

**HOUSE OF ASSEMBLY****Tuesday, 30 July 2019****ESTIMATES COMMITTEE A****Chair:**

Mr P.A. Treloar

**Members:**

Hon. A. Koutsantonis

Hon. A. Piccolo

Mr F.J. Ellis

Mr J.P. Gee

Ms P.M. Luethen

Mr J.B. Teague

*The committee met at 09:00**Estimates Vote***ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,  
\$2,058,173,000****Minister:**

Hon. S.K. Knoll, Minister for Transport, Infrastructure and Local Government, Minister for Planning.

**Departmental Advisers:**

Mr J. Oliver, Chief Executive Officer, HomeStart Finance.

Mr M. Devine, Acting Chief Executive Officer, Renewal SA.

Mr D. DeLuca, General Manager, Corporate Services, Renewal SA.

**The CHAIR:** Good morning, everybody. Welcome to the final day of the estimates committee hearing. I advise that the following members have requested to be discharged: the members for Kurna, Enfield, Cheltenham and Newland. They have been replaced by the members for Light, West Torrens, Taylor and Narungga.

The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. Changes to committee membership will be notified as they occur. If a minister undertakes to supply information at a later date, it must be submitted to the Clerk Assistant via the answers to questions mailbox no later than Friday 5 September 2019.

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. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. 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. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response.

The portfolio this morning is HomeStart Finance and the Urban Renewal Authority, and the minister appearing is the Minister for Planning. I declare the proposed payments open for examination. Just before I go to the minister, I remind the opposition that this line of questioning will be opened and closed during this morning. If you wish to read omnibus questions, I will leave it up to the minister as to whether he needs them to be read once or for each and every session.

**The Hon. S.K. KNOLL:** I think to clarify that, unless I am wrong, the rest of the day is all DPTI, so we can do DPTI as one. If you want to ask these agencies the same questions, then we might need to do them twice for the day—once in this session and once sometime during the rest of the day.

**The CHAIR:** Yes, that is fine. Minister, I will ask you to introduce your advisers and make a short statement should you wish.

**The Hon. S.K. KNOLL:** Certainly. On my extreme left, I have John Oliver, the CEO of HomeStart Finance. To my immediate left is Mark Devine, Acting Chief Executive of Renewal SA. To my right is the General Manager for Corporate Services, Damian DeLuca. Chair, I have a very short ministerial statement to make.

The Marshall Liberal government has an ambitious growth agenda for South Australia, and Renewal SA will make an important contribution to delivering that growth through urban regeneration. The departure of the chair, Bronwyn Pike, after seven years on the board, provides an opportunity for refreshed leadership and, with it, a new strategic direction. Renewal SA is set to take that new direction under the incoming chair, Con Tragakis.

John Hanlon's term of employment as chief executive of Renewal SA expired on 20 July 2019 and was not renewed. Mark Devine will act as chief executive until a permanent appointment is made. I would like to take the opportunity to thank Bronwyn, all the outgoing members of the board and John for their contribution.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 3, table 5.11. Could you repeat when John Hanlon's term expired?

**The Hon. S.K. KNOLL:** His term expired on 20 July.

**The Hon. A. KOUTSANTONIS:** On 20 July, so 10 days ago.

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. KOUTSANTONIS:** Mr Hanlon was on leave?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. KOUTSANTONIS:** With pay?

**The Hon. S.K. KNOLL:** Mr Hanlon was on leave. The term of his contract expired on 20 July and we are going to comply with all the provisions in his contract. The contract as it stands expired and all those terms and conditions we will uphold.

**The Hon. A. KOUTSANTONIS:** That is not the question I asked you, minister. What I asked you was: was he on leave with pay?

**The Hon. S.K. KNOLL:** I can only confirm that he was on leave.

**The Hon. A. KOUTSANTONIS:** I refer you to table 5.11, full-time equivalents in Renewal SA.

**The Hon. S.K. KNOLL:** Which page?

**The Hon. A. KOUTSANTONIS:** Page 86. Was Mr Hanlon on leave with full pay?

**The Hon. S.K. KNOLL:** I can only confirm that he was on leave.

**The Hon. A. KOUTSANTONIS:** You do not know if he was being paid?

**The Hon. S.K. KNOLL:** I can only confirm, member for West Torrens, that he was on leave.

**The Hon. A. KOUTSANTONIS:** Is there anything that prohibits you from telling the parliament whether he was being paid or not, or are you just worried about being embarrassed?

