of the commitment of the government. The 2017 Annual Investment and Trade Statement mentions further South Australian embedded Austrade representation in the Philippines and Vietnam in 2017. Has this been budgeted for in the current year and can you guarantee that these offices will be embedded this year?

The Hon. M.L.J. HAMILTON-SMITH: In making these remarks and answering the question, I just want to make a general point. The South Australian government maintains a full office in London through the Office of the Agent-General. As I mentioned a moment ago, we have a full office in Jinan. We stand in stark contrast to some other state governments—notably, Victoria and, to a lesser extent, New South Wales, Queensland and WA, although some of the latter states I mention are now moving away from full-time offices and taking up our model of embedding with Austrade.

I can assure the members of the committee that the best way to waste money in this portfolio is to set up mini Taj Mahal embassies around the world on expensive leases, chewing up overheads with lots of staff out there operating on their own, disconnected from the efforts of DFAT, Austrade and the federal government. If you have a budget the size of the Victorian government, it might help, but even then you come up against whether the money is better spent supporting companies to trade.

You really have to do a business case and ask yourself what benefit is achieved from having a full-time office. It might be nice for meeting ministers and whisking them away from the airport to an office where they can sit somewhere feeling important. It might be nice to host meetings there, but my experience is that it is very easy for these offices to become disconnected from the real world. That is exactly the experience that this government found in Shanghai and it closed its office in Shanghai as a consequence. It was also in Chennai, where it closed its office.

Mr TARZIA: It had no staff.

The Hon. M.L.J. HAMILTON-SMITH: It did. It had Mr Ken Zhu. You need to do some research, because it had quite a few staff. When I visited as a shadow minister it had quite a few staff; in fact, I wondered what some of them did. In Chennai, it was the same thing. It was very expensive and it dragged resources away from the real thing.

The other thing is that being with Austrade and DFAT you not only find out what they are doing. That is very important because we had a concern that Austrade and DFAT might be favouring the biggest states, particularly in the area of tourism and trade generally. Everyone knows about Sydney and Melbourne but often, overseas, they have not heard about Adelaide. We would find out what they were doing and our person could constantly elbow their way around the table and make sure that South Australia and Adelaide were getting a mention. So we favour placing people with Austrade. It is cheaper; it delivers better results. Except in China and the UK, where we felt the need to set up a full office, we find it is simply better all round.

To get down to specifics, in 2016-17 four new staff were embedded in Austrade offices in Singapore, Malaysia, Thailand and Indonesia. In September 2016, international representatives, including the Office of the Agent-General, were in South Australia to participate in a training and development program meeting key stakeholders. We bring them out to South Australia to do things and to brief up on South Australia each year and take the good word back to their target countries.

The budget allocated by DSD to support the overseas posts is around \$1.5 million. Some other states would be spending that in one country alone. For example, I understand that the Victorians have an office in Jakarta with 17 people in it and probably a budget of around \$1.5 million. It is very easy to churn money, setting up your own office, and it is then a question of whether the people you put in it are connected to the government of the day—because governments change—and whether they are able to deliver the outcomes you seek.

As at 31 May 2017, the actual net cost has been approximately only \$1 million, however, not that \$1.5 million. The breakdown is as follows:

- Shanghai (embedded) with a 2016-17 budget of \$246,000—that is not salary, we pay Austrade and we have to buy equipment, etc.;
- Hong Kong was \$215,250;
- in Jinan (the office I mentioned) \$415,000 and there are three people there;
- Mumbai is \$205,000;
- in Singapore we contributed about \$86,000 in 2016-17 and the Investment Attraction agency makes a co-contribution;
- in Malaysia it is \$127,500 and an embedded officer;
- Thailand is \$82,000 invested there; and
- in Indonesia we have a person in Jakarta now, and that is \$75,000.

That is the sum total of our spread. We do not have anyone in the Philippines; however, we are doing some work on that because Vietnam is a very prospective market. The Department of State

Development is considering the financial options of putting someone in there in 2017-18. There is no budget yet for the Philippines or Vietnam, but we are giving it some thought.

We are also looking at options to redeploy some of our people. For example, we have just returned from last week's mission to Singapore and Malaysia and, on this occasion, for the first time we reached out to East Malaysia and went to Sarawak and Saba. We also added Myanmar to the mission for the first time. It was in our South-East Asia strategy. We used our embedded officer with Austrade in Singapore, Abby Chan, to come to Myanmar and she will pick up responsibility for Myanmar. That saves us money and makes the best use of the people we have.

I am sure the Department of State Development will consider all those options as we review the pathway forward. I would just re-emphasise that, if members of the committee were considering how we might invest more in this portfolio, my advice would certainly be not to spend it on bricks and mortar or Taj Mahals but to look at other ways to get results, because it is all about jobs and investment back in SA, not building structures overseas.

Mr WHETSTONE: We are not talking about building structures. With regard to all these embedded officers in Austrade offices, there seem to be a lot of offices with a single person representing the state. What are their KPIs?

The Hon. M.L.J. HAMILTON-SMITH: Each of them is given a contract, which includes a job description and a duty statement that specify what is expected of them in terms of support. For example, they need to support inbound missions, which can be quite demanding. For example, we just took 60 traders to Singapore and Malaysia, and that requires an awful lot of work. That is just the trade mission. Of those 60 companies, a lot of them will then go back one or two months later. When they go back, they often need support from our embedded person with Austrade. It is not just one trade mission a year we are doing. Individual companies are back there all the time needing support.

That embedded Austrade officer then needs to organise the inbound mission. We encourage them to come during OzAsia, but we are receiving groups all the time from overseas, so that person is generally flat chat. They are dedicated to South Australian work. They are part of the Austrade network, but the other thing they do is build relationships, because they get to share information with all the other Austrade officers in that office, and help to promote South Australia at a host of other events that are going on in country, so they give us market intelligence.

I think it is fair to say that they are on the phone or emailing South Australia on pretty much a daily basis, so the Department of State Development is flat out dealing with those officers every day of the week. They do a terrific job for us.

Mr WHETSTONE: I am interested in whether they have KPIs for getting deals done. It is not about phone calls, it is not about hosting inbound and outbound trade missions: it is about deals. It is about numbers, it is about dollar value and it is about the economy for South Australia. Are they accountable for their role?

The Hon. M.L.J. HAMILTON-SMITH: Of course they are accountable, but these people are not salespeople. They are not door-to-door salespeople with a target to sell 20 vacuum cleaners a week. The Department of State Development and this agency have KPIs, and they are part of the team. The way government works is not by giving every individual public servant a KPI with a dollar sign alongside it, in which they are told to bring in a certain number of jobs or do certain things. That is just not the way that we work.

The embedded Austrade officers in South-East Asia report to the South-East Asia desk. The South-East Asia desk has KPIs, and they are all listed in the budget paper in terms of dollar value. For example, our trade with South-East Asia at the moment, ASEAN, is \$2.26 billion. It is nearly 19.8 per cent of everything we do. All those embedded officers in the South-East Asian Austrade offices contribute to achieving that result.

I am happy to ask the department to look at that and get back to you if there is anything further to add. They do have targets, and they do have KPIs, if you like. They are managed by Mr Strangis and his team and report through Mr Duffy, and are set out there to achieve our targets for job creation and investment.

Mr WHETSTONE: Do you know how many businesses these officers service?

The Hon. M.L.J. HAMILTON-SMITH: Yes, we do. I am happy to ask the department to report back, and we will send that to you.

Mr WHETSTONE: Okay, thank you.

The Hon. M.L.J. HAMILTON-SMITH: What do you mean when you say 'service'?

Mr WHETSTONE: The business will go to a country and, if they need a point of contact, they will make an appointment to go to the Austrade office, the consulate or wherever it may be. If they need help, if they need contacts, if they need any form of business acumen, that is what these officers are there for, I presume.

The Hon. M.L.J. HAMILTON-SMITH: Service takes many forms. They are dealing with companies both in Australia, through DSD, and in country, on an ongoing basis. I will send you whatever information we can about that upon notice.

Mr WHETSTONE: I want to move on to Budget Paper 4, Volume 4, pages 94 to 96, Investment Attraction.

The Hon. M.L.J. HAMILTON-SMITH: Are we moving on from trade, because we will need to change some advisers at the back?

Mr WHETSTONE: Investment Attraction, international education and trade missions.

The Hon. M.L.J. HAMILTON-SMITH: International education is part of trade and the officers are with me, so perhaps you could ask those questions first. Migration is also part of the DSD offering. Then, at your discretion, when you want to switch over to the investment agency I will change the officers behind me.

Mr WHETSTONE: We will stick with inbound and outbound trade missions then. Regarding income from outbound missions, the state government has a \$200 non-refundable administration fee for each trade mission that a business takes with you. What sort of revenue are you getting from business? While you are there, do government departments, ministerial staffers and local government also pay that fee?

The Hon. M.L.J. HAMILTON-SMITH: This is an interesting point. We wanted to make sure that the companies coming on our missions were serious and were fair dinkum. That is why we carefully manage each company and each business wanting to come. We decided to implement a fee for service for the mission. There were two reasons for that; one was to ensure that they made a commitment with their own money.

Mr WHETSTONE: \$200.

The Hon. M.L.J. HAMILTON-SMITH: It was \$200, yes—not a lot. It was an affordable commitment, but at least a commitment and a co-contribution so they were a partner with us. Secondly, during the course of the mission we provided a number of meals and a number of things for them, and it was an offset. The exact amount we raised from those fees is in the budget paper. We received approximately \$33,000 in registration fees as at 31 May 2017 for the 2016-17 outbound missions. Payment was sought from those participants who have yet to provide invoices, etc.

The division's current estimated budget for a target of eight outbound missions is around \$1.34 million. That enables us to recoup some of the cost, which is fair considering that the taxpayers of South Australia are providing a service to people, but it also makes sure that the companies themselves have made a small contribution to the mission.

Some other states have chosen to take people overseas, pay for the airfare and pay for everything really. They have stopped doing that because I think they found that people were going on the trade missions without necessarily having a serious plan to do something with that opportunity. We have avoided that through this device and most companies have been very happy to pay it.

You asked about public servants. I cannot see why we would charge ourselves \$200 to go on a trade mission to work. The public servants I take with me are working. We have not charged local government either, and local government has been quite helpful.

Mr WHETSTONE: Local government is over there doing business deals, so why do they not pay?

The Hon. M.L.J. HAMILTON-SMITH: Do you really think that is sensible, charging ourselves for something we are doing? Have a think about it for a minute. I would underline the point that in a lot of the countries we go to, if the government to government side is not right forget the business to business, and China is a notable example. As well as that, a lot of our senior public servants are involved in a lot of the MOUs we have struck. A lot of what we are doing is institution to institution, all focused, though, on creating jobs.

A lot of our government agencies are selling things. Everyone, from the arts through to the education sector, is selling a product. For example, we generate quite a lot of revenue from selling fully funded high school places to overseas students. In fact, that sector is doing extremely well. We obviously need the education people who are running that business offering to promote that business offering. Another example is StudyAdelaide, which is public servants funded jointly by the university sector and the government to promote Adelaide as a destination for international students. Obviously, they need to be there.

When you hear comments like, 'Any single public servant who is on a trade mission is superfluous to requirements and should not be there and is on a junket,' stop and think about it for a minute. If the primary industries department is not there alongside our food producers, helping to back them in, it makes it very difficult for them. For example, there are huge problems with trade involved in quarantine, disease, fruit fly, regulatory arrangements, all these things, and often they need to consult and get advice from senior public servants in country as they attempt to do deals. Everything is very work focused but, no, we do not charge public servants \$200 out of their own pocket to go on a trade mission to do their job.

Mr WHETSTONE: Can you provide a total cost for DSD in the 2016-17 year for the cost of outbound missions?

The Hon. M.L.J. HAMILTON-SMITH: Yes, I think I can do that. Estimated expenditure on the seven major outbound missions, as well as on the two ministerial planning missions in 2016-17 for the International Engagement, Trade, Immigration and Higher Education division, is approximately \$1.6 million. I think if you compared that with any other state, you would find it quite a remarkable value-for-money proposition, noting that the division's costs for business missions in South-East Asia (that is, Indonesia and the Philippines) in April 2017 and China (Guangzhou, Shandong and Shanghai) in May 2017 are yet to be finalised.

To be more specific, South-East Asia, Singapore, Malaysia and Thailand, \$304,000; Europe, the UK, France, \$209,000; North-East Asia, Japan, Korea and Taiwan, \$292,000; India, \$399,000; the Middle East and North Africa, \$99,000; and South-East Asia, Indonesia and the Philippines, \$143,000. I could give you a complete breakdown of how that was structured if you need it.

Mr WHETSTONE: What I would like to know is whether anyone within government keeps a tally of what the taxpayer is spending as a total government spend in outbound missions.

The Hon. M.L.J. HAMILTON-SMITH: I have just given you the information on what each mission costs, so the answer to that is yes. The Department of State Development does that. These trade missions are not all we do. I will just give the committee a bit of history. Under previous arrangements—and I know this to be so in the Liberal government that was in office until 2002 and the first three terms of the current government—trade missions would often be set up at short notice, based on the availability of the Premier or a particular trade minister and a gap in their calendar.

I saw examples both in a Liberal government and a Labor government of companies being asked to attend trade missions with a few weeks or a few months' notice. Often there was no system in place and therefore things were put together in haste. Often trade missions did not involve companies attending at all. When they did, I think the biggest mission we had ever run previously was something like about 20 companies going with the Premier on a mission, and it was very much high-level and, if you like, relationship-development focused.

When I took this portfolio back in 2014, the Premier indicated to me that he wanted a much more professional approach from the state government, one with coordination between ministers

and departments so that we could have a plan that could be budgeted a year ahead and everyone knew what was going on and things were not done on an ad hoc basis. The other thing he wanted was not to have ministers paddling their own canoes, if I can say that—that is, the primary industries minister swanning off on a trade mission to China one month—

Mr WHETSTONE: He is doing that.

The Hon. M.L.J. HAMILTON-SMITH: —the health minister going the next month and the education minister going the next month and no-one talking to each other about what they did and what they achieved. He wanted continuity. What we have endeavoured to do—and I think we have saved money in doing it—is, instead of having departments and ministers go up individually, we have focused it all into a single annual principal tour.

We get all those departments going together now, everyone synchronised. Thanks to the good work of the Department of State Development, whenever we go up we know what happened before and there is continuity in our attending and what we are doing. Everyone tells us—DFAT, Austrade, our receiving countries—that we are the only state approaching this in this professional way. Go and ask them yourself, member for Chaffey.

Mr WHETSTONE: I have asked them. I have been to every state and asked every minister.

The Hon. M.L.J. HAMILTON-SMITH: Go and ask them yourself—

Mr WHETSTONE: I have asked them, do not worry.

The Hon. M.L.J. HAMILTON-SMITH: —because when the former chief executive of Austrade tells you that South Australia is first of class in its international engagement program, you are hearing it from someone who knows what they are talking about. Every single ambassador I have spoken to, and every single Austrade chief of mission I have spoken to, puts us pretty much at the top of the pack. Victoria is there as well, but they have a much bigger budget. If you would now like to name for me any ambassador or Austrade chief of station who you claim has not, I would like to hear of it. Perhaps you could name them.

Mr WHETSTONE: I think you should get a brief from Queensland. I have a brief from Queensland. I already have it.

The Hon. M.L.J. HAMILTON-SMITH: We do not go on trade missions to Queensland.

Mr WHETSTONE: I have seen their model: it works. They use both, but it works. Minister, do you give any assistance, or do you charge any businesses that are on inbound missions to South Australia? You charge businesses in South Australia that go overseas.

The Hon. M.L.J. HAMILTON-SMITH: I am not sure what budget line this is referring to, but I am fairly relaxed, Madam Chair. I do not think we charge anyone who comes here.

Mr WHETSTONE: It is just a simple question.

The Hon. M.L.J. HAMILTON-SMITH: In fact, we spend money on them when they are here. Again, this is how busy the state government is with our international partners. We are hosting inbound missions all the time.

Mr WHETSTONE: By the way, I just want to put on the record that I am not critical of the inbound and I am not critical of the outbound. I just want to know the detail.

The Hon. M.L.J. HAMILTON-SMITH: We do not charge companies when they come here. In fact, we spend money supporting inbound missions. It was about \$176,000 in 2016-17—for example, the China inbound in September 2016, \$115,500; Rajasthan, \$12,000; the Netherlands, \$7,700; West Java, \$21,300 in October 2016 and \$4,500 in December 2016; Malaysia, \$4,800 in December 2016; and other various inbound missions, \$9,900, for a total of \$175,000. We actually support those inbound missions. We do not charge people to come here, we encourage them to come and we do everything we can to support them when they are here.

Mr WHETSTONE: I will move on to international education, StudyAdelaide, highlights on Budget Paper 4, Volume 4, page 92. In relation to the international education action plan, what was the cost to set up the international education office and the ongoing costs?

The Hon. M.L.J. HAMILTON-SMITH: The Premier asked me to take on this responsibility because the government concluded that, rather than being an education matter, it was an economic development matter. We have almost 35,000 young people walking around Adelaide every weekend. They rent apartments, they buy food and they invest in the state. They are spending money and their relatives come out and visit. It is a huge economic story.

The member might know the size of Mount Barker; I think it is 35,000. It is probably twice the size of Mount Barker in terms of the core town. It is a lot of people and it is very important to us. I am trying to grow it. We have set up an action plan, which you referred to. By the way, it is our number one services export. It increased by 12.5 per cent in 2016 to a value of \$1.13 billion.

As a result of that action plan, we set up an office using existing resources. We simply redeployed people from elsewhere in government, so it was not a net new cost. I am advised that the total budget—and these resources were reallocated from elsewhere in government—was \$1.632 million. Employee expenses are \$1.999 million. For staffing, we have one SAES, two ASO8s, ASO5, 8.5 FTEs. The operating budget for Destination Adelaide is \$433,000.