**The Hon. S.K. KNOLL:** I can only confirm that he was on leave.

**The Hon. A. KOUTSANTONIS:** Could you please point to the section of the Public Sector Act that allows a chief executive or any public sector employee to go on leave outside of their entitlements or contract requirements and be on full pay?

**The Hon. S.K. KNOLL:** Chair, I would ask what budget line the Public Service Act relates to.

**The Hon. A. KOUTSANTONIS:** All FTEs—all of them.

**The Hon. S.K. KNOLL:** If you have a question in relation to industrial relations—

**The Hon. A. KOUTSANTONIS:** I do. In any other profession in the world, if law enforcement officers attend and an employee is the subject of an investigation, most of those people would be terminated. You chose not to terminate Mr Hanlon; you put him on leave with full pay. I am asking you: under what provision in his contract was he allowed to take leave—not annual leave, not long service leave? He was sent home on full pay. What provision of his contract gave you the legal authority to do that?

**The Hon. S.K. KNOLL:** Again, I would ask you to come back to a budget line but, more than that, I think you have made a number of assertions in the questions that you have put—

**The Hon. A. KOUTSANTONIS:** Well, correct it.

**The Hon. S.K. KNOLL:** —that are not accurate.

**The Hon. A. KOUTSANTONIS:** Which ones?

**The Hon. S.K. KNOLL:** I can only confirm that Mr Hanlon was on leave.

**The CHAIR:** Minister, the member for West Torrens has referenced table 5.11, full-time equivalents, in his questions.

**The Hon. A. KOUTSANTONIS:** Yes, thank you. What was the mechanism that instructed Mr Hanlon to go on leave?

**The Hon. S.K. KNOLL:** Mr Chair, I can only point the member back to my opening statement and the answers that I have previously given.

**The Hon. A. KOUTSANTONIS:** I am not asking you about what occurred when ICAC raided offices that you oversee. I am asking you about what lawful mechanism you used to allow your chief executive to go on leave with full pay, which no other person in South Australia would have the benefit of.

**The Hon. S.K. KNOLL:** Chair, I can only point the member back towards the statements that have been made publicly by me in this house previously and also that the commissioner himself has made. They are the only statements that can be made on the matter.

**The CHAIR:** Member for West Torrens, your question is asserting that the individual was on full pay, but the minister has not actually confirmed that or not in his answers.

**The Hon. A. PICCOLO:** Point of order: it is a bit hard for the member to actually clarify, given the minister is not answering that question, so he has to work out some other way to ask the question.

**The Hon. A. KOUTSANTONIS:** Did you instruct Mr Hanlon to go on leave?

**The Hon. S.K. KNOLL:** I refer the member back to the statements that have been made previously.

**The Hon. A. KOUTSANTONIS:** So Mr Hanlon was at work one day and then not the next, and no-one knows why or how, but was paid?

**The Hon. S.K. KNOLL:** Again, I can only refer the member back to the previous statements that have been made.

**The Hon. A. KOUTSANTONIS:** Was Mr Hanlon accruing entitlements while he was on leave?

**The Hon. S.K. KNOLL:** Again, I refer the member to my previous answers.

**The Hon. A. KOUTSANTONIS:** So you will not tell us if he was paid while on leave. All you will tell us is that his contract expired on 20 July and that you will honour that contract in full, despite Mr Hanlon not being at work for the last 11 months. You will not tell us if you instructed him to go on leave. You will not provide the parliament with the legal instrument that you used to put him on leave. I have to say that it is pretty breathtaking in its arrogance that a minister will not comply with a reasonable question of the parliament to find out exactly how it is that a public servant can not be at work for 10 months but be paid. How?

**The Hon. S.K. KNOLL:** I refer the member to my previous answers.

**The Hon. A. KOUTSANTONIS:** Does Mr Hanlon's contract allow him to be on leave for 11 months?

**The Hon. S.K. KNOLL:** Mr Hanlon was on leave. His contract—

**The Hon. A. KOUTSANTONIS:** What leave was he on?

**The Hon. S.K. KNOLL:** He was on leave.

**The Hon. A. KOUTSANTONIS:** What leave? Was he on annual leave, carers leave, bereavement leave? What kind of leave was it?

**The Hon. S.K. KNOLL:** He was on leave and his contract expired on 20 July. We chose not to renew that contract and the terms and conditions of his contract will be complied with in the usual course.