Essentially, that money was not new money per se. For example, we moved a couple of people over from the education department into DSD, so there was a saving there and it switched across. I always try to look for ways to do things for nothing, if I can put it that way, by redeploying resources rather than by going to the Treasurer and asking for more; that is what we did. If there is anything further I can provide, I will.

Mr WHETSTONE: You had a revised target of 35,500 students to reach by the end of this year; you are not quite there yet. Will you set yourself a target for next year?

The Hon. M.L.J. HAMILTON-SMITH: First of all, I am confident that we will get to the 35,500 target that we set for ourselves. We will consider next year and make very clear what target we will set for the next three years. In order to set a more ambitious target, we need the support of our three universities. I am pleased to say that each one of them has plans to grow the number of international students they have at the moment.

Some of our universities are overweight in certain areas of study. For example, there is no shortage of young people from overseas wanting to do MBAs or business degrees, but there is also the capacity to do physiotherapy, nursing, health-related sciences, and so on, so we are trying to get that balance right. It also includes the high school system ELICOS, which is English-language training, which is the vocational educational training sector.

The action plan has everyone pulling on the same rope, but we cannot do enough in this area. This is great business, great for export, and I would love to see us be more ambitious, and that is certainly where I would like to take it next year. It is a collaboration between us and our partners.

Mr WHETSTONE: On page 93, activity indicators, 17 Business Education Program sessions were expected to be delivered in 2016-17. Why are you providing fewer education export programs in 2017-18?

The Hon. M.L.J. HAMILTON-SMITH: Education programs?

Mr WHETSTONE: Export education programs.

The Hon. M.L.J. HAMILTON-SMITH: As at 30 June 2017, 19 sessions were delivered, attracting over 1,000 participants, with a cost of \$26,000. Further invoices are being processed. The budget allocation for the financial year 2016-17 is \$75,000. The Business Education Program continues its focus on key markets that are the subject of our international engagement strategies: China, India, the Philippines, Indonesia, Singapore, Malaysia, Vietnam and Thailand.

In 2016-17, new regions were targeted, with sessions pertaining to the Middle East and Europe attracting over 150 participants. The Business Education Program is well supported by the state government's strategic advisers for China and India, TradeStart advisers and Austrade chambers of commerce. We will continue to deliver a competency business education program in 2017-18, with an allocated budget of \$77,000, targeting new regions such as North-East Asia.

Your specific question was about a decrease. I am advised we are increasing the number of education programs. Is there a budget line that suggests otherwise?

Mr WHETSTONE: No, this was Business SA, so I am sorry if I have jumped a page. Within an international education, what will the budget be for StudyAdelaide in the 2017-18 year?

The Hon. M.L.J. HAMILTON-SMITH: StudyAdelaide had a budget in 2015-16 of \$5.7 million over four years for a new campaign to market SA as the destination of choice to international students, \$3.8 million of which was allocated to StudyAdelaide. StudyAdelaide activities have included the announcement of student ambassadors in China and India. The Student Ambassador programs are fantastic, and some of the work they do is simply brilliant.

StudyAdelaide also implemented a number of digital campaigns across several international markets resulting in 1.5 million visitors to the StudyAdelaide site. The efforts of StudyAdelaide have contributed to the growth in South Australia's international student enrolments of 6.7 per cent in 2016-17. Just to give an example, StudyAdelaide has undertaken a number of successful digital campaigns to achieve 520,000 Facebook likes (a 100,000 increase on last year), 17 million video views and 1.5 million visitors to the StudyAdelaide website, which converted to 1,126 course inquiries.

One brilliant thing I saw them do in Vietnam was run a student competition in one of its premier high schools in Ho Chi Minh City. Everyone had to compete to come out to Adelaide for a week to do a familiarisation, and hundreds and hundreds of kids took part. They had to get up and give a five-minute talk on Adelaide, and the two who won were just sensational. It is really good work, so that is money well spent. Of course, that money is then complemented by additional funding, which comes in from the universities and partners. Our funding represents about 60 per cent, and the other 40 per cent comes from membership fees, sponsorships and grant funding with significant contributions from South Australia's three public universities and the Adelaide city council.

To be very specific, core funding per financial year was \$923,000 in 2016, \$945,000 in 2017-18, \$973,000 in 2018-19 and \$1,006,000 in 2019-20, with \$1,031,000 planned for 2020-21. It is money well spent.

Mr WHETSTONE: I would like to move on to investment attraction. You have said that the cost and resources to set up the Investment Attraction agency would come from transfers from other departments. Where was the extra almost \$2.5 million in employee benefit expenses in the 2015-16 actuals transferred from, to 2016-17?

The Hon. M.L.J. HAMILTON-SMITH: Your question is about the operational budget of the agency?

Mr WHETSTONE: Yes.

The Hon. M.L.J. HAMILTON-SMITH: The Investment Attraction agency's operational budget for 2017-18 is \$9.118 million. The budget is expected to fund 41 FTEs and advisory board fees, although I think only 38.2 people are presently on post. An important point I want to make here is that this organisation has more than one purpose. Its sole purpose is not to administer a fund as has been claimed; that is just not what it does. It does far more than that. In fact, administering the fund is its last option.

Business development includes travel both overseas and interstate developing and marketing suitable projects with the aim of attracting new interstate and overseas investors to the state, predominantly through case management and facilitating reinvestment from firms with an existing presence in the state. A lot of these are referred to other departments, but they are out there hunting for investment and it is a huge effort. Operational costs include state training and development and travel for the board.

Market support includes South Australian representation through established offices, such as Singapore that I have mentioned—they co-fund the Singapore office, and Singapore is our third or fourth biggest source of investment—and key representation on the eastern seaboard and overseas. They conduct market research and analysis that include access to key market information across the world, economic impacts, due diligence and foreign direct investment tracking and

reporting to make sound decisions. They are involved in state promotion and marketing to promote South Australia as the number one business destination of choice.

The operational budget reported in the Agency Statements for 2017-18 is \$8.9 million, made up of employee benefits (\$6.2 million) and supplies and services (\$2.7 million). The difference between the \$9.118 million operational budget and the \$8.9 million reported in the 2017-18 Agency Statements is a budget reduction relating to the contribution of funding to seven international development and trade migration and international education programs.

The point is that the agency does far more than manage a fund. I think the results are pretty much in with 19 company investments made, just short of 6,000 jobs to date, around 3,100 direct jobs, 2,700 construction jobs, around \$1.12 billion of capital investment and \$5.5 billion of economic benefit for the state, so it has been an extraordinarily productive 18 months to two years.

Ms WORTLEY: I am just wondering, minister, if you can elaborate on the creation of new jobs in the 2016-17 period with regard to the Investment Attraction agency and some of the successes that the agency has had in supporting and securing the new investment? You just touched on that, and the rest is on the creation of new jobs.

The Hon. M.L.J. HAMILTON-SMITH: I thank the member for her question. The 19 projects have included Boeing, NEC, Babcock, Datacom and Ingham's. The investments I have mentioned are just short of \$6,000 jobs and generate \$1.2 billion of capital expenditure. In 2016-17 alone, IASA has secured nine company investments that will result in \$151 million worth of capital investments for the state, equating to more than 2,000 direct and associated jobs for South Australia.

Some of those, by the way, are the new base for Boeing, in partnership with Defence SA, that was 250 jobs; the Datacom IT hub, 684 jobs; and Big River Pork, a \$14 million expansion with 140 new jobs. That was interesting to see. I had not quite seen how they do that with pigs, but it is quite sobering going to a pig abattoir. Tic Toc, in partnership with Bendigo Bank, brought in 196 jobs to South Australia, and we are securing investments in a range of industries and creating ecosystems for additional investment and innovation.

Of course, our focus in the Investment Attraction agency is shipbuilding, defence, renewable energy, mining, tourism, food, wine, health, biomedical research, IT and advanced manufacturing.

Mr WHETSTONE: Minister, there was \$2.6 million of intragovernmental transfers out of the agency in the 2016-17 year. Where was that funding transferred to and what was the purpose of the transfer?

The Hon. M.L.J. HAMILTON-SMITH: The net cost of services increased by \$5.2 million, primarily due to movements in the Economic Investment Fund; employee benefit expenses increased \$0.5 million, primarily due to reclassification of expenditure to supplies and services 2016-17; grants and subsidies—was that your question?

Mr WHETSTONE: No, the question was: there was a \$2.6 million intragovernmental transfer out of the department—

The Hon. M.L.J. HAMILTON-SMITH: Intragovernmental transfers, yes. The \$1.2 million decrease in intragovernmental transfers expenses is primarily due to reduced expenditure for the Economic Investment Fund. Once-off grant payments were made in 2016-17 to PIRSA for the Ingham's Yumali project of \$0.9 million and to Defence SA for the early capture strategy of \$0.2 million.

Mr WHETSTONE: In September last year, you announced a Datacom project, with \$5.35 million committed from the agency. Can you give me an update on the status of that project, and has a lease been signed by Datacom to rent the space at Tea Tree Gully TAFE?

The Hon. M.L.J. HAMILTON-SMITH: Datacom is a good company with a turnover of approximately \$NZ1 billion per year and a staff pool of over 4,700. We worked with them for 12 months. We were in direct competition with New South Wales for the 684 jobs they are to establish. It requires an investment of \$22 million at the Datacom customer care centre. Datacom has been granted a total of \$4.85 million from the fund. Ultimately, this investment will deliver the 684 jobs within the first 24 months of its operations.

In addition, the project will generate up to 111 FTEs in construction jobs during the construction phase. IASA has facilitated an innovative co-location training model between Datacom and TAFE, meaning that these new jobs will mostly be secured from South Australia's existing unemployed pool of workers and largely from Northern Adelaide. Datacom has reiterated a commitment to South Australia and has provided the documentation to complete the first milestone. The status is on track.

The project has been slightly delayed while commercial contracts are being finalised. Apparently they are having some issues signing commercial contracts of their own to get the work done. The company is undertaking negotiations regarding a substantial refurbishment of buildings at Tea Tree Gully campus. A major project of this nature is subject to schedules of suppliers, builders and commercial imperatives of the market. These partnerships and requirements need to be balanced and negotiated if all parties are to work cohesively on the project.

IASA has renegotiated milestones with the company to take into account development delays. A letter of variation has been signed and takes into account the negotiated milestones. While Datacom requested changes to the milestone dates, the company has stated that it will work actively on strategies to meet requirements well before the milestone dates.

In summary, they are having some issues with their own subcontracting arrangements that may result in a small delay, but they continue to reiterate their commitment to establishing a contact centre in northern Adelaide broadly on the terms agreed.

Mr WHETSTONE: Did you mention how much money the agency has provided to Datacom to date?

The Hon. M.L.J. HAMILTON-SMITH: Nothing to date. The \$1.455 million that was budgeted to be provided to them in 2016-17 is going to be carried over into the following financial year. They will only get paid when they trigger their milestone. It is a pretty big project, this one, with some layers of complexity, so they have to go ahead and get themselves organised.

Mr WHETSTONE: I know it well, being on the Public Works Committee. What I am interested to know is whether there has been a lease signed.

The Hon. M.L.J. HAMILTON-SMITH: I will have to get back to you on that. My advice is that I have to take that on notice; we would have to check with Datacom.

Mr WHETSTONE: Can you tell me how many times the Investment Attraction agency's board has met?

The Hon. M.L.J. HAMILTON-SMITH: The board is chaired by Rob Chapman to lead investment opportunities, provide independent advice to the South Australian government and oversee performance. The first advisory board meeting took place on 26 May 2017. On 2 August 2017, I announced the reappointment of Mr Chapman for a further two years. The second advisory board meeting took place on 3 August 2016 in Adelaide.

The third advisory board meeting took place on 19 October 2016 in Paris to capitalise on the announcement of the DCNS submarine build and to coincide with the global ship-building expo Euronaval. Coincidentally, I think we worked out that because it is an international board it was cheaper to do it in Paris than in Adelaide; it is actually more expensive to bring them here than it is to take them to Paris. The fourth advisory board meeting took place on 16 February 2017 in Adelaide.

The board members' terms were extended from 1 July for a period of one or two years so that the expiry dates are staggered. The fifth advisory board meeting took place on 6 June 2017 via teleconference. So I think the answer to your question is five.

Mr WHETSTONE: So we have had five board meetings: one was in France and one was a teleconference, so that would leave three here in Adelaide. What is the cost to host a board meeting here in Adelaide?

The Hon. M.L.J. HAMILTON-SMITH: The total budget for the board for 2016-17 was \$408,348, including board fees, on-costs, travel and ancillary. This is broken down as follows: remuneration costs, \$308,348; board fees, \$280,000; payroll tax, \$10,298; superannuation, \$18,050; and operating costs, \$100,000. In regard to actuals paid and accrued in 2016-17, remuneration to

the board at the end of June was \$248,493. Operating costs of the board to the end of June were \$128,963. Total costs attributable to the board to the end of May were \$377,456.

In giving those figures, can I make a couple of points. The board does not only work when it is meeting. The board members are regularly contacted by the chairman and the CE for various reasons. The board approves each of the investment applications that are taken forward, and there is quite a lot of work done by the board on strategy and planning.

The day-to-day arrangement and relationship that is critical to the operation of the board is between the chief executive and me. The board is not there to manage the day-to-day affairs of the agency but, rather, to provide us with strategic advice and connections as to where we should be going and looking for future investment, and where the state should be heading in its investment attraction strategy. So we get good value out of this very high-quality group of people that we have put together.

Mr WHETSTONE: My last question is on trade figures. In relation to growing the value and volume of South Australia's exports, the Budget Statement at page 103 refers to the volume of South Australia's goods and services exports being 1.6 per cent higher in the year to March 2017 compared with the year to March 2016, and the goods and services values were 2.7 per cent lower over the same period. Minister, do you agree with those stats?

The Hon. M.L.J. HAMILTON-SMITH: Can you repeat where you have drawn these stats from?

Mr WHETSTONE: I refer to Budget Paper 4, Volume 4, under targets. In relation to growing the value and volume of South Australia's exports, the Budget Statement at page 103 refers to the volume of SA's goods and services exports being 1.6 per cent higher in the year to March 2017 compared to the year to March 2016, and the goods and services values were 2.7 per cent lower over the same period. I am asking if you agree with those statistics—that is half the question.

The Hon. M.L.J. HAMILTON-SMITH: I will need to look at the exact budget references that you have made, and I can come back to you with a considered response, but I will offer this. In regard to exporter numbers, the most recent ABS figures are for 2015-16, which show that South Australia has 202 more exporters than in the previous 12 months, an increase of 8.6 per cent. This is the highest percentage increase in exporter numbers in any state jurisdiction, by the way. More recent figures from the state's TradeStart program show that, during the period from 1 July 2016 to 31 May, 80 new clients of TradeStart were signed up.

In regard to the actual figures you have mentioned, the value of total exports, goods and services in chain volume terms was \$15.117 billion—a record total. In the 12 months to March 2017, chain volume measures the quantity of exports in constant price terms, smoothing out the impacts of exchange rates and commodity price swings beyond the control of the state government and South Australian exporters, and it is the only figure that the ABS encourage people to use that is reliable. So, it is quite a significant increase. I could go through it category by category and provide some detail of the increases in each measure.

There has been a strong recent performance in a number of highly valued exports. Services, for example, are up 11 per cent in 2016. I think we led the nation. The national average was 9 per cent. Wine is up 9 per cent, seafood is up 6 per cent, and fruit and vegetables are up 36 per cent. In the 12 months to April 2017, these are the sectors on which government assistance programs are focused.

Also important, of course, are copper, lead and commodities, but we have a lessened ability to influence those larger commodity exports that dominate our figures. We have to work where we can make a difference. I will get the agency to look at the question specifically and come back with further information. In regard to an earlier question—

The CHAIR: No, we are five minutes into the break already. Your answers are very full. There being no further time for questions, I declare the examination of the Minister for Investment and Trade completed.

Sitting suspended from 15:05 to 15:16.

Membership:

Mr Wingard substituted for Mr Tarzia.

Departmental Advisers:

Mr M. Duffy, Chief Executive, Department of State Development.

Mr J. Chapman, Small Business Commissioner, Department of State Development.

Mr I. Nightingale, Industry Participation Advocate, Office of the Industry Advocate, Department of State Development.

Mr A. Reid, Executive Director, Industry, Innovation, Science and Small Business, Department of State Development.

Mr R. Janssan, Executive Director, Strategy and Business Services, Department of State Development.

Ms P. Chau, Director, Finance, Department of State Development.

Mr P. Goiak, Director, Industry Development, Department of State Development.

The CHAIR: I remind everyone that the lines for the Department of State Development and administered items for the Department of State Development remain open. Do you want to go straight to questions?

The Hon. M.L.J. HAMILTON-SMITH: Yes.

Mr WINGARD: Chair, can I ask that you let me know when there are two minutes to go so I can get the good member for Kavel to do the omnibus?

The CHAIR: No problem.

Mr WINGARD: I refer to Budget Paper 4, Volume 4, page 86. Of the Small Business Development Fund of \$3.3 million, how much was spent in 2016-17, how much is planned to be spent in 2017-18, how much is planned to be spent in the forward estimates years and when does the program end?

The Hon. M.L.J. HAMILTON-SMITH: Before I answer that question, can I introduce my new advisers: Mr Duffy, the CE of the Department of State Development; Mr John Chapman, the Small Business Commissioner; Mr Adam Reid, who heads up the small business function within the Department of State Development. Behind me I have Mr Ian Nightingale, the Industry Participation Advocate; Ms Phuong Chau, Director, Finance, who is the most important person in the room; Rick Janssan, who is the Executive Director, Strategy and Business Services; and Paul Goiak, Director, Industry Development.

The government announced the establishment of the Small Business Development Fund as a \$10.5 million initiative to assist small businesses in northern Adelaide to grow and create jobs. The fund targeted the small business and start-up end of business in Playford, Port Adelaide Enfield and Salisbury councils and will offer two competitive grant programs over the three years from 1 July 2016.

Start Up Business Grant Program grants are up to \$20,000 for new businesses and Business Expansion Grant Program grants are between \$10,000 and \$100,000 to support existing businesses to expand and create jobs. Six assessment rounds have been held to 31 May 2017 and 42 start-up grants, totalling \$705,000, and 50 expansion grants, totalling \$3.348 million, have been approved. The total grant funding approved through the fund to 31 May 2017 is \$4.05 million for 92 small businesses, which are expected to create over 300 FTE positions. Are you happy with that?

Mr WINGARD: I will break it down, if I can. Just to rephrase the question, what is the breakdown on Start Up Business Grants, from the start-up component: how much last year, how

much next year and how much for the forward estimates and when does it end? Likewise for the Business Expansion Grants: how much last year, how much this year and how much going forward until it ends, please?

The Hon. M.L.J. HAMILTON-SMITH: I might have mentioned that 42 start-up grants, totalling \$705,000, and 50 expansion grants, totalling \$3.348 million, have been approved.

Mr WINGARD: That was last year?

The Hon. M.L.J. HAMILTON-SMITH: The budget for next year is \$5.8 million in 2017-18 and \$1.4 million in 2018-19. We will obviously have to look at the applications to determine the breakup when they come in.

Mr WINGARD: So it ends at the end of 2018-19? There is no more funding for this program beyond 2018-19?

The Hon. M.L.J. HAMILTON-SMITH: That is the plan, yes. It will be reviewed, obviously, as part of the normal budget process and I will have to decide whether I am going to rebid for that program or whether there is some other initiative at the time that is considered to be more important. That is a call we will make later.

Mr WINGARD: On that same page, you mentioned the Innovyz program. Again, can I ask the same question: how much funding went towards that program from the state government for 2016-17, how much is planned for 2017-18 and for the forward estimates? Is that a program also that ends in 2018-19 or at a later date?

The Hon. M.L.J. HAMILTON-SMITH: Can I ask the member for the budget line again?

Mr WINGARD: Under 6.1 on page 86, opportunities for small business, net cost of sub-program. In 2016-17, it was \$7.4 million and in 2017-18, it was \$9.7 million. The Innovyz program is part of that funding. I am just looking for the breakdown of where that fits in that funding line for the 2016-17 year, the 2017-18 year and then for the years in forward estimates.

The Hon. M.L.J. HAMILTON-SMITH: That is on page 86?

Mr WINGARD: Yes.

The Hon. M.L.J. HAMILTON-SMITH: Which dot point is that?

Mr WINGARD: Sub-program 6.1: Opportunities for small business. This is the total funding for the small business operation.

The Hon. M.L.J. HAMILTON-SMITH: The reason I mention that is that I do not think the Innovyz funding is in sub-program 6.1. I think you will find it is with a funding program managed by minister Maher. I am not responsible for managing that program.

Mr WINGARD: So it sits on the small business website as a grant application, but it goes under innovation, or whatever it might be.

The Hon. M.L.J. HAMILTON-SMITH: There is a bit of crossover between the innovation—

Mr WINGARD: That is a crossover one. I understand, thank you. I will follow that through with him. I am told that UniSA's Business Growth Centre now comes under sub-program 6.1. Again, how much was spent on it in 2016-17, how much in 2017-18 and then how far into the forward estimates and when does it end? It is the last dot point on that same page, page 86.

The Hon. M.L.J. HAMILTON-SMITH: Sorry to give you a similar answer, but it does again come under minister Maher's area. However, I have the information here so I am sure you will not mind me passing it on.

Mr WINGARD: Thank you.

The Hon. M.L.J. HAMILTON-SMITH: The South Australian government committed \$4.186 million over four years in 2019 to the University of SA's Centre for Business Growth. That is broken up as follows: \$698,000 in 2015-16, \$1.395 million in 2016-17, \$1.395 million again in 2017-18, and \$698,000 in 2018-19.

Mr WINGARD: Does it end then?

The Hon. M.L.J. HAMILTON-SMITH: The final year is 2018-19. Again, what tends to happen is not so much that they end but that these programs are announced for a period within the budget purview and then they are reconsidered in subsequent budgets and extended on. It is not usual to go much beyond three years or so with any program.

Mr WINGARD: Can I ask for clarification. I may be reading this wrong but, in regard to the 2016-17 estimated result, page 86 states:

additional expenditure in 2016-17 in line with the forward strategy for support to the University of South Australia (UniSA) Centre for Business Growth (\$0.6 million)

Can you explain why that is not in small business?

The Hon. M.L.J. HAMILTON-SMITH: Poor Mr Reid on my right has to deal with more than one minister, including minister Maher and the Treasurer.

Mr WINGARD: Does he have a favourite?

The Hon. M.L.J. HAMILTON-SMITH: It is whichever one he is with at the time. At the moment, I am his favourite. You are quite right; it is listed there because the same team of people in the small business unit manage it but, believe it or not, the actual reporting line for that particular matter is to minister Maher rather than to me.

Mr WINGARD: Thank you for explaining that confusion because minister Maher was far less cordial when we had problems dealing with that yesterday. I appreciate that. If we can move on to page 87, you have already mentioned the 300 jobs in the first dot point under small business opportunities. There were 300 new jobs in the first year of the Small Business Development Fund. Can you tell me how many of those are full-time jobs, how many are in place now and how many are waiting to be taken up?

The Hon. M.L.J. HAMILTON-SMITH: I am advised that the figure the department is working to in regard to measuring results from the grant funding it has approved up to 31 May 2017, which is \$4.05 million for 92 businesses, is 300 full-time equivalents. The end of the first year of reporting on this is 1 August, which is today. That is the line. There will be reassessment and contact with each of those people. That will lead us to a breakdown of how many of those are full-time or part-time. I am happy to receive that question again in a few weeks' time when we have done that work.

Mr WINGARD: Would you be willing to take that on notice and bring back to the committee a breakdown of full-time and part-time?

The Hon. M.L.J. HAMILTON-SMITH: Yes, sure.

Mr WINGARD: Also, how many of those 300 have been committed to? Speaking to minister Maher yesterday, there were often jobs figures, but some of them were promised into the future as opposed to being—

The Hon. M.L.J. HAMILTON-SMITH: Yes, no worries. I will ask the agency and we will reply to that.

Mr WINGARD: The fourth dot point states:

Supported 56 small businesses to become export ready by participating in workshop training programs in metropolitan and regional South Australia.

How many of those 56 small businesses that are export ready have actually exported goods out of South Australia?

The Hon. M.L.J. HAMILTON-SMITH: Again, I will have to take that on notice. The reason is that that particular part of the program is managed by the same department but a different agency within it, which we had on just before afternoon tea—the trade agency which has supported those 56 businesses to become export ready by participating in workshop training. I suspect it is TradeStart. I will take that question on notice to make sure that I give you an accurate answer after Mr Reid has consulted with the other agency.

There is a bit of overlap. What happens is that, although we have a small business agency within the Department of State Development, almost every other part of the Department of State Development also deals with small business. For example, Mines and Energy are dealing with them, and trade and engagement are dealing with small business. Everyone is dealing with small business.

Small business is a centre point, but it does not manage all the budget lines and activities that the government is undertaking for small business. In fact, you will notice from the budget paper that one change I made in the last 12 months was to bring the work of the Small Business Commissioner, the Industry Advocate and the Department of State Development into the one section of the budget so there could be better visibility. Previously, they were all in different parts of the budget. I have been able to do that, but there are other parts of it that cannot all be compressed into the one area.

Mr WINGARD: With the greatest respect, minister, you have done it as best you can, but there are still some glitches in the system, as we are pointing out. For clarification, the fourth dot point really has nothing to do with the Small Business Commissioner and/or minister in that sense: it is more to do with the Department of Trade.

The Hon. M.L.J. HAMILTON-SMITH: It is broadly so, that all the agencies that we are dealing with are dealing with companies that export. I am sure that from time to time the Industry Advocate, the Small Business Commissioner, and Mr Reid, and Mr Strangis, who was here earlier, are all dealing with people who export. Most of that work is being done by international trade and engagement. For example, some of the grants given out through the fund that Mr Reid is managing will be to companies that are exporting, so there is overlap. Small business touches almost every area of government—even in Health and Education there are myriads of small businesses.

The Department of State Development runs a small business workshop program. The total expenditure for 2016-17 was expected to be \$67,000, net cost revenue. On the delivery of small business workshops in 2016-17 across South Australia on key topics—such as business planning, digital business, cashflow marketing and staffing—39 workshops were held, and 79 per cent of the workshops were held in regional SA. Attendee feedback was positive and most would recommend the workshops to others.

Mr WINGARD: What is the average number of attendees at those workshops?

The Hon. M.L.J. HAMILTON-SMITH: I am advised, on average about 12. A lot of them are in regional South Australia. We run a series of workshops, not just these. I have attended a range of events with the Industry Advocate and the Small Business Commissioner. They are running services for small business in various areas.

Ms DIGANCE: I have a question about the sessions you run. In the regions, how do people access those workshops, particularly those held by the Office of the Small Business Commissioner? What is expected in the regions and how do they adequately assess that adequately? I refer to Budget Paper 4, Volume 4, page 87, Office of the Small Business Commissioner. It runs into workshop training, which you were talking about. It is the last dot point, Opportunities for Small Business.

The Hon. M.L.J. HAMILTON-SMITH: The Small Business Commissioner has undertaken a number of regional visits in 2016-17 as part of the office's program of events in conjunction with other agencies and associations. The office travelled to Port Lincoln, Whyalla, Port Pirie, Victor Harbor, Murray Bridge, Mount Barker and Mount Gambier to present their BizLink seminars. The office also presented various events in other regional locations and called in at Gawler and McLaren Vale.

The commissioner travelled to Whyalla nine times to engage with the small business community on a number of matters. The commissioner also travelled to Wallaroo, Port Pirie, Port Augusta, Kangaroo Island, Strathalbyn, Mount Gambier and Cleve—have you been in Adelaide at all?—with the Minister for Regional Development in company for the Regions in Focus roadshows. What a good government for the regions this is! I am just reading this and I am incredibly impressed.

The office of the Small Business Commissioner has partnered with Business SA to support its Regional Voice program. This involves the Small Business Commissioner and Business SA CEO,

Nigel McBride, meeting with local business owners in Whyalla, Port Pirie, Victor Harbor, Barossa, Wallaroo and Port Lincoln. This program will continue through the next financial year. The office also continues to support the Meet the Buyer events, facilitated by the Office of the Industry Advocate—another well-known country traveller—held in the CBD and in regional areas, and they are fantastic events.

The Small Business Commissioner has also attended community cabinet meetings in Coober Pedy, the South-East, Port Pirie, Victor Harbor and Kangaroo Island. The Small Business Commissioner also attends events in Hahndorf and Mount Lofty, and I have been to a couple of those. The Small Business Commissioner advises me that he did not go to Coober Pedy. I am putting that on his list for the second half of the year, and I will expect to know why if he has not been before Christmas. The Small Business Commissioner, the Industry Advocate and, I know, DSD are very active in the regions.

Mr WINGARD: On the back of that, and I know I asked for the average before, do you have the total of people who attended those BizLink seminars in the regions?

The Hon. M.L.J. HAMILTON-SMITH: I am advised by the Small Business Commissioner that around 630 people have attended various meetings and information sessions that he has held. BizLink sessions were attended by 15 in Port Lincoln, 15 in Whyalla, 10 in Port Pirie, 47 in Mount Gambier and so it goes on; it is variable.

Mr WINGARD: If you would not mind, could you put those together and report back to the committee.

The Hon. M.L.J. HAMILTON-SMITH: Yes. While I am on that one, can I mention the work of the Industry Advocate and the Connecting with Business Program. July's event alone attracted 370 attendees, and then there are the five Meet the Buyer events. These are particularly innovative because one of the problems we have had is how subcontractors get access to government work, how they get to the decision-makers—whether it is a road project, a sewage plant or some other works—so the Meet the Buyer events are incredibly impressive. There were five between July 2016 and May 2017, including two events specifically for northern Adelaide, with a total attendance number of 1,286.

In 2017-18, the projection is conservatively set at 1,000, as the coordinator for the Meet the Buyer events was to be on maternity leave. Because it is such a small team, the Office of the Industry Advocate decided to cut back the events planned in 2017-18. Thanks to the marketing, communications and stakeholder engagement group of DSD, we are going to step this up with further Meet the Buyer events in 2017-18. That means that five events will be run in 2017-18, including in July, September and November 2017, with events also planned for February and April 2018 where we expect 1,300 attendees. The Meet the Buyer events are particularly well attended.

Ms DIGANCE: It sounds like there has been a lot of travelling to the country, a lot of engagement with various groups, face-to-face meetings and workshops. I imagine the Office of the Small Business Commissioner has many modes of communication. Can you tell us how social media is used to engage with the small business community? I imagine that it is one of the many modes you might use.

Mr WINGARD: Which line?

Ms DIGANCE: Budget Paper 4, Volume 4, page 87.

The Hon. M.L.J. HAMILTON-SMITH: Which line?

Ms DIGANCE: It relates to the opportunities for small business.

The CHAIR: 'Implement webinar and video facilities to allow greater access to information—

Mr WINGARD: We were just talking about the industry commissioner.

The Hon. M.L.J. HAMILTON-SMITH: I am happy to go ahead and answer it.

Ms DIGANCE: Thank you.

The Hon. M.L.J. HAMILTON-SMITH: The Office of the Small Business Commissioner continues to connect with small business through the monthly e-newsletter. A message from the minister is included in the e-newsletter. The Small Business Commissioner has been successfully utilising Facebook to increase the profile. I am told that likes on its Facebook page have more than doubled since this time last year; it is now at 1,195. The OSBC has been using Facebook marketing campaigns to reach a greater community to engage with more people. The commissioner has developed a LinkedIn profile and is working on increasing that audience. Updates have been made to the OSBC website to make it more user-friendly and mobile.

The OSBC has expanded its range of publications and reference documents available at the shopfront. Through engagement with local, state and federal government departments that provide small business services, the office has sourced many useful resources for the public to access. During the year, the OSBC continued to review and update their key publications, including the *Retail and Commercial Leasing Guide*, the *We Are Here to Help Small Business* A4 brochure and various other things.

Print media presence continues in the *Business Journal* and the *Stock Journal*. The commissioner spoke on radio a number of times. The commissioner has also sponsored a number of publications, including the *Hair and Beauty SA* magazine (I will not be needing that one, commissioner), the *Mawson Lakes Living* magazine and the Polaris Centre's *Connector*. A number of associations have supported the OSBC through articles and delivery. Essentially, they are pretty active in both social media and print media.

Mr WINGARD: You mentioned before that the Industry Advocate was involved with Meet the Buyer. Can I just confirm that you said there was an increasing number of those Meet the Buyer events?

The Hon. M.L.J. HAMILTON-SMITH: Yes.

Mr WINGARD: Given that, in Budget Paper 4, Volume 4, page 90, activity indicators, Meet the Buyer events, the projection for 2016-17 was 1,800 Meet the Buyer events, the estimated result was only 1,286 and the projection for 2017-18 is only 1,000. The projection for next financial year is less than the estimated result last year, which was less than the projection for 2016-17. Can you explain that number? It is on page 90, activity indicators, number 1.

The Hon. M.L.J. HAMILTON-SMITH: I am advised that, at the time that 1,800 people were attending the Meet the Buyer events in 2016-17, the agency decided it would run a second series of events separately to that, called Supplying to Government Workshops. They were specific to an interest group that was attending Meet the Buyer events and went into a bit more detail.

In effect, while it is correct that the number attending the Meet the Buyer events has decreased during 2016-17 to an estimated result of around 1,300, and we have put 1,000 in there for next year to be conservative, the Industry Advocate advises me that he is actually expecting 1,300. In addition to that, there will be this further run of events. Sixteen Supplying to Government Workshops were held in 2016 and June 2017, with a total attendance of 243. That will continue in the next year, so there is a separate series of events that, if you like, give people a chance to dig down into more detail.

Mr WINGARD: Thank you for that, minister, but I will seek further clarification because those figures are outlined here and, again the projection for Meet the Buyer and Supplying the Government is 1,800 and 180, so that makes it nearly 2,000. In fact, 1,980 was the projection and the estimate was over 1,500. Going forward, next year the estimated projection, when you add the two together, is only 1,250, so again it is a decrease in output of those two workshops that you talk about.

The Hon. M.L.J. HAMILTON-SMITH: Yes, okay, fair enough. I will ask the Industry Advocate to consider that question carefully and come back to you on notice.

Mr WINGARD: Can I also get the budgeted costs for running those two projects, both the Meet the Buyer and the Supplying to Government workshops, that is, the cost of running those as it was projected in 2016-17 and then the cost that has been allocated to running those projects in 2017-18. I presume that, with the drop, there will be a drop in charges or costs for those two programs.

The Hon. M.L.J. HAMILTON-SMITH: Thank you for that. I will ask him to include that information in the answer.

Mr WINGARD: Whilst we are on the Industry Advocate, can we go to Budget Paper 4, Volume 4, page 89. The second dot point under targets for 2017-18 states:

Assist local businesses to win tenders through the connecting with business program, meet the buyer events, and supplying to government workshops.

We have just been discussing that. Does this require the Industry Advocate to travel overseas?

The Hon. M.L.J. HAMILTON-SMITH: I have required the Industry Advocate to travel overseas and I will explain why. First of all, there are activity indicators for industry participation through which we measure the Industry Advocate's performance. In 2016-17, the public projects and participation division reviewed 105 acquisition plans and provided agency staff with advice on the appropriate application of the South Australian Industry Participation Policy. This represents an 81 per cent increase in 2015-16 activity. For the same period, the division assessed a total of 640 industry participation plans and tenders.