**The Hon. A. KOUTSANTONIS:** What does 'complied with in the usual course' mean?

**The Hon. S.K. KNOLL:** He has a valid contract and a valid instrument.

**The Hon. A. KOUTSANTONIS:** Did you seek advice on your ability to terminate his contract?

**The Hon. S.K. KNOLL:** I can only refer the member to the opening statement that I made.

**The Hon. A. KOUTSANTONIS:** Did you ever consider terminating his contract?

**The Hon. S.K. KNOLL:** Well, we did not renew his contract.

**The Hon. A. KOUTSANTONIS:** When law enforcement raided his office, did you consider then perhaps that, rather than pay him for the next 11 months until his contract was up, you should save taxpayers some money and terminate his contract?

**The Hon. S.K. KNOLL:** John Hanlon was on leave. His contract expired and was not renewed, and my opening statement gives the information that I can give on the matter.

**The Hon. A. KOUTSANTONIS:** What other public sector employee can take that length of leave without using their entitlements?

**The Hon. S.K. KNOLL:** Chair, I think I am responsible for the members of the Public Service outlined in the budget items that we have open over the course of the day. I do not think I am responsible for every public servant there is, but, more than that, the Public Sector Act is not one that is committed to me, nor do I think it is part of these budget lines.

**The Hon. A. KOUTSANTONIS:** So you have no responsibility for the employees at Renewal SA. You just work here. You are just the minister.

**The Hon. S.K. KNOLL:** No, I essentially have responsibility for the employees who do form part of the agencies to which I have been committed as minister, and they are the budget lines that are open.

**The Hon. A. KOUTSANTONIS:** Was Mr Hanlon conducting any duties while on leave?

**The Hon. S.K. KNOLL:** Mr Hanlon was on leave.

**The Hon. A. KOUTSANTONIS:** Was he consulted over FOI applications while on leave?

**The Hon. S.K. KNOLL:** Again, I refer the member to my previous statement.

**The Hon. A. KOUTSANTONIS:** Did Mr Hanlon act as an accredited FOI officer while on leave?

**The Hon. S.K. KNOLL:** I refer the member to my previous statements.

**The Hon. A. KOUTSANTONIS:** What do your previous statements have to do with him being an FOI-accredited officer?

**The Hon. S.K. KNOLL:** The previous statements put on record what I can say on the matter and that is why I put them in an opening statement.

**The Hon. A. KOUTSANTONIS:** Have you been instructed by the ICAC not to make any statements to the parliament?

**The Hon. S.K. KNOLL:** The—

**Mr TEAGUE:** Point of order.

**The CHAIR:** There is a point of order. Member for Heysen.

**Mr TEAGUE:** I have listened carefully to the member for West Torrens—

**The CHAIR:** Member for Heysen, I am not hearing you.

**Mr TEAGUE:** Listening carefully to the member for West Torrens, he has referred to table 5.11 on page 86 in Budget Paper 3. That certainly refers to overall full-time equivalent employees. The questioning in relation to the particular employee might tenuously be connected to table 5.11. Questions that have arisen subsequently in relation to the ICAC depart from that table, and we are otherwise confined in these hearings to matters subject to proposed spending.

**The CHAIR:** Thank you, member for Heysen. The member for West Torrens, up to this point, has referred to table 5.11 and I have been happy to accept questions in relation to that. He well knows that questions relating to ICAC are tenuous at best.

**The Hon. A. KOUTSANTONIS:** No, they are not, sir. This parliament is afforded privileges and immunities.

**The CHAIR:** Yes, I understand that. There is privilege, but the minister also has the opportunity to answer questions as he sees fit.

**The Hon. A. KOUTSANTONIS:** Minister, have you been instructed by the ICAC not to inform this parliament or this committee about matters relating to Mr John Hanlon?

**The Hon. S.K. KNOLL:** I refer the member to my opening statement.

**The Hon. A. KOUTSANTONIS:** Who advised the minister to make that opening statement?

**The Hon. S.K. KNOLL:** Mr Chairman, I think the opening statement speaks for itself.

**The Hon. A. KOUTSANTONIS:** Did the Premier's office advise you to make an opening statement and not to answer any further questions?

**The Hon. S.K. KNOLL:** I think I have made the opening statement so that I can share the information that is—

**The Hon. A. KOUTSANTONIS:** You have not shared any information, minister. All you have told us is that a public servant—one of the highest paid public servants in South Australia—had his offices raided by law enforcement went on full pay and leave. His contract has expired, you did not terminate his contract, you let him sit at home and get paid by the taxpayer in full, he probably accrued entitlements while on leave, you are going to pay out his contract in full and you will not give us any explanation of what legal mechanism you used to send him home. Why?