I talked about the Meet the Buyer events. Over a period of time, we have gone up from around 50 to 60 per cent to around 85 to 90 per cent, the amount of government work that is going to local South Australian companies instead of interstate companies. I remember going to the Northern Expressway once and noting, at the direction of the civil contractors, that four out of every five items of plant had an interstate licence plate on it. That has changed.

As a consequence of that success in South Australia, which has been the subject of considerable interest in other states, they are trying to find out how it is that we have managed to lift the number of jobs and the amount of activity that is going to local contractors without transgressing any constitutional constraints. For example, over the last three years the average value of South Australian goods and services awarded to suppliers with a predominant workforce within the state has grown from 65 per cent to almost 80 per cent.

On the average reported levels of procurement spending, this income raises the economic contribution to the state by over \$230 million. In major infrastructure projects awarded in 2016-17, subcontracting of \$480 million out of \$528 million was to South Australian-based businesses. As an example, the Northern Connector has more than \$350 million in subcontracting benefits to the state economy, which is over 90 per cent of the costs of the subcontracted work.

Other states are looking at us and saying, 'How have you managed to do that? We want to copy that.' I am also saying to the Industry Advocate, 'Now that we have it working in South Australia so well, can you help our companies to get that access to interstate contracts? So Melbourne, Sydney, Perth. How can we get into their contracts, because their systems are similar?' I have tasked the Industry Advocate to do that.

I then said, 'What about international contracts?' My focus is particularly on the Asian Development Bank, based in the Philippines, and the World Bank. These two banks administer tens of billions of dollars worth of aid work in the region, and South Australian companies are up there doing work in the Third World. For example, I just visited a South Australian company in Myanmar on Sunday morning that has built a 30-megawatt diesel electric power plant in Myanmar as a result of a Myanmar-government contract partly funded by the World Bank. They are employing dozens of South Australians, and they have constructed over \$2.5 million worth of infrastructure here in Adelaide using South Australians, largely from the South-East, and exported it up to Myanmar. This is good business.

I asked the Industry Advocate to go to the Philippines to meet with the East Asia Bank to better understand their tender system and their supply chain. We also hosted a seminar here in Adelaide for the Asian Development Bank, attended by a lot of businesses, where they briefed local businesses on how they do things. I also asked him to connect with the World Bank. So to finish the Philippines, I understand that we have had one trip by the Industry Advocate to the Philippines and I can get back to you with the cost of that.

Mr WINGARD: Is there more than one trip? How many in total?

The Hon. M.L.J. HAMILTON-SMITH: I sent the advocate to the Philippines to attend the 2017 Australian Consulting Services Mission to the Asian Development Bank, an opportunities fair to investigate opportunities with potential World Bank and Asian Development Bank projects. However, I am advised that the cost of that was only \$275, and I am wondering if he paddled a canoe. Anyway, I will get back to the member about the cost of that trip.

There was a second trip. I asked the Industry Advocate to talk to the World Bank to investigate SA-based companies' opportunities to have interaction with that bank in some of its work. There was an event held in Sri Lanka with the World Bank, and I understand that the World Bank paid for that. The costs of that were covered by the bank and they moved Mr Nightingale to Colombo and back.

I will get back with the cost of the Philippines trip, but I think that having had this level of success at the state level we now need to help South Australian companies get a slice of the action in other states and overseas. That segues into the international exports and trade agenda, because we have to diversify the amount of goods and services we are selling overseas, and getting into these two banks' extensive programs is a start.

Mr WINGARD: I appreciate that. So just the two trips is what you are reporting? Thank you. Just to clarify it, on page 88 of the same budget paper and the same volume, the description objective states:

The Office of the Industry Advocate investigates, monitors and ensures compliance with the South Australian Industry Participation Policy (IPP), investigates complaints about industry participation in government contracts, oversees supplier commitments in industry participation plans and assists small to medium enterprises (SMEs) to participate in government procurement processes.

Is the description of the objective being changed to incorporate this overseas commitment you are talking about?

The Hon. M.L.J. HAMILTON-SMITH: We have an Industry Advocate Bill before the parliament at the moment. I will not go into the details of that because it is before the house, but one of the objects in bringing that bill forward is to refocus the efforts of the Office of the Industry Advocate, including a focus on interstate and overseas industry participation opportunities for South Australian business. It is a focus of mine, and I would hope that next year's budget might give it some more attention because I think we can create a lot of jobs in enterprise not only by giving South Australian companies a crack at our own contracts but by better understanding interstate and overseas tendering opportunities as well so that they get into as much of this work as they can.

Mr WINGARD: On page 89 then, does this push into the trade area explain the growth in FTEs in the Office of the Industry Advocate? We see that the actual number for 2015-16 was 11, and the estimated result for 2016-17 is 15, so there are four more FTEs and quite a significant jump in the expenses for the running of the Office of the Industry Advocate. The estimated result is \$2.8 million for 2016-17, and the actual result was \$1.8 million for 2015-16.

The Hon. M.L.J. HAMILTON-SMITH: I am advised that the Industry Advocate has been given resources for two additional FTEs commencing in 2016-17, whose task is procurement category managers. They are positions within the Office of the Industry Advocate to assist with understanding South Australian business capabilities in line with government procurement processes. There has also been an additional FTE for communications and marketing staff for the steelmaking support program. I am advised there is no FTE linked to international engagement, but rather he is using the existing resources, if you like, to look at that extension.

Mr WINGARD: Looking through the performance indicators, I am just trying to clarify what the focus of the Industry Advocate is. Two more FTEs have come on, as you have said, to look after procurement, which I thought was the prime objective of the Industry Advocate, from the description I read, yet we are hearing about trade missions to Sri Lanka and Malaysia. There is also the policing of businesses, so could you give us a breakdown of what the role is, given the performance indicators do not point to this trade mission process that you are describing?

The Hon. M.L.J. HAMILTON-SMITH: I did not say that the Industry Advocate was running trade missions. A trade mission is something quite different from researching and better

understanding the tendering processes used by the Asian Development Bank and the World Bank. The Industry Advocate is not involved in trade missions. He does not normally attend trade missions, but what the Industry Advocate can do is give advice to companies about how to get business out of government or, in the case of the World Bank and Asian Development Bank, international governments' tendering processes. So he regularly provides advice to trade and international engagement, and other parts of DSD.

I have asked him to provide advice and work with Defence SA as well on the issue of industry participation. For example, we have focused a lot in the past on winning government contracts in defence, but I think we have overlooked the day-to-day bread and butter of supporting defence. Can local companies in Whyalla support defence activities in Whyalla, for example? We are looking more and more at that. It is a matter of using his skills to better inform other parts of government and then business in how to get into this other government work.

For example, most of our trade occurs with other states; some of it occurs overseas. I am trying to replicate the success of better access to state government contracts by giving South Australian companies information they can use to better access interstate and overseas contracts where appropriate. The knowledge that the Industry Advocate has acquired about how tendering and government processes work has been instructive in that regard.

Mr WINGARD: Given the expansion of the requirements of the Office of the Industry Advocate and the Industry Advocate himself, how large do you anticipate this office is going to get?

The Hon. M.L.J. HAMILTON-SMITH: I do not think there are any plans to expand any further than has been achieved so far. The Industry Advocate Bill will raise a couple of issues, but I do not think there is any projection for additional FTEs. If I did a dollar cost valuation on the performance of the Industry Advocate in terms of delivering jobs and investment outcomes in South Australia, it would look pretty favourable, but there are no plans, as I understand it, to move beyond the current staffing level at this point.

Mr WINGARD: Looking at the performance indicators on page 90, it talks about registration of South Australian businesses on South Australia's online register of Aboriginal business, Aboriginal Business Connect. Does the Industry Advocate have any plans to create registers for other groups, or are there any other registers for other groups?

The Hon. M.L.J. HAMILTON-SMITH: The Office of the Industry Advocate assumed responsibility for the Aboriginal Economic Participation Initiative in April 2016 and the funding of this program was used to appoint two industry participation consultants, as I have just mentioned, for Aboriginal businesses. From April 2017, one Industry Advocate consultant continued in this role to further develop the capacity and capability of Aboriginal businesses to quote and tender for state government procurement.

As at 1 July 2017, there were 68 Aboriginal-owned businesses capable of providing goods and services to state government agencies that are actively account managed by the office. This will increase with further outreach into the regions by the state of the office in 2017-18. Thirty-six businesses have been referred for assistance to other state or federally-funded government programs. These programs provide business development advice on SME funding opportunities, workforce development, assistance through Jobs First Employment Projects, and tender writing and procurement ready skills through tailored workshops.

The South Australian government's online portal, Aboriginal Business Connect, and Supply Nation's Indigenous Business Direct will continue to provide an online platform to promote South Australian Aboriginal-owned businesses. I think we are fulsomely engaged in that particular area. I think you asked whether there are any further outreaches.

Mr WINGARD: Whether there are any other registered groups or whether it is planned that there be any other registered groups.

The Hon. M.L.J. HAMILTON-SMITH: Other than Aboriginal groups?

Mr WINGARD: Yes.

The Hon. M.L.J. HAMILTON-SMITH: Apart from some additional outreach to Aboriginal businesses, I am advised that there is no other specific targeted outreach to particular community groups.

Mr WINGARD: Can we go back to the Small Business Commissioner on page 88 again, activity indicators and the number of firms supported to build business capacity. Given that the estimated result for the number of firms provided with base-level business information resources was 14,373 and the projection for next year is just 14,000, down on the estimated result, and the number of firms supported to build business capacity is 1,252 and the projection for next year comes down to 1,200, is the minister confident that they can deliver those same services on the projection figure that was forecast for 2016-17, or will more funds be needed?

The Hon. M.L.J. HAMILTON-SMITH: This area actually is managed through Mr Reid. I am advised that he is quite confident that the projection of 14,000 for the number of firms provided with base-level business information resources will be achieved. The Department of State Development will support the provision of base-level services to those 14,000 in 2017-18 through services such as the Small Business Contact Service, the Australian Businesses Licensing Information Service (ABLIS) and the department's online and printed resources.

Mr WINGARD: Just looking at those activity statements, I understand that Mr Reid looks after the opportunities for small business with business information and building business capability and the Small Business Commissioner looks after—the projection is 1,344 inquiries under the Small Business Commissioner Act, 1,300 under the Retail and Commercial Leases Act, an anticipated 80 under the security of payments act and then 728 under other jurisdictions. Those numbers are significantly different from the stuff Mr Reid was talking about and the stuff the Small Business Commissioner does. I just want to get clarification. Is the focus of the Small Business Commissioner more on handling complaints or growing business opportunities?

The Hon. M.L.J. HAMILTON-SMITH: I might ask the Small Business Commissioner to tell you what he does in general terms so that there is clarity on that.

Mr CHAPMAN: Thank you, minister. In terms of our office, the inquiries for the Small Business Commissioner Act, the Retail and Commercial Leases Act and the security of payment act in the other jurisdictions are direct contacts that are made with us by small businesses, and that can cover a very large range of areas in terms of the small business. As you can see, about half of our work does relate to the Retail and Commercial Leases Act in terms of inquiries, and that can be anything from a bond issue through to calculations about going through to clarification of lease clauses, for example.

As I mentioned, the inquiries that we get from a business are usually very specific. We record those on our salesforce system. Generally, out of that a number then gravitate to formal cases which we can open and start the discussions with the other parties involved, be it another business, local government or indeed state government.

Mr WINGARD: Given the jump in FTEs under this sub-program—8, 9, and 12 estimated result—do you see any reason for the FTE numbers in this sub-program to rise in the future? This is page 86, and I presume they are the FTEs for the Office of the Small Business Commissioner.

The Hon. M.L.J. HAMILTON-SMITH: I will just get some clarity on these figures. Those FTE numbers belong to DSD, not to the advocate or the Small Business Commissioner.

Mr WINGARD: Do the advocate's numbers, or the Small Business Commissioner's FTE numbers get reported in a budget line somewhere?

The Hon. M.L.J. HAMILTON-SMITH: The advocate's figures are reported on page 89. The table at the top is where his figures are listed. The Small Business Commissioner's figures are on page 119 in the table on the top half of the page.

Mr WINGARD: You have no reason to think that they will increase. I have a question that potentially you could take on notice. I know that we went through this a little before and I got sidetracked when the member for Elder jumped in with a very good question. We talked about the grants and programs that run under sub-program 6.1 and sub-program 6.2, and I asked about a

couple I know about. Can you come back with details of the funding of any grant programs that run under Program 6: Growing Small Businesses for last year, for this financial year and for the forward estimates and when and if they end, as we discussed for a couple of them? I will not get you to list them all now.

The Hon. M.L.J. HAMILTON-SMITH: Can you clarify exactly what information you are seeking? The total number of grant programs, how much money is allocated—

Mr WINGARD: Last year, this year and going forward in the forward estimates and if and when they end.

The Hon. M.L.J. HAMILTON-SMITH: Do you want to know who has received the grants for the year past?

Mr WINGARD: It would be great if you could do that, too.

The Hon. M.L.J. HAMILTON-SMITH: I am more than happy to provide that. By the way, while we are at it, if you would like to write to me or contact my office to make a briefing available from any of these offices to you or to a group from the opposition who might want to seek a briefing on what the agencies do—

Mr WINGARD: Thank you. I have chatted with the Small Business Commissioner a number of times and I appreciate his help and assistance. Just before the good member for Kavel reads the omnibus questions, I have a question regarding the Small Business Development Fund in northern Adelaide that we talked about and the number of staff involved. Are any of the people working on the small business development project based out of the northern suburbs?

The Hon. M.L.J. HAMILTON-SMITH: I am advised that we have only one person managing the fund from the CBD and that they work through the business development managers in each of the councils involved. I know that the seminars and workshops promoting the grant funding—I have attended a few—are held out in the north.

Before we go into the omnibus questions, I want to clarify on the record something that was stated in the last session just to make sure that the record is clear. I was asked whether local government paid to come on overseas trade missions. I thought that was not the case, but I am advised that they have been charged \$200 per council and that they have made a payment. So we have charged the councils, and I just wanted to clarify the record.

Mr GOLDSWORTHY: 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.

The CHAIR: There being no further time for questions, I declare the examination of the proposed payments completed.

Sitting suspended from 16:16 to 16:30.

DEFENCE SA, \$18,478,000

Membership:

Mr Duluk substituted for Mr Whetstone.

Mr Marshall substituted for Mr Goldsworthy.

Mr van Holst Pellekaan substituted for Mr Wingard.

Minister:

Hon. M.L.J. Hamilton-Smith, Minister for Investment and Trade, Minister for Small Business, Minister for Defence Industries, Minister for Veterans' Affairs.

Departmental Advisers:

Mr A. Keough, Chief Executive, Defence SA.

Mr R. Barnett, Executive Director, Corporate Services, Defence SA.

Ms J. Barbaro, Executive Director, Strategy, Skills and Intergovernmental Relations, Defence SA.

Mr K. Naughton, Chief of Staff.

The CHAIR: We are back at committee A. We are now opening the portfolio of Defence SA. The minister appearing is the Minister for Defence Industries. I declare the proposed payments open for examination and refer members to the portfolio statements in Volume 1. I call on the minister to make a statement, if he wishes, and to introduce his advisers.

The Hon. M.L.J. HAMILTON-SMITH: Firstly, can I introduce the staff who are with me at the desk: the Chief Executive of Defence SA, Mr Andy Keough, is on my left; on his left is Mr Rob Barnett, the Executive Director of Corporate Services; and on my right is my Chief of Staff, Kevin Naughton, and Ms Julie Barbaro, Executive Director, Strategy, Skills and Intergovernmental Relations, Defence SA.

I would like to make some opening remarks because it has been a very big year in Defence, with a number of very, very significant developments. Principal among them has been the down-selection of the Naval Group, formerly DCNS, to build the submarines, and the victory over the risk of them being built in Japan, which was a very serious concern. Another significant development has been the winning of at least two offshore patrol vessels—we might hope for more—out of the OPV program to cover the valley of death and the wind-down in work there as AWD comes to a close.

The third development has been the handover of the first of the OWDs, the air warfare destroyers, to the Navy. I think the second one is in the water and the third one is taking shape on the shipyard. There is the narrowing down to three designers of the frigate, with a decision due in early 2018 on the preferred designer.

The other big development, which is a big success for the state government, has been the decision by the commonwealth to purchase Techport from the state government for a significant sum. Why that is good is that we have not only won the work but we have also managed to recoup for the state the infrastructure expense down there that can now be put back into hospitals, schools and various other purposes.

It has been a very big year indeed, but unfortunately it is not all good news. Unfortunately, I am losing my CEO. It will be a big loss, but Mr Keough has been made an offer he cannot refuse out in the industry sector. That is the problem: when you hire good people, everybody else wants them. Andrew Fletcher went off to run Rheinmetall. Mr Jackman was offered and drawn away to an important government role, and now Saab is going to get Mr Keough. He will be missed because he was a submariner and I was Special Forces, and the rest of our respective services would not talk to us as a general rule because they regarded us as being a bit odd.

I want to take this opportunity to thank Mr Keough for the outstanding job that he has done over almost two years, running the show at Defence SA at a very, very difficult time in terms of the challenges the state faced. Our loss is Saab's gain, and it will be business as usual on Monday, so to speak. In completing my opening remarks, I want to move on to what I think is the most important decision we face, and that is the decision about who will build the submarine and who will build the frigates.

We have won round 1: the decision has been made that we will build the ships in Australia. Unfortunately, it does appear that the federal government is considering having Naval Group (DCNS)—a foreign, government-owned international, a very good designer and a wonderful company, which has been selected to design the submarine—also to build the submarine. Similarly, we understand the federal government may be considering using a successful frigate designer—either Fincantieri, Navantia or BAE—not only to design but to build the ship. This is a very significant risk to South Australia.

It is one thing to get an architect to design your house; it is another thing to have the architect build the house. Most people use a separate builder. There are a host of risks in using the architect to also do the build, but principal among them is giving the Australian people, industry, unions and workers the confidence that at the end of the process we will have an indigenous capability, that we will have a capability to build and operate and maintain our own submarines and our own frigates. I want to flag that as a major concern of the South Australian government.

We would like to see the federal government select an Australian builder to build the submarine and an Australian builder to build the frigate. We have an Australian builder, the ASC, that built the Collins, and we have capable companies, like the ASC and Austal, that have proven capability and could build frigates and have done major surface ship construction. Surely the federal government can find a way to ensure that we have an Australian-owned company building the submarine and building the ships in partnership with the designer, as either shareholders or design partners, so that we do not become forever reliant, for decades to come, on a foreign-owned, government-owned multinational not only designing but building our ships.

These are wonderful companies producing wonderful designs, but this is an important decision for Australia. I signal that the state government will be talking to other state governments, to industry and to the unions and to senators and federal parliamentarians, wherever we can find them, to focus the Australian-made defence campaign around this core question. Over the coming

year, decisions are going to be made that will affect the lives of South Australians and Australians generally for decades to come.

I think we need an Australian builder. We are fully supportive of the ASC and Austal and of other shipbuilders in this nation. Surely we are good enough to build our own submarines and ships in partnership with the wonderful designers that have been identified. I just flag that as a major issue, and bipartisan support for that call from those opposite would be most gratefully appreciated by every industry, company and worker on naval shipbuilding. With that, I am very happy to answer questions.

The CHAIR: Leader, do you have a statement, or are we straight into questions?

Mr MARSHALL: No. I would just like to wish Mr Keough all the very best for his future employment and thank him for his service to the people of South Australia. My question starts with Budget Paper 4, Volume 1, page 199. The minister has just told us that the proceeds of the sale of the Common User Facility will go into providing more, I think he said, schools and hospitals for South Australia. Can he explain to this committee why the Premier, when he made this announcement, had a completely different use for the funds, and in fact clarify to this committee what the use for those funds is going to be?

The Hon. M.L.J. HAMILTON-SMITH: Before I answer the question, I might ask the Leader of the Opposition to clarify his understanding of what the Premier said because often it is not quite what the Premier did say. What are you alleging or suggesting that the Premier said the funds would be used for?

Mr MARSHALL: Well, it is fairly clear. He said that the proceeds of the sale of Techport would provide funds back to new advanced manufacturing opportunities for the naval shipbuilding continuous build program. It had nothing to do with hospitals and schools, and I would just like the minister to clarify. Is this money not being focused on the areas the Premier told the people of South Australia on 12 May when he made the announcement?

The Hon. M.L.J. HAMILTON-SMITH: First of all, in May 2017 the government signed an MOU with the Australian government to sell the state-owned Techport assets for \$230 million. The estimated book value of these assets at disposal is \$235.7 million. The total state investment in these assets since 2007 has actually been \$303 million.

Tranche 1 was expected to be in August 2017, and I think still is: \$20 million—Maritime Skills Centre, Common User Facility, expansion land and adjacent land parcels. Tranche 2, \$210 million, should be paid by 31 December 2017. The state has also committed to fund additional infrastructure at Techport in support of the Australian government's naval shipbuilding precinct, including construction of a pedestrian rail overpass estimated at up to \$18.3 million.

In regard to what the money is used for, that will be a matter for the government, advised by the Treasurer, to determine. I am sure both statements are true. It may be used for industry development, it may be used for health and education, or it may be used for a variety of things. They are decisions still to be made, so I am sure both statements are true. The way these things tend to work is that money is often not wholly hypothecated for a single purpose.

But the point that I am making is that this is an incredible outcome for the state government because we took a considerable risk—with bipartisan support, and I thank the opposition for that; in fact, I was the opposition spokesperson at the time. It was very good. It was with bipartisan support. Without that bipartisan support, it would have been very hard for this government to have spent that money building Techport because it would have been an easy thing to rip down, but back in those days oppositions were generally supportive and there was a bit of bipartisanship with defence. I note that some of that has evaporated.

The money not only will come back into coffers but we have won the work, so in every respect it is a win-win situation for South Australia: we have the submarine and frigate work and we have our money back. There will be further announcements at a later time in the Mid-Year Budget Review in regard to future intentions.

Mr MARSHALL: Nevertheless, have you made any representations to the Premier regarding his commitment that all the money would go to new advanced manufacturing opportunities

for the naval shipbuilding continuous build program? Have you put forward any potential programs for that \$230 million?

The Hon. M.L.J. HAMILTON-SMITH: First of all, I will check what the Premier actually said.

Mr MARSHALL: I cannot believe you did not read his press release. It relates to your area.

The Hon. M.L.J. HAMILTON-SMITH: There are a lot of things you cannot believe, leader, but we will leave that to the side.

The CHAIR: Order! Back to answering the question.

The Hon. M.L.J. HAMILTON-SMITH: I will firstly check the facts to see if what you have just said is true.

Mr MARSHALL: Alright.

The Hon. M.L.J. HAMILTON-SMITH: The second part of your question was: have I made submissions for budget for defence for future purposes? Yes, of course I have. There is a significant amount of money in the budget for investment attraction, with defence listed as the number one priority for the \$200 million Jobs Fund, so there will be quite a lot there. We are going after quite a range of investment attractions and quite a range of projects based particularly around the naval shipbuilding work. There are opportunities out there and we will be going after them as they arise.

Mr MARSHALL: For clarity, you have made those submissions subsequent to the Premier's announcement on 12 May?

The Hon. M.L.J. HAMILTON-SMITH: I have been constantly making submissions for investment in defence industries. If that is the best question you have, leader, it is going to be a long hour.

The CHAIR: Order!

Mr MARSHALL: The minister told last year's estimates committee that the state government could decide that it wanted to be a partner with the commonwealth in the future development of Techport.

The Hon. M.L.J. HAMILTON-SMITH: Yes.

Mr MARSHALL: He also referred to other options, but none of them involved a full sale and transfer of ownership to the commonwealth. In fact, he said, and I quote from last year's estimates, 'We value our ownership role.' Can the minister outline to the committee what has changed?

The Hon. M.L.J. HAMILTON-SMITH: Yes, that is a good question. We have valued our role as a partner down there with the commonwealth during the air warfare destroyer program. Actually, an option would have been—and it was an attractive option—for the current arrangements that have applied for the AWD to have been continued; that is to say, we continue to own and operate the CUF and the other infrastructure we had down there in cooperation with the commonwealth on a fee-for-service basis and charge them for use of it and so on and recoup our costs that way.

That would have been an effective option and it would have also kept us at the table, if you like, during the decision-making processes and so on, at all points going forward. The commonwealth expressed a view to us that they were making a very significant capital investment, that they wanted to de-risk the project to every extent possible and that a more streamlined ownership structure down there would reduce risk. Frankly, I can understand their argument.

The commonwealth government then, after a period of negotiations—superbly handled by Mr Keogh and Don Russell, the CE of DPC, who worked on this together—came up with a cheque, and it is very hard to argue with a cheque. They actually proposed to us that, after a period of negotiation, they buy it off us. We did note that as an option, because we considered all options and had a discussion with them about it. When we considered that, we agreed with them that it was a pretty good pathway.

To be fair to the commonwealth, they have a complex project to get underway here and I understand why they would want to have complete ownership of the site before they start spending

a lot of money building infrastructure on it. It was something that arrived as part of the negotiations and it presented an opportunity. We will still be involved through, of course, skills and workforce development. Our TAFEs and our universities and our schools will be involved in producing the skilled workforce through our support for the Defence Teaming Centre and industry generally, and industry support programs will be involved.

There will be infrastructure to and from the site. We are building this bridge. There are roads and all sorts of utilities that are involved. There will be industrial and land requirements around the precinct as it grows—maybe an industrial park in the broader precinct. There are already companies in Port Adelaide CBD that are involved.

We will still have a lot of involvement with the commonwealth in terms of shaping things going forward. It is hard to argue with a cheque for \$230 million, and it did seem like a very elegant outcome for everyone involved. The commonwealth was happy and we were happy. What changed was that we, with the commonwealth, were able, on considering all the options, to come up with an option that we felt was a win-win for everybody.

Mr MARSHALL: Did you support the sale process in cabinet?

The Hon. M.L.J. HAMILTON-SMITH: It would not have gone through cabinet if I had not. I took it in.

Mr MARSHALL: You took it in with a recommendation to accept it?

The Hon. M.L.J. HAMILTON-SMITH: Yes.

Mr MARSHALL: Has the MOU been signed?

The Hon. M.L.J. HAMILTON-SMITH: Yes, I am just checking the date. I signed the MOU on 18 May and it was countersigned by minister Cormann, the Minister for Finance. The MOU was executed on 18 May.

Mr MARSHALL: Will that MOU be made public?

The Hon. M.L.J. HAMILTON-SMITH: It has been signed by two parties, so we would have to talk to them about that. I try to be as open and accountable as possible on these matters. I will take advice and, if it is possible to make it public, I will be happy to table it in the house.

Mr MARSHALL: Are you satisfied that we maximised the return to the people of South Australia with the \$230 million price tag, considering we clearly invested much more than that? You talked about the book value, but I presume that is the depreciated capital value, not the book value. Was there any assessment done of the market value of that site?

The Hon. M.L.J. HAMILTON-SMITH: There was quite a bit of history on this. Initially—and I made public statements about this at the time—there was a suggestion from the commonwealth that we should hand it over for a dollar to enable them to proceed. That was not going to happen. I did not think that was fair or reasonable. I must say that, in terms of its market value, had we not built the CUF down there, the market value of that land would be minimal. It is just industrial land; it would be worth a fraction of what we have received. The fact that we built the CUF and it had valuable infrastructure on it gave it a value, but to only one customer—the federal government. So really it was—

Mr MARSHALL: The question is, though, whether we maximised the value.

The Hon. M.L.J. HAMILTON-SMITH: The point I am making is that I think we did extraordinarily well, and I must say that I think the commonwealth was pretty decent throughout the negotiations.

Mr MARSHALL: I think they did you like a dinner. Did you conduct the negotiation for the price or was that Treasury?

The Hon. M.L.J. HAMILTON-SMITH: I have explained to you that minister Cormann and I signed the result. He appointed his—

Mr MARSHALL: They got a bargain.

The Hon. M.L.J. HAMILTON-SMITH: What was that?

Mr MARSHALL: I said that they got a bargain. They got it for less than the written-down value of the plant and equipment. Imagine buying a business when you buy it for the written-down value, not even any value for the land or the precinct, or the capital values which you have spoken about very glowingly many times—and quite rightly so.

The Hon. M.L.J. HAMILTON-SMITH: If you think that the commonwealth got a bargain, that probably says something about your knowledge of the property industry and the infrastructure industry more broadly—or lack thereof. I think the commonwealth was pretty decent and pretty reasonable during the negotiations. It is a very specialised asset—

Mr MARSHALL: Correct, and they needed it.

The Hon. M.L.J. HAMILTON-SMITH: What would the Leader of the Opposition have done? Would he have refused to sell it to them unless they gave him \$300 million or \$400 million and put at risk the entire project?

Mr MARSHALL: You sold it for less than the written-down value.

The Hon. M.L.J. HAMILTON-SMITH: Actually—

Mr MARSHALL: Actually—oh yes, that is right.

The Hon. M.L.J. HAMILTON-SMITH: You just continue to embarrass yourself—

The CHAIR: Order! We need to have the question first and then the answer.

The Hon. M.L.J. HAMILTON-SMITH: He has asked the question—

The CHAIR: I know, that is right. So you give the answer.

The Hon. M.L.J. HAMILTON-SMITH: The book value takes into account the depreciated value of the site, so to say that we sold it for less than the book value just demonstrates your lack of knowledge on these matters. You should ask for a briefing.

Mr MARSHALL: Were there any stipulations as part of the contract that were embedded in the contract or the MOU that protected the access of South Australian businesses to that infrastructure?

The Hon. M.L.J. HAMILTON-SMITH: This was a point of negotiation. The South Australian government wanted to ensure that the CUF was available for other commercial uses at various points in the future, should they arise. That might have been for shipbuilding purposes; it could have been to do with the oil and gas industry. An advantage of our ownership of it was that we could influence those calls, so we were keen to protect that access.

Similarly, the commonwealth were keen to ensure that we did not impose upon them any requirement to make the CUF available for a non-submarine or shipbuilding purpose that might interfere with their schedules, so we have entered into what is, in effect, a reasonableness clause. In other words, if the state government reasonably makes a request on behalf of industry, provided it does not interfere with the submarine or shipbuilding program, the commonwealth will consider that request in a reasonable way and act responsibly.

Mr MARSHALL: How is that documented?

The Hon. M.L.J. HAMILTON-SMITH: It is mentioned in the MOU. It is going to require a bit of goodwill, but what we were not prepared to do was to put the whole shipbuilding program at risk or at risk of delay while we entered into a stretched out negotiation, nit-picking over the MOU. There was always a risk that some or more of the work than we hoped for could have been redirected to another state. Frankly, the commonwealth is in a pretty powerful position here. They have the chequebook. It is their project. One thing that the Leader of the Opposition will realise if he is ever in government is that you have to be very careful in these negotiations that you do not overplay your hand.

Mr MARSHALL: I would like to ask a question in reference to Budget Paper 4, Volume 1, page 196, regarding the Land 400 combat vehicle system. I see here that \$1 million is to be provided

to bidders of the Land 400 combat vehicle system phase 2 project. Can you provide an update as to whether or not that money will continue in the budget, given we see an announcement today that BAE will now join with Rheinmetall in selecting other states to operate in? Can the minister inform the committee how much has been spent on this project to date?

The Hon. M.L.J. HAMILTON-SMITH: In May 2016, the South Australian government provided BAE Systems and Rheinmetall with an offer to establish the Land 400 manufacturing sustainment facility in South Australia. Rheinmetall and BAE Systems have had their vehicles selected to undertake the risk mitigation activity for 12 months with the ADF as part of Land 400.

Rheinmetall undertook a public campaign with all states to elicit a strong response from the respective state governments. In February 2017, Rheinmetall announced that South Australia was not selected as the build location for Land 400 phase 2, should they be the successful tenderer, instead short-listing Queensland and Victoria. It is likely, and today's announcement to which the leader refers sort of confirms it, that BAE Systems were offered a similar package to Rheinmetall by each state, and therefore we assume that South Australia is unlikely to be the site for the BAE Systems manufacturing facility.

I emphasise the point that the commonwealth is still yet to make a decision about which of the two will be selected, but I can tell you that we put together an absolutely sensational offering here. I suspect that what has happened is that it has effectively been copied by the other states. We put forward an offering that was in excess of \$20 million in its value, and we did so on the basis of the dollar cost per job.

If the leader has researched this properly, he will know how many jobs and how much investment are really involved with Land 400. Whoever wins this, a lot of the work will be going off overseas. The first tranche is around \$5 billion. I think the second tranche will be a bit more than that, about another \$5 billion, bringing it to \$10 billion. That is a small amount in comparison to the \$90 billion in the naval shipbuilding program that is the main focus of our effort.

Of that initial tranche of \$5 billion, I think the vast majority will finish up being spent overseas because that is where most of the work will be done. A vehicle will be assembled in Australia and there will be a supply chain. There are two parts to this: there is the assembly and then there is the supply chain.

We were prepared to offer a sensible amount of state taxpayers' money to win this on a jobs per dollar basis, but we were not prepared to be reckless. You will have to ask the other states how much they have put on the table, but we know exactly how many jobs are really linked to this in terms of Australian industry involvement. I think, when the figure comes out as to how much has been put on the table by the other states, the parliament will be better informed, but my understanding is it was very, very significantly more.

I must say that one thing about going to an auction is that you have to be very careful that your head and not your heart governs your bottom line. The reality for us is that you reach a point where you can take that money and create two or three times as many jobs in the agriculture sector, or in another sector, and you ask yourself why you are chasing this if it is just costing so much taxpayers' money that it does not measure up.

In regard to the million dollars that you mentioned, my advice is that that has not yet been supplied and that it is unlikely to be supplied if we are unsuccessful. Can I add that, even if this does go to Victoria or Queensland, there will be opportunities for South Australian companies in the supply chain, so all is not lost, so to speak. A lot of our companies with expertise in this area can still get a bit of the work. That is particularly so, I think, with the BAE bid, but we will see how we go.

Funding to secure the Land 400 was spent over several years in design and planning, but we will need to take on notice exactly how much was spent on that design work and planning. I am more than happy to provide that on notice. My understanding is that we have not spent a lot. We earmarked some land up near Edinburgh. We did some design work. We did some promotional work. We did some detailed planning work with the bidders. I am happy to provide that figure, but I will have to get advice on that separately.

Mr MARSHALL: Is the government essentially announcing today that the land systems precinct will not go ahead?

The Hon. M.L.J. HAMILTON-SMITH: No, that is up to the commonwealth. Rheinmetall and BAE have made the statements they have made.

Mr MARSHALL: But are they the only two left in the bidding process?

The Hon. M.L.J. HAMILTON-SMITH: Yes, they are.

Mr MARSHALL: They have both said that there could be some supply chain work in South Australia, but the key assembly work will happen either in Queensland, if Rheinmetall is selected, or in Victoria if BAE is selected; is that correct?

The Hon. M.L.J. HAMILTON-SMITH: Yes, it would be my expectation that the manufacturing facility will be in one of those two states but, until the commonwealth has made its decision and things are finalised—

Mr MARSHALL: So you are still proceeding with the establishment of the land systems precinct in South Australia?

The Hon. M.L.J. HAMILTON-SMITH: Unless those companies were to decide that they wanted to do it in South Australia, and both have indicated that they do not at this stage—

Mr MARSHALL: That is the question: are you going to scrap the plans? It is not even a difficult question.

The Hon. M.L.J. HAMILTON-SMITH: Yes, only you have the ability to make a really simple question difficult. It is common sense that, if the facility is not built in South Australia, we will not be proceeding with the land combat vehicles park. That is common sense. I do not even know why you need to ask the question.

Mr MARSHALL: That is why I am asking whether or not it has been scrapped.

The Hon. M.L.J. HAMILTON-SMITH: What I am explaining to you is that, until the commonwealth has made its decision, the contract is announced and things are finalised, you have to be very careful about what you read in the paper, leader; it may or may not be true.

Mr MARSHALL: What was the value of phase 2?

The Hon. M.L.J. HAMILTON-SMITH: You have read the paper this morning and you are making assumptions.

Mr MARSHALL: What was the value of phase 2? I think you just indicated to the committee it was \$5 billion or \$10 billion. What was the value of phase 2 of the Land 400 project?

The Hon. M.L.J. HAMILTON-SMITH: My advice is that both phase 1 and phase 2 (the whole of Land 400) are in the order of around \$10 billion.

Mr MARSHALL: \$10 million? Why did you put out a press release less than a year ago—

The Hon. M.L.J. HAMILTON-SMITH: My advice is—

Mr MARSHALL: —that said it was valued at \$20 billion and phase 3 is \$30 billion?

The Hon. M.L.J. HAMILTON-SMITH: You are like a jack-in-the-box, leader. Let me answer the question before you jump in. Are you ready now?

Mr MARSHALL: You just said twice \$10 billion.

The Hon. M.L.J. HAMILTON-SMITH: Calm—deep breathing.

The CHAIR: Order! The minister can answer the question.

The Hon. M.L.J. HAMILTON-SMITH: If you listened, you would get the answer.

Mr MARSHALL: I doubt it.

The Hon. M.L.J. HAMILTON-SMITH: All will be revealed.

The CHAIR: The minister will answer the question.

The Hon. M.L.J. HAMILTON-SMITH: You doubt a lot, leader.

Mr MARSHALL: I very much doubt it.

The Hon. M.L.J. HAMILTON-SMITH: My advice is that the total value of Land 400 could be \$10 billion to \$20 billion—

Mr MARSHALL: Ten to 20—

The Hon. M.L.J. HAMILTON-SMITH: —in the acquisition phase. We understand it could even reach as much as \$30 billion in the sustainment phase, which is the whole life of the project. If you compare that with the submarine and frigate work, which is \$90 billion during the construction phase and another \$180 billion in the sustainment phase, that brings it well into the \$200 billions on shipbuilding. Compared with these projects, this is about one-tenth the size of the submarine and frigate work.

The fact is that no-one knows accurately exactly what the total value of Land 400 is because it has not been specified accurately by any party, including the commonwealth government. We are speculating, but it could be up to \$20 billion and it could be up to \$30 billion, including sustainment. That is why in a media release I use general terms. It could be up to \$20 billion, that is true, but we just will not know; it could be a lot less.

Mr MARSHALL: In fact, in your press release, which was dated July 2016, you talked about \$50 billion for both the acquisition phase and the sustainment phase—that is \$50 billion. Do you think that the \$20 billion that you put on the table was adequate for a project of this size?

Clearly, two other states have completely outbid South Australia. Why did we lose this project? Was it because the cost-benefit analysis was not done, the due diligence by your department was not done, and have we potentially lost thousands of jobs, which your government had suggested we were in the box seat to win because of our skills in auto and the money that had been allocated in terms of auto transformation?

The Hon. M.L.J. HAMILTON-SMITH: I can make it very clear to you. Our estimation is that the total number of direct jobs flowing from this Land 400 program would have been about 250.

Mr MARSHALL: Over the life of this project?

The Hon. M.L.J. HAMILTON-SMITH: No, during the construction phase.

Mr MARSHALL: How many 'man hours', as you like to refer to these projects as?

The Hon. M.L.J. HAMILTON-SMITH: Just relax, a bit of deep breathing, leader. I will answer your question, but just let me answer.

Mr MARSHALL: I doubt it. We have not had too many so far.

The Hon. M.L.J. HAMILTON-SMITH: Around 250 direct jobs, we thought, during the construction phase and then an indeterminate number of jobs in the supply chain to be spread around Australia. We put in excess of \$20 million on the table; you work that out on a dollar per job basis. My Investment Attraction agency has attracted far more jobs than that for far less investment—far less investment—and at a given point you ask yourself where it is wisest to spend your money.

There are projects like Datacom where I think we have created in the order of 600 or 700 jobs for a significantly smaller amount. I think from memory it is in the order of \$4 million to \$5 million. If the object is to create jobs, you ask yourself how many and you ask yourself what quality of jobs. You can get so focused on winning the auction that in the end you spend far more than it is sensible to spend.

Mr MARSHALL: Two other states thought it was a pretty good investment.

The Hon. M.L.J. HAMILTON-SMITH: Well, perhaps you should be asking them the questions.

Mr MARSHALL: Why would I do that? You are the minister—currently.

The Hon. M.L.J. HAMILTON-SMITH: Let me give you another example. We were able to attract 250 jobs, the same number of jobs from Boeing, for an investment of \$10 million. Are you seriously suggesting, because your line of questioning seems to be saying so—

Mr MARSHALL: You just lost a big contract.

The Hon. M.L.J. HAMILTON-SMITH: —that we should have spent \$60 million, \$70 million, \$80 million, perhaps triple the amount—if in doubt, triple the amount, leader?

Mr MARSHALL: Not at all.

The Hon. M.L.J. HAMILTON-SMITH: Well, how much would—

Mr MARSHALL: I am just saying that there needs to be a cost—

The Hon. M.L.J. HAMILTON-SMITH: —you have spent—\$60 million, \$80 million to attract 250 jobs? What about, let me think, a million dollars a job? Would that be good—\$250 million? Where would you stop? If you are putting yourself forward as the alternative Premier, you had better start to apply some business common sense to your offerings.

The CHAIR: Order!

Mr MARSHALL: I appreciate the evidence you have provided to the committee, that you think that the total value of this \$50 billion project is going to be a sum total of 250 jobs. I will reconcile that with what the other states think they are going to get and, when the contract comes out, what the value is and what the jobs will be. I think it is a shame that we have lost this, especially given the posturing of this government regarding the importance of this project just 12 months ago.

But I will move on to my next question, which relates to the Defence SA Advisory Board, Budget Paper 4, Volume 4, page 194. On how many occasions during the 2016-17 year did the Defence SA Board meet?

The Hon. M.L.J. HAMILTON-SMITH: The Defence SA Advisory Board plays a critical role in driving our defence agenda. The board has core skills made up of high-level strategy, defence and commercial expertise. Over the past year the board's key achievements have been many. We recently appointed Professor Tanya Monro, the Deputy Vice Chancellor of Research and Innovation, University of South Australia, and leading scientist, to the board; and Professor Pascale Quester, Deputy Vice Chancellor and Vice President of the University of Adelaide; and, as an adviser to the board, Professor Göran Roos, who is also a member of the Economic Development Board, all representing a renewed emphasis.

The focus of the board now needs to move from winning the submarine and frigate work towards delivery, and so we have upgraded the science and innovation expertise on the board. Successful participation at flagship defence industry events including Land Forces 2016, Euronaval 2016 and Avalon 2017 have all involved the board. They meet every two months. There are six board meetings per year. I attend every one of them and the Premier attends most. We get valuable advice.

In addition, there are subcommittee meetings generally before the main meeting. By the way, fees payable are \$70,000 for the chairman and \$36,000 for the members. The total value of fees paid to board members was \$370,000. Without their support, we would not have won the \$90 billion worth of shipbuilding work that is underway. There are some costs to do with moving the board around (\$115,000 in 2016-17), and the estimated budget for 2017-18 is \$472,000.

I just want to take this opportunity to thank the outstanding and absolutely brilliant Air Chief Marshal Sir Angus Houston, who chairs that board and gives us invaluable advice. The members are Neil Bryans; Vice Admiral Russell Crane; Paul Johnson, who left the board on 31 August 2016 for other important duties; Beth Laughton, who left in August 2016 and was another brilliant worker; Lieutenant General Peter Leahy, with whom I served at the Royal Military College and at other places; Steve Ludlam, the former CEO of ASC; and I mentioned Tanya Monro, Pascale Quester and Trevor Ruting. We have a great group of people there. Of course, the CE has been tireless in supporting the board.

Mr MARSHALL: What is the current remuneration of the Chief Executive of Defence SA?

The Hon. M.L.J. HAMILTON-SMITH: It is probably going to be a lot more shortly. He is not telling me.

Mr MARSHALL: That is pretty rude.

The Hon. M.L.J. HAMILTON-SMITH: By the way, just to correct my last answer, \$4.85 million was invested in Datacom by the state government to create 684 jobs, almost three times as many as we projected for Land 400.

Mr MARSHALL: That was not even a question.

The Hon. M.L.J. HAMILTON-SMITH: It is worth that. It is sobering. It is that sobering reality check.

Mr MARSHALL: Anyway, back to the questions. The remuneration of the CEO?

The Hon. M.L.J. HAMILTON-SMITH: I have the answer in his own pen: \$410,000 inclusive of super.

Mr MARSHALL: Budget Paper 4, Volume 1, pages 196 to 198 refer to the Defence SA annual report. In March 2016, the South Australian and Victorian premiers signed the South Australian and Victorian Government Defence Industry Accord. Can the minister update the committee on the outcomes of this accord to date?

The Hon. M.L.J. HAMILTON-SMITH: Early in my tenure in this portfolio, I met with the Victorian minister, Lily D'Ambrosio. Of course, the Premier of South Australia has met regularly with the Premier of Victoria. The two premiers felt that they wanted to work together in a general sense on behalf of local Australian industry. I think their main focus was making sure that naval shipbuilding was secured, but other projects generally.

By its nature, the MOU is fairly general. I think it is more a statement of intent. There has been quite a lot of cooperation between the agencies in both states on Australian industry content and quite a few dealings between our two governments on how we can work together with the object of securing Australian jobs and investment for defence projects.

Mr MARSHALL: The government made quite a deal of this. It was only signed a year ago. Are there meetings scheduled? What has come out of this accord? Just the vibe?

The Hon. M.L.J. HAMILTON-SMITH: I know that the two premiers—

Mr MARSHALL: Meet on this issue.

The Hon. M.L.J. HAMILTON-SMITH: —are in regular contact, not only on this but on a range of issues, and cooperate on a range of issues. We have done something similar with the government of the Northern Territory. We are also reaching out to them.

Mr MARSHALL: Yes, I asked questions of the Premier about that the other day, but there was not much coming on that one either. However, on this one here you are saying it is early days and there is some departmental involvement, but not much beyond that at this stage.

The Hon. M.L.J. HAMILTON-SMITH: No, there has been quite a lot of product from it. We cooperated quite a bit on the submarine and frigate program and winning the submarine work. We have also cooperated with the Victorian government—

Mr MARSHALL: Can you mention anything specifically, though, that you have—

The Hon. M.L.J. HAMILTON-SMITH: Defence science. We have set up a defence innovation partnership here which is partly modelled on a similar structure in Victoria.

Mr MARSHALL: But that is South Australian only, is it not?

The Hon. M.L.J. HAMILTON-SMITH: Sorry?

Mr MARSHALL: That is only South Australian, is it not?

The Hon. M.L.J. HAMILTON-SMITH: Yes, it is South Australian but the Victorians have a similar structure.

Mr MARSHALL: So we are copying them.

The Hon. M.L.J. HAMILTON-SMITH: Yes, they have been up and running with their structure since 2010. They have now engaged Greg Combet as an adviser in this area and I have met with him—

Mr MARSHALL: He gets a lot of gigs, does he not?

The Hon. M.L.J. HAMILTON-SMITH: He does, and actually—

Mr MARSHALL: He is well paid, that bloke.

The Hon. M.L.J. HAMILTON-SMITH: —he is pretty sensible, too.

Mr MARSHALL: You might get a few jobs like that after you finish your parliamentary career. I refer to Budget Paper 4, Volume 1, page 194, presence in France. Has Defence SA decided whether to have a person based in either France or London? You said at the estimates committee last year that this was under active consideration. How have you gone with your active consideration over the last 12 months?

The Hon. M.L.J. HAMILTON-SMITH: We have the Agent-General's office in London. Bill Muirhead, our Agent-General, is on the Investment Attraction agency board and has been an invaluable support to us during everything we have done on defence. He was in Paris for Euronaval last year where we made a major push on Australia's trade engagement with France. The Premier, as you know, went straight to France after the announcement and was very well received.

The minister for defence under the previous government, by the way, a Socialist government, Mr Le Drian, who is also the President of Brittany, has been appointed the Minister for Foreign Affairs under the current government, so there is an element of continuity there. The Premier is very keen and the government broadly is very keen to extend the French strategy to include all aspects of our relationship with France. We have a France strategy and I think it is up on our website. The government has appointed an interim representative in France.

Mr MARSHALL: Who is that?

The Hon. M.L.J. HAMILTON-SMITH: I will have to get back to you with the details.

Mr MARSHALL: Based in France?

The Hon. M.L.J. HAMILTON-SMITH: In Paris, yes.

Mr MARSHALL: The Premier was not aware of that last Tuesday. Are you sure that is right, or are you just making it up?

The Hon. M.L.J. HAMILTON-SMITH: The person that the government has appointed in Paris is Ms Corinne Namblard.

Mr MARSHALL: Corinne Namblard was on the board of Qantas and the board of Codan in South Australia.

The Hon. M.L.J. HAMILTON-SMITH: Yes, a very impressive individual.

Mr MARSHALL: Somebody should tell the Premier; he had no idea on Tuesday.

The Hon. M.L.J. HAMILTON-SMITH: She visited here in June.

Mr MARSHALL: What is her role then?

The Hon. M.L.J. HAMILTON-SMITH: Her role is to provide advice to the state government on the France strategy, which includes—

Mr MARSHALL: Is it full-time?

The Hon. M.L.J. HAMILTON-SMITH: It is probably a question better directed to the Premier because it is—

Mr MARSHALL: Well, we asked and he said that they were considering it. There would be a person appointed in Paris but nobody had been appointed yet. You seem to be the custodian of

this important information. We would like to share with the people of South Australia that Corinne has been appointed.

The Hon. M.L.J. HAMILTON-SMITH: I will check that—

Mr MARSHALL: This is new, breaking news.

The Hon. M.L.J. HAMILTON-SMITH: You asked me a question and you are answering your own questions.

Mr MARSHALL: Well, I am excited.

The Hon. M.L.J. HAMILTON-SMITH: It is very challenging when you answer your own questions.

Mr MARSHALL: I am giving you some thinking time.

The Hon. M.L.J. HAMILTON-SMITH: It is amusing but it is not very informing.

The CHAIR: The member for Elder has a question.

The Hon. M.L.J. HAMILTON-SMITH: Let me just clarify that before we move on, if I may. I will check with DPC about the exact arrangements as to whether or not Ms Namblard has actually been appointed in writing yet.

Mr MARSHALL: I see.

The Hon. M.L.J. HAMILTON-SMITH: I know that she was out here in June. My understanding was that she has either been appointed or it is intended that she be.

Mr MARSHALL: Do you know what the cost is yet?

The Hon. M.L.J. HAMILTON-SMITH: But I will need to check to be certain that that has actually been instrumented because it has not been done through Defence SA and it is not a question that relates to this budget line. It is something that has been arranged by DPC under a Premier and Cabinet budget line.

Mr MARSHALL: Through the French Engagement Strategy line.

The Hon. M.L.J. HAMILTON-SMITH: But since you have asked me the question and I am so helpful, I have tried—

Mr MARSHALL: Thank you.

The Hon. M.L.J. HAMILTON-SMITH: —to give you as much information as I know.

Mr MARSHALL: It is exceptional.

The Hon. M.L.J. HAMILTON-SMITH: Because I know you are like a sponge for information.

Mr MARSHALL: Quality information.

The CHAIR: Member for Elder.

Mr MARSHALL: I am still on the French Engagement Strategy. Can we finish that line? Last year, you indicated to the estimates committee that you would be looking to access some of the budget line of \$1 million for this French Engagement Strategy. Has any of that come to pass at this point?

The Hon. M.L.J. HAMILTON-SMITH: Can you repeat the question?

Mr MARSHALL: I will read it out: how much of the Department of the Premier and Cabinet's French engagement did Defence SA access in 2016-17, given that the minister told the 2016 estimates committee that Defence SA would be accessing this budget line of \$1 million? It sounds like the Corinne appointment might be part of that.

The Hon. M.L.J. HAMILTON-SMITH: The overall France strategy is being managed by DPC because it goes beyond defence and cuts across a host of ministers and portfolios. For example, we have a French school, we are doing things at the education level. In the industry space,

DSD are doing things quite separately with France. We have a number of collaborations with France in parts of government that go beyond just defence. It is being managed by DPC because it cuts across agencies. I am advised that we have accessed some of that funding. We have used it for studies into the supply chain.

Mr MARSHALL: How much of the \$1 million was accessed for that project?

The Hon. M.L.J. HAMILTON-SMITH: I understand that the French Engagement Strategy accessed this fund, which was initiated by Defence SA but developed into a whole-of-government strategy. I think \$203,000 of that funding was used for that purpose. I understand we have also accessed some of it for defence supply chain research, as part of that.

Mr MARSHALL: Who has done that work?

The Hon. M.L.J. HAMILTON-SMITH: Deloitte.

Mr MARSHALL: On 14 July 2016, you met with the French president, François Hollande. What did you discuss with him?

The Hon. M.L.J. HAMILTON-SMITH: I emphasised to him the importance of the submarine work to South Australia and signalled to him that the South Australian government would do everything it could to assist DCNS in France with their work. The point that we wanted to convey was that we were here to be a partner with the federal government and DCNS in succeeding with this work. It is the same message that the Premier has given to the French government.

Mr MARSHALL: Where did this meeting take place?

The Hon. M.L.J. HAMILTON-SMITH: It was in Paris, at a reception being held as part of the Bastille Day celebrations. The Australians led the Bastille Day parade in that particular year, and I was able to get some time with the president and with the minister for defence. It was pretty short and pretty sharp; I think it was one or two days beforehand.

Mr MARSHALL: How long did you spend in your meeting with the French president, François Hollande?

The Hon. M.L.J. HAMILTON-SMITH: It was a conversation at the function.

Mr MARSHALL: It was a function? It was like a line-up or something?

The Hon. M.L.J. HAMILTON-SMITH: Yes.

Mr MARSHALL: You conveyed all of that?

The Hon. M.L.J. HAMILTON-SMITH: It is a really intelligent line of questioning, leader.

Mr MARSHALL: Did you convey it in French or English?

The Hon. M.L.J. HAMILTON-SMITH: Do you have anything of substance that you would like to ask, or would you just like to play around with party questions?

Mr MARSHALL: You were just saying that you had this meeting with the French president. I would like to know what you conveyed, but it was just a meet and greet. Do you have any plans to meet with the new French President, Emmanuel Macron?

The Hon. M.L.J. HAMILTON-SMITH: I never said I met with him; I do not think I said I had a meeting.

Mr MARSHALL: You just told us on the *Hansard* what you actually conveyed; we just wondered whether it was a full-on meeting. You are the one putting in *Hansard* all the things that you discussed with the French president.

The Hon. M.L.J. HAMILTON-SMITH: You are making it sound like—I do not know—COAG. It was not a COAG meeting, leader.

Mr MARSHALL: You are the one who said what was discussed, not me.

The Hon. M.L.J. HAMILTON-SMITH: If ever you get into government, leader, which I seriously doubt, you will understand how such events unfold. I think it is far more likely you will be out somewhere in the Barossa Valley.

Mr MARSHALL: Do you have any plans to meet with the new President, his successor, Emmanuel Macron?

The Hon. M.L.J. HAMILTON-SMITH: I think that is a stupid question.

Mr Duluk interjecting:

The Hon. M.L.J. HAMILTON-SMITH: Well, what budget line are you referring to?

Mr MARSHALL: Budget Paper 4, Volume 1, page 194, the French Engagement Strategy.

The Hon. M.L.J. HAMILTON-SMITH: I think the leader should just come down to earth and start asking questions about the budget instead of this frolic he is on, which only he understands. Let's get back to the budget, shall we? That is what we are here for.

Mr MARSHALL: Are you refusing to answer the question about whether you have any plans to meet with Emmanuel Macron?

The Hon. M.L.J. HAMILTON-SMITH: I am always available to answer sensible questions, but stupid questions, I think, are the province of those who ask them. So you can let that one rattle around in your head and come up with your own answer.

Mr MARSHALL: Did you put out a press release announcing that you had met with the French President?

The Hon. M.L.J. HAMILTON-SMITH: I do not know; I will have to check.

Mr MARSHALL: I think you did. Do you expect the recent political changes in France to have any effect on the submarine project?

The Hon. M.L.J. HAMILTON-SMITH: Leader, if you do not mind, I did meet him. Have you got that in your head? I did meet with the French President.

The CHAIR: Order! Next question.

The Hon. M.L.J. HAMILTON-SMITH: It might not astonish you to know that I said that. Is that alright with you?

Mr MARSHALL: Given that you have put out a press release, I think it is a reasonable question to ask what was discussed. You have then made it very clear what you did discuss. We asked about where the meeting was held and you said, 'Well, actually, I just met him at a function.' I think it is a legitimate question. There has been a change in government in France, and we would like to know whether the minister thinks there are any changes that will affect the submarine project due to the change in government in France.

The Hon. M.L.J. HAMILTON-SMITH: You are so clever, leader, sometimes it astonishes me.

Mr MARSHALL: Any answer to that question?

The Hon. M.L.J. HAMILTON-SMITH: Ask it again. Try to narrow it down to a sensible question.

Mr MARSHALL: I have asked my question. I would like to ask a question regarding the Woomera Prohibited Area, if possible, Budget Paper 4, Volume 1, page 196. What progress has Defence SA achieved during the past 12 months in ensuring the commonwealth defence department consistently engages and effectively coexists with non-defence users at the Woomera Prohibited Area?

The Hon. M.L.J. HAMILTON-SMITH: Has the leader met with the French President?

Mr MARSHALL: Can we just deal with Woomera? This is a serious line of questioning.

The Hon. M.L.J. HAMILTON-SMITH: Well, if you have not met him, have you met with the PM over the River Murray and lobbied the case for water allocations?

Mr MARSHALL: Would you like to answer questions about—

The Hon. M.L.J. HAMILTON-SMITH: Have you met with—

The CHAIR: Order! The question is about Woomera.

The Hon. M.L.J. HAMILTON-SMITH: Sorry, I lost myself there for a minute.

Mr MARSHALL: You have seven months to go.

The Hon. M.L.J. HAMILTON-SMITH: The answer to the question in regard to Woomera is that the government is very keen to ensure that we cooperate with the commonwealth, the mining industry and the defence industry about the use of Woomera to everyone's mutual benefit. We are of the view that mining and defence can coexist up there, hopefully, if there is goodwill from all sides. We sit on the Woomera committee; it is an advisory board. We are in communication with the commonwealth through that process.

Mr MARSHALL: Can the minister advise what new activities on the Woomera Prohibited Area non-defence users were able to establish during the past 12 months?

The Hon. M.L.J. HAMILTON-SMITH: My advice is that we are in an ongoing discussion through the process about it being open, but I will have to get back to you. I will have to ask the agency to give me a more detailed report if you want specific information about whether individual companies have been given access.

Mr MARSHALL: Or any.

The Hon. M.L.J. HAMILTON-SMITH: I will ask for a briefing and I will reply to that on notice.

Mr MARSHALL: Does Defence SA believe that the Defence Legislation Amendment (Woomera Prohibited Area) Act 2014 of the federal parliament is operating in a manner intended by all parties?

The Hon. M.L.J. HAMILTON-SMITH: Here we go—your smartypants question, leader. You asked me a smartypants question.

Mr MARSHALL: We are just on Woomera actually.

The Hon. M.L.J. HAMILTON-SMITH: I know, but you have given me a smartypants question, so I have to give you a smartypants reply. My media release, from which I am reading, stated:

Defence Industries Minister Martin Hamilton-Smith met the French President Francois Hollande...at a French Defence Ministry event...

I think it is pretty clear. For you to try to pretend that it was some huge COAG meeting is frankly fanciful and beneath you as Leader of the Opposition. I am startled you could not come up with something more substantial.

The CHAIR: Let's get back to Woomera, please.

The Hon. M.L.J. HAMILTON-SMITH: Sorry. What is your next question, leader?

The CHAIR: Woomera.

The Hon. M.L.J. HAMILTON-SMITH: Would you like to know where I went for dinner on Tuesday night?

Mr MARSHALL: Not at all.

The CHAIR: Woomera.

Mr MARSHALL: Can you just answer the question about Woomera? You are the defence industries minister.

The Hon. M.L.J. HAMILTON-SMITH: What is your question?

Mr MARSHALL: I have asked it.

The Hon. M.L.J. HAMILTON-SMITH: I have given you an answer.

Mr MARSHALL: No, I asked specifically—

The Hon. M.L.J. HAMILTON-SMITH: Yes, I did and I told you I would seek advice.

Mr MARSHALL: I asked specifically about the federal legislation.

The Hon. M.L.J. HAMILTON-SMITH: Well, ask it again. Read it again.

Mr MARSHALL: I will go onto another question because we have very little time and we have had very few answers this afternoon. I refer to Budget Paper 4, Volume 1, page 197. What were the unbudgeted industry assistance payments in 2016-17 of \$1.9 million associated with the air warfare destroyer program?

The Hon. M.L.J. HAMILTON-SMITH: While the CEO is looking at that specific line, I will mention on grants and sponsorships that Defence SA does provide grants to support the AWD in line with the state's contractual commitments to the project. Defence SA also provides grants to a range of defence industry participants to attract long-term sustainable employment growth. Defence SA receives many requests each year. Defence SA's estimated 2016-17 expenditure on grant subsidy payments is \$6.713 million. Defence SA's estimated 2016 expenditure for sponsorship payments was \$55,464.

Mr MARSHALL: He is answering a question that was not even asked.

The Hon. M.L.J. HAMILTON-SMITH: You asked about a grant or a subsidy connected to the ASC.

The CHAIR: We have run out of time.

The Hon. M.L.J. HAMILTON-SMITH: I am advised that there was an ASC AWD systems centre rental assistance package of \$652,000, a Maritime Skills Centre salary contribution of \$42,000, and the \$1.9 million figure to which the leader is referring is presented to me as an ASC payroll tax contribution, which had something to do with winning the air warfare destroyer program.

Mr MARSHALL: But why was this unbudgeted?

The CHAIR: This is the last question.

The Hon. M.L.J. HAMILTON-SMITH: My understanding is that we offered to pay some payroll tax as part of an incentive to attract the AWD work. My advice is that they were not sure what the figure would be at the time. Advice was needed from the commonwealth and from the ASC and therefore it was unbudgeted. My advice is that, once the firm figure was known, the figure was budgeted.

Mr MARSHALL: For what period of time was this payroll tax rebate offered, the entire period of the air warfare destroyer contract, which I think must be about 10 or so years, or is this just one year?

The Hon. M.L.J. HAMILTON-SMITH: The first seven years of the program, is my advice.

Mr MARSHALL: For clarity, for seven years the state government knew about the liability, there was never any reconciliation and after the air warfare destroyer continued it was paid for a seven-year period. Is there a further payroll tax liability owing for the remainder of the project and, if so, is that budgeted and what is the amount?

The Hon. M.L.J. HAMILTON-SMITH: I am advised that there were some issues with the headcount that affected the payroll tax figure and therefore it was unable to be precisely determined, and I am also advised that that is the maximum extent of any liability we may have: \$1.9 million.

The CHAIR: There being no further time—

Mr MARSHALL: Sorry—

The CHAIR: There is no further time. We are out of time.

Mr MARSHALL: I am happy to step into Veterans Affairs' time because I think this is quite critical. What was the basis of the original contract agreement? Was it for a state-based payroll tax remission for the entire project or for seven years of that project? Who was responsible for calculating this? Was it Treasury? Was it the ASC? Who has made the error which has culminated in a \$1.9 million over-budget expenditure into last financial year?

The Hon. M.L.J. HAMILTON-SMITH: I will get Mr Keough to explain it to you so that you can have a break-up.

Mr KEOUGH: It is quite a detailed grant program that was put together to secure the air warfare destroyer program for South Australia. As a part of it, it was effectively a payroll tax relief that was paid retrospectively based on the headcount of ASC. There was a maximum cap that was placed on it, and therefore most of it has already been paid out in the earlier stages of the AWD program. There is a final residual amount, and so we are still working on the numbers from AWD because that program has been re-baselined on a number of occasions.

Mr MARSHALL: But how on earth could you—

The CHAIR: That is the last question and the last answer today. There being no further time for questions, I declare the examination of the proposed payments completed.

DEPARTMENT OF TREASURY AND FINANCE, \$70,268,000

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

Minister:

Hon. M.L.J. Hamilton-Smith, Minister for Investment and Trade, Minister for Small Business, Minister for Defence Industries, Minister for Veterans' Affairs.

Departmental Advisers:

Mr R. Manton, Director, Veterans SA, Department of Treasury and Finance.

Ms C. Graham, Deputy Director, Veterans SA, Department of Treasury and Finance.

Mr T. Crowe, Principal Management Accountant, Department of Treasury and Finance.

Mr K. Naughton, Chief of Staff.

The CHAIR: I call on the minister to make a statement if he wishes, but in light of the time it would be really useful if he did not, and ask him to introduce his advisers.

The Hon. M.L.J. HAMILTON-SMITH: Can I take this opportunity to introduce my new officers. On my left is Mr Rob Manton, Director, Veterans SA, and Terry Crowe, Principal Management Accountant. I also have Kevin Naughton, Chief of Staff; and Chantelle Graham, Deputy Director of Veterans SA.

The CHAIR: Can we move straight to questions?

The Hon. M.L.J. HAMILTON-SMITH: Straightaway.

Mr MARSHALL: My questions relate to Budget Paper 4, Volume 4, pages 164 and 165. Will the minister provide the budget expenditure for the veterans affairs programs in each year of the forward estimates as well as the net cost of services?

The Hon. M.L.J. HAMILTON-SMITH: You have just mentioned two pages, not a specific budget line, but you seem to be asking for information that is already in the budget paper.

Mr MARSHALL: The budget is over a four-year period. These relate to the past budgets and the current year.

The Hon. M.L.J. HAMILTON-SMITH: You want year 2 and year 3, or do you want the out years?

Mr MARSHALL: Yes, years 2, 3 and 4 four; I am happy for you to take those on notice. I just want to know if they are moving around very much.

The Hon. M.L.J. HAMILTON-SMITH: That is fine; I am happy to do that—

Mr MARSHALL: It is not a trick question.

The Hon. M.L.J. HAMILTON-SMITH: —and we will get back to you on that.

Mr MARSHALL: I refer to Budget Paper 4, Volume 4, page 164, and I want to ask about a preference to veterans in public employment. Has the government given any further consideration to the provision of preferential treatment to veterans for public employment? This was something the minister specifically covered in last year's estimates. I understand also, or I could be wrong because I have not looked at it myself, that there is something in the statutes that provides preferential treatment to veterans for employment within the Public Service. Is the minister aware of this? Is this something that he has followed up since he made that commitment to this committee last year?

The Hon. M.L.J. HAMILTON-SMITH: We just want to find that so that we give you accurate information.

Mr MARSHALL: I am happy to go on to something else if you like. In particular, I am interested in the data.

The Hon. M.L.J. HAMILTON-SMITH: In the interest of time, I can get back to you on that if you want me to take that on notice.

Mr MARSHALL: Alright, thank you. Regarding the Dardanelles Cenotaph, what is the estimated cost of relocating the 101-year-old Dardanelles Cenotaph from the south-west Parklands to the northern end of the new ANZAC Centenary Memorial Walk?

The Hon. M.L.J. HAMILTON-SMITH: My advice is that the cost of moving it is around \$10,000. I emphasise that the decision to recommend that it be moved was made by the Veterans Advisory Council and is generally supported by veterans. I know there has been some media coverage of some who oppose the move. It has been moved once before, but it is the general view of the veterans community that it should be relocated to what is now our premier memorial site. The cost is \$10,000, but that is a matter that still has to go through process.

Mr MARSHALL: And will the state government be meeting the costs of the relocation?

The Hon. M.L.J. HAMILTON-SMITH: Yes, it is coming from the budget that was put aside for the ANZAC memorial walk, that \$10 million.

Mr MARSHALL: What is the schedule for the relocation? What is the decision time frame?

The Hon. M.L.J. HAMILTON-SMITH: I will ask Mr Manton to answer.

Mr MANTON: Thank you, leader. It is the subject of legal action by a Parklands activist in 2015. The Adelaide city council approved the relocation. That went before a Development Assessment Commission (DAC) hearing, where it was appealed. That appeal went to the ERD Court. The judge at the ERD Court found in favour of the relocation, so dismissed the appeal. The appellant has now appealed to the Supreme Court—we were advised of that last week and Crown law is representing us in that action and providing us with advice as to what the next steps ought to be.

The matter was also re-raised with the Adelaide city council by Councillor Wilkinson following a motion from the Unley city council. That matter was addressed last week, at which the Adelaide city council reaffirmed its decision to allow the relocation of the cenotaph.

Mr MARSHALL: And the legal challenges, who are they appealing against—the state government or the Adelaide city council?

Mr MANTON: They are appealing against the Department of Treasury and Finance and the Development Assessment Commission, so the appeal is against the bodies that made (a) the application and (b) the decision.

Mr MARSHALL: And the Department of Treasury and Finance because that is where veterans affairs sits?

Mr MANTON: That is correct.

Mr MARSHALL: And what is the total cost of the legal advice and representation to date?

The Hon. M.L.J. HAMILTON-SMITH: First of all, the government is very disappointed that those who oppose this have taken the pathway they have chosen, but I want to make something very clear on the public record, and that is that, now that the matter may proceed to court, those who seek to take it to court will pay their own way as far as the state government is concerned. I should also signal that (it will be up to the court), should the government be successful, we may consider looking to recover our costs.

We are very disappointed on behalf of veterans as a whole that this has taken the pathway it has, and those who have taken it down that pathway do so at their own instigation. We will look to protect the interests of veterans and the interests of South Australia, and we want it moved, as does the veterans community want it moved. It should be moved, and the rest is up to due process.

Mr MARSHALL: When you get that legal advice and representation, is that billed to Veterans SA, or do you just access the pool of government legal costs and there is no cost to the budget for Veterans SA?

The Hon. M.L.J. HAMILTON-SMITH: The government makes provision in its general budget for such events. This is a minor legal event, compared with some. Government will cover its costs through this process, and whether that is funded from the veterans affairs budget line or another budget line, or from headroom, will be something Treasury can determine. For purposes of administration, Veterans SA is part of Treasury and Finance, though it reports to me. Different departments are administered by different—

Mr MARSHALL: Yes, messy.

The Hon. M.L.J. HAMILTON-SMITH: I wanted veterans affairs in Treasury and Finance, and that is where it sits. The veterans agency has pretty good communications with Treasury. Whatever the expenses are, I am sure they will—

Mr MARSHALL: Has veterans affairs always been in Treasury?

The Hon. M.L.J. HAMILTON-SMITH: No, I understand it was in the Attorney-General's Department for a period of time. That is probably historic because I think the first minister was the current Speaker when he was attorney. There was some consideration given by government to incorporating it into Social Inclusion, but where we landed was that it would be in Treasury and Finance for administration purposes.

Mr MARSHALL: Will the minister take it on notice to inform the parliament what the total legal costs are? You said that the government will recover this. Is it your expectation that that money be recovered from Veterans SA or from the applicant?

The Hon. M.L.J. HAMILTON-SMITH: Firstly, yes, we will be more than open once we know what the costs will be, but of course the costs will not be known until the process has unfolded. This is a minor matter, so I would not expect it to be large. What I meant by seeking to recover its cost is that we reserve our right to make application, should we be successful, for the losing party to cover the government's cost. They are, in effect, the costs of the taxpayers of South Australia. Similarly, I would not be surprised if the other party did likewise should they be successful. We will not be asking the taxpayers of South Australia to pay for a process that we are disappointed to see unfolding.

You also asked a question about employment, just going back to your earlier question about jobs for veterans. The state government is currently developing a veterans employment framework for those ex-serving personnel who choose to transition out of defence and settle in South Australia. Veterans SA and representatives of the veterans community are involved in this project being led by

the Office for the Public Sector, and I look forward to the outcomes being handed down later this year, at the end of August. Once they have been resolved, I will either make a statement in the house or arrange for the information to be passed across.

Mr MARSHALL: Who is leading that?

The Hon. M.L.J. HAMILTON-SMITH: We have a draft already in form for this, but there is work in progress.

Mr MARSHALL: That is actually what was reported last year, so it is good to see that some progress is being made. It is an important area, certainly from our side of the house. Will the minister elaborate on the proposal for the establishment of a defence veterans hub at ANZAC House with satellite hubs at both Glenside and Edinburgh?

The Hon. M.L.J. HAMILTON-SMITH: We are actually doing some planning work on relocating the veterans agency from where it is at the moment, which is on level 13 of State Admin on the same floor as my office, down to the Torrens Training Depot, should room become available. There are a couple of other moving bits with that. One of the reasons we would like to do that is that it would be helpful to many veterans to have the agency co-located with the RSL and those of the associations that are based down at Torrens. It would provide a better service to veterans. Frankly, I would like to get them out of State Admin and down to where the veterans are frequently coming and going.

Mr MARSHALL: And the hubs?

The Hon. M.L.J. HAMILTON-SMITH: We are working on whether or not a satellite hub could be developed at the Jamie Larcombe Centre at Glenside to provide advice to patients and their families, with a similar model being considered in the northern suburbs, likely at the Peter Badcoe VC Centre. Veterans SA is developing that strategy to address the most appropriate model.

The catch with these changes is that there is always a cost to them. We have a Mid-Year Budget Review, so my opportunity as a minister to seek funding for those changes would probably be at the end of this year, in the process for the move that will unfold towards the end of the year. We are doing some work on it but it will have a bill, and I want to make sure that we live within our means. I will have more to say about that as that process unfolds.

Mr MARSHALL: The hubs may or may not be included in the Mid-Year Budget Review, but will the decision to move Veterans SA down to the Torrens Parade Ground building—I think it is called ANZAC House—proceed?

The Hon. M.L.J. HAMILTON-SMITH: I would like to do that, but I will need to argue my case to the Treasurer, because there will be money involved. I also think that we need to let the dust settle a little bit with the issues the RSL is facing at the moment, because that has an impact on office space and availability. There are also co-tenants down there. The History Trust is down there—

Mr MARSHALL: What is going to happen to them?

The Hon. M.L.J. HAMILTON-SMITH: That is probably a question to be referred to the arts minister because that is his portfolio, but—

Mr MARSHALL: I do not think he wants to move them out. Is it not your agency that is doing a business case to move them out, or is he making a separate application to move them out?

The Hon. M.L.J. HAMILTON-SMITH: If you want to ask questions about the History Trust ask them of the Treasurer, but what conversations I had with—

Mr MARSHALL: Why would I ask the Treasurer?

The Hon. M.L.J. HAMILTON-SMITH: Sorry, I mean the minister responsible, who is the arts minister. It may or may not—

Mr MARSHALL: Has your agency had any discussions with the arts minister regarding the relocation of one of his agencies?

The Hon. M.L.J. HAMILTON-SMITH: We are having discussions across government about all these things, about a possible relocation of the veterans agency and the two hubs. However, there is further movement required on this, further discussions and considerations, and a budget needs to be put together, so it will be resolved in the second half of the year.

The CHAIR: The member for Elder has a question.

Ms DIGANCE: I would like to ask a question. I gave—

Mr MARSHALL: Twenty minutes?

The CHAIR: We will move beyond six.

Ms DIGANCE: You will be interested in this; it has reference to expenditure on commemoration. I want to ask the minister about the Women's Memorial Playing Fields, in particular the Bangka memorial, and what negotiations are underway. It is the same volume and page that you have been referring to—

Mr MARSHALL: Which volume?

Ms DIGANCE: Volume 4, Budget Paper 4, page 164. It is in reference to sacrifices made by South Australian veterans and it is to do with the Bangka memorial.

The Hon. M.L.J. HAMILTON-SMITH: I am very happy to answer the question; it has a lot more budget information than I have received from those on my right in regard to their questions. This is a really important issue and it is in the member's electorate. She has been vigilant in—

An honourable member interjecting:

The Hon. M.L.J. HAMILTON-SMITH: Not with the redistributed boundary. It is in my electorate and it is—

Members interjecting:

The Hon. M.L.J. HAMILTON-SMITH: It is in both electorates. They are sharing the love—

The CHAIR: Order!

The Hon. M.L.J. HAMILTON-SMITH: It actually used to be in the member for Davenport's electorate before the last redistribution, so I hope he will be as earnest in pursuing the cause as the member for Elder has been. It has been a long-term goal of mine, and of many others, to see the Women's Memorial Playing Fields reinvented and reinvigorated.

They are a wonderful facility that has two functions. Firstly, it is a memorial, and my interest in it as the Minister for Veterans' Affairs is whether or not we can help with the commemoration of that wonderful facility, which commemorates the sacrifice made by so many women during various conflicts. I want to see that memorial and place of commemoration lifted, but I am also in discussions with the Minister for Recreation and Sport about what we can do in regard to the playing fields.

A lot of work has been done on this and there has been a lot of communication between the council, sporting groups and other stakeholders, but there is quite a lot of money involved and it is complex. We would like some help from the federal government, but I will say that the current member for Elder has been absolutely tireless in pursuing this, both as a woman with an interest in women's sport but also as someone who values the commemoration aspect of this very important place.

SACA is involved, because they have the current lease, as is the Forestville Hockey Club, the City of Unley, the City of Mitcham and a range of other sporting clubs. I have met with a lot of them with the member for Elder, and we have done a lot of work on this together. We would love to see a reinvention of the site, but it is going to require some money.

It is probably going to require some cooperation from the commonwealth, and anything those on my right can do to persuade their Liberal Party colleagues in Canberra to help out would be appreciated. I do not care who gets the credit, as long as we get an outcome. I am more than happy to do a joint press release down there with you. I am sure the member for Elder would be equally happy if you can split it fifty-fifty, but we need to improve that site for sport and for commemoration.

The CHAIR: Who has another question? Leader.

Mr MARSHALL: In the 2015-16 financial year, the Legacy Club and the RSL each received a grant of \$100,000 from the veterans affairs portfolio. Did these two organisations receive grants in 2016-17 and, if so, how much in each case?

The Hon. M.L.J. HAMILTON-SMITH: The veterans affairs portfolio allocated \$273,136 of grants to the veterans community. As the leader observes, \$100,000 of that went to Legacy and \$100,000 of that went to the Returned and Services League.

Mr MARSHALL: In the 2016-17 year?

The Hon. M.L.J. HAMILTON-SMITH: In 2016-17, and \$25,000 of that is provided by the Department of the Premier and Cabinet, by the way.

Mr MARSHALL: For each of those?

The Hon. M.L.J. HAMILTON-SMITH: Only for the RSL. The mission of the Returned and Services League is to care for the health and wellbeing of service members. Legacy is dedicated to caring for families of deceased veterans. Today, Legacy has responsibility for over 100,000 widows and 1,900 children. The remaining \$75,000 for the RSL is from the veterans affairs annual allocation of grants, to be approved by the veterans minister.

The annual allocation of grants must be consistent with a range of obligations, including the education of South Australians about the state's involvement in our nation's military history, the honour and commemoration of service and sacrifice, to assist the education of South Australian veterans' dependants and any other purpose of a like kind determined by the minister. Grant applications are assessed by Veterans SA, which provides a recommendation to the minister for approval. I have a long list of grants that have been approved here.

Mr MARSHALL: In round terms, you are saying that last financial year, there was \$273,000 in grants, of which \$200,000 of the \$273,000 were for those two—

The Hon. M.L.J. HAMILTON-SMITH: That is right.

Mr MARSHALL: —and which from one of the \$100,000 you got \$25,000 back. You have \$73,000 worth of grants in addition to those. Is it possible to read it or, with only one minute to go, can that be provided to the opposition?

The Hon. M.L.J. HAMILTON-SMITH: The answer is, yes, I am more than happy to provide the list.

Mr MARSHALL: Can you also give an indication as to what the allocation for this is going to be for each year of the forward estimates, whether it is still \$273,000? I note that in the budget paper it says \$283,000, but includes grants and subsidies, so it does not quite reconcile with the \$273,000. Is there a reason for that?

The Hon. M.L.J. HAMILTON-SMITH: I will have to take that on notice because it deals with information outside the immediate budget paper. I will get back to you on it. I am happy to provide the list of grants given.

Mr MARSHALL: Thank you. How much grant money was paid by the ANZAC Day Commemoration Fund in the 2016-17 year?

The Hon. M.L.J. HAMILTON-SMITH: First of all, I will just remind the committee that we have now agreed to combine these two organisations—

Mr MARSHALL: Going forward?

The Hon. M.L.J. HAMILTON-SMITH: —yes, going forward—into one entity, so you can expect all the funds to be managed under a single system henceforth, but \$340,031.43 is the answer to the question.

Mr MARSHALL: That was the amount paid out last financial year?

The Hon. M.L.J. HAMILTON-SMITH: That was allocated in 2016-17.

Mr MARSHALL: And you would not be expecting any going forward, because now it would be out of a different—

The Hon. M.L.J. HAMILTON-SMITH: Sixty-nine applications, 45 successful grants, and I would expect that to be added on to or amalgamated with the earlier list or the list I will provide you with.

Mr MARSHALL: Okay.

The Hon. M.L.J. HAMILTON-SMITH: Yes, this amount to which I refer, \$340,000, has been a slightly different process in that it has been an annual application and receipt, where the grants that I have been administering through the other process have virtually been a rolling process of application and grant, so—

Mr MARSHALL: So if you are unsuccessful one year it could go back in?

The Hon. M.L.J. HAMILTON-SMITH: Yes, I think that is right, but we will be reviewing that once the two organisations are brought together. We will have a simple, easy-to-use process.

Mr MARSHALL: Good, so here on page 164 in the middle of that table it says, 'Grants and subsidies', \$283,000, which is the same as it was as the estimated result for last year. Am I to understand that essentially for the ANZAC Day Commemoration Fund there will be no additional expenditure this current financial year?

The Hon. M.L.J. HAMILTON-SMITH: You will find the money mentioned listed under intergovernmental transfers on page 164.

Mr MARSHALL: So this is paid out to somebody else to administer.

The Hon. M.L.J. HAMILTON-SMITH: No, I think what it means is that that money will be transferred into Veterans SA.

Mr MARSHALL: But these are expenses, so they are transferred out, not in.

The Hon. M.L.J. HAMILTON-SMITH: I am understanding that the \$360,000 mentioned as intergovernmental transfers is the money that has previously been managed by the council. It is paid into a Department of Treasury administered item account, and then it will find its way to the recipients through the process we established.

Mr MARSHALL: It is moving around a bit: \$424,000 in 2015-16, \$423,000 last financial year, and this year it is a little bit lower, \$360,000. Does the minister envisage that that amount is going to continue in that order of magnitude? Can the minister provide the opposition with what that amount is for each of the years of the forward estimates?

The Hon. M.L.J. HAMILTON-SMITH: Yes, we expect the current rate of allocations—that is, \$360,000 plus the \$274,000—to be continued.

Mr MARSHALL: In that order of magnitude?

The Hon. M.L.J. HAMILTON-SMITH: Yes. There will probably be an adjustment for CPI or whatever. We did beef things up for the centenary of ANZAC from World War I. There was a bit of extra effort, and additional people were put into the agency, so there may be a discussion, not next year but the year after; I may get some pressure from Treasury. I may be asked whether we need the same level of grants given that the commemoration of World War I has come to an end, etc., etc., but that is probably a budget fight for another day, next year.

Mr MARSHALL: Just following up something that was raised at last year's estimates committee when you told the committee stories that some relics exist on the Repat site, my question is: have any relic underground structures, such as air-raid shelters or fully set-up operating theatre and recovery wards, been uncovered by excavations on the Repat site?

The Hon. M.L.J. HAMILTON-SMITH: The agency advises me that as far as they are aware there are no tunnels or undiscovered treasures, shall we say, at the Repat site. That is the agency's advice.

Mr MARSHALL: Could you clarify the evidence that you provided to this estimates committee last year that indicated that these relics exist?

The Hon. M.L.J. HAMILTON-SMITH: I will have to check the *Hansard* to see exactly what was said and what the answer was, but that is the advice the agency has given me today.

Mr MARSHALL: How many veterans' graves and memorials in the Derrick Gardens and RSL walls area of Centennial Park are covered by the new tenure agreement with the Centennial Park Cemetery Authority? Also, what is the cost of that agreement to the state? Also, do you plan to provide that level of protection in perpetuity?

The Hon. M.L.J. HAMILTON-SMITH: I will have to take that on notice because there are quite a few questions within the question, but my immediate advice is that around \$96,000 annually is the cost to the state in overall terms. I will ask the agency to look at the question in detail and answer each of its component parts.

Mr MARSHALL: I have gone over time, but I would like to ask one more question because these are very important people in our community. I would like to ask about 30 more questions. In particular, I would like to ask about the valuing our veterans project. What is the current status of the Valuing our Veterans Community-Data Collection Project that we were informed about at last year's estimates, which was due for completion earlier this year?

The Hon. M.L.J. HAMILTON-SMITH: The Valuing our Veterans Community-Data Collection Project aims to establish a process for collecting data on veterans and their families to be used by identified state government services, such as health, mental health, education, correctional services, social inclusion, higher education, etc. The project is an important next step in the state government's ongoing support for South Australia's veteran community. It is proposed the data will be de-identified so that all data collected is not available to be linked to specific individuals. An inaugural veterans' round table was held in Canberra from 24 to 25 November 2016.

One of the outcomes from the VMRT was the recognition of the need for jurisdictional collections for incarceration. The Department for Correctional Services is involved and is committed to the collection of data in relation to incarcerated veterans. DCS has also conducted a limited survey asking prisoners to self-report previous military service. As at 29 March 2016, 30 prisoners had self-reported past military service. A question about service in the ADF was added to the paper-based admissions form in September 2016.

As the new process for collecting data on veterans is IT-based, the department is required to undertake changes to the IT system before being able to fully manage the central collection data. It is anticipated the IT changes will be scheduled in approximately August 2017 and we expect to receive the data in the near future. It is planned that prisoners who report previous military service will be asked if they are willing to have their details provided to peer support groups, such as ex-military rehab centres and ex-service organisations during incarceration.

Regarding social inclusion, from July 2017 the *Specialist homelessness services collection manual* has been updated to include a section on whether the homeless person presented for assistance is a current or former ADF member. The first data from this undated question is expected in the near future.

In relation to health, SA Health is committed to capturing data on veterans used in the public health system following the rollout of the new EPAS. The precise questions have not yet been agreed to and discussions are continuing. On suicide prevention, my department of Veterans SA sought advice from the Coroner's Court about how best to understand what statistics on veterans' suicide are currently available and the practices and jurisdictional data collection for veterans' suicide response has been asked for in the near future.

Regarding police, my department, Veterans SA, has commenced discussions with SA Police representatives on the merits of the collection of statistics on ex-Australian defence personnel at the point of charge, with a view to making them aware of assistance available to them through the RSL and ex-military rehab centres.

On education and child development, discussion is ongoing with DECD on collecting data on children, whose parents are current or former ADF personnel, in the school electronic administration system, EDSAS.

The CHAIR: Would you like to finish with one more question?

Mr MARSHALL: No, that was it.

The CHAIR: You are finished altogether?

Mr MARSHALL: Yes.

The CHAIR: There is no further time for questions—

The Hon. M.L.J. HAMILTON-SMITH: Madam Chair, I need to correct an answer given earlier. The question asked of me last year by Dr McFetridge about the Repat referred to rumours about an underground hospital—it says rumours—and my answer was, 'Unfortunately, investigations and technology have not quite located their exact position.' So it seems to be—

Mr MARSHALL: When you say they have not located their exact position—

The Hon. M.L.J. HAMILTON-SMITH: This is what I said, 'Until then, it will remain, as with the old Adelaide Gaol, one of Adelaide's many mysteries.' In other words, it is all rumours and there is no evidence or proof of any such tunnels.

Mr MARSHALL: So you do not think they do exist?

The Hon. M.L.J. HAMILTON-SMITH: That is not the point. The point is you suggested that I had confirmed they did exist; I did not. That was incorrect. It was rumours—best not to ask questions about rumours.

The CHAIR: There being no further time for questions, I declare the examination of the proposed payments completed. I lay before the committee a draft report for committee A.

Ms DIGANCE: I move:

That the draft report be the report of the committee.

Motion carried.

The CHAIR: I thank everyone for their cooperation this afternoon—the minister and his advisers and the members of the committee.

At 18:10 the committee concluded.