**The Hon. S.K. KNOLL:** I refer the member to my opening statement.

**The Hon. A. KOUTSANTONIS:** When you publish the Budget Measures Statement and you publish full-time equivalents, I could ask you about any employee in Renewal SA and you could give me their function, their title, what it is they do. But when I ask you about John Hanlon and why he was sitting at home for the past 11 months, regardless of what investigation is going on, all I am really interested in is the mechanism you used to send him home.

Any other person in South Australia would have had their job terminated and they would not be paid by the taxpayer to sit at home. Mr Hanlon was not working for the state for the past 11 months, yet you were paying him and I want to know why.

**Ms LUETHEN:** Point of order, Chair: standing order 128, tedious repetition of questions already presented in this debate.

**The CHAIR:** Well, that is a very good point of order, member for King. The member for West Torrens is looking for—

**The Hon. A. KOUTSANTONIS:** Are you upholding a tenuous—tedious repetition?

**The CHAIR:** Tedious repetition, we get a bit of that during estimates, but, member for West Torrens, you are pursuing a line of questioning on which the minister is—

**The Hon. A. KOUTSANTONIS:** Refusing to answer.

**The CHAIR:** —steadfast with his answers, so you may like to take another tack or pursue another line.

**The Hon. A. KOUTSANTONIS:** What will be the financial settlement of Mr Hanlon's contract?

**The Hon. S.K. KNOLL:** I refer the member to my opening statement.

**The Hon. A. KOUTSANTONIS:** What salary was Mr Hanlon on?

**The Hon. S.K. KNOLL:** I am happy to take that on notice and provide the information back to the house.

**The Hon. A. KOUTSANTONIS:** Is the acting chief executive on the same salary as Mr Hanlon?

**The Hon. S.K. KNOLL:** I am happy to also take that on notice.

**The Hon. A. KOUTSANTONIS:** My assumption is that he is probably not. He has probably taken the same salary that he was previously as an executive or deputy. The chief executive is on leave at home while the person doing his job is earning a lower salary, turning up to work every day, and the minister will not tell this parliament what legal mechanism—how is it even possible that a public sector official can be at home for nearly a year without charge and you cannot tell us why? What mechanism have you used to send this public sector official home?

**The Hon. S.K. KNOLL:** Again, I think the member for West Torrens has made a number of assertions that are not correct in his statement.

**The Hon. A. KOUTSANTONIS:** Then correct them.

**The Hon. S.K. KNOLL:** I have offered to take questions in relation to salaries on notice and will provide an accurate answer back to the house.

**The Hon. A. KOUTSANTONIS:** Will you take this on notice, minister: was Mr Hanlon on full pay while on leave?

**The Hon. S.K. KNOLL:** I have made statements in relation to that.

**The Hon. A. KOUTSANTONIS:** So you will not take that on notice?

**The Hon. S.K. KNOLL:** I have made statements in relation to that, and—

**The Hon. A. KOUTSANTONIS:** I would like a yes or no. Will you take that on notice?

**The Hon. S.K. KNOLL:** I have made the statement that I am making on that question, and I made it at the start of the session this morning.

**The Hon. A. KOUTSANTONIS:** Can I ask why you will not tell us if he was on full pay?

**The Hon. S.K. KNOLL:** Chair, again I can only give the same answer.

**The Hon. A. KOUTSANTONIS:** In your experience while at Renewal SA, are public sector officers allowed to take leave other than that they are entitled to either through contract or in the act?

**The CHAIR:** While the minister is seeking advice, member for King, I might take you back to your point of order about repetition. That particular point of order was once raised with a previous chair of this committee, the former member for Fisher, Dr Bob Such. He quite eloquently said that, if things were not repeated from time to time, we would not get anything done in this place. I take your point of order. We are in an estimates committee and we are going to have some lines of questioning that seem repetitious.

**The Hon. A. PICCOLO:** Some answers are repetitious as well.

**The CHAIR:** Indeed. The minister is always able to answer as he sees fit.

**The Hon. A. PICCOLO:** That is correct—repetitious as it may be.

**The Hon. A. KOUTSANTONIS:** Alas, the member for King will never be in opposition, so she will not know the benefit of repetition.

**The CHAIR:** Order, member for West Torrens!

*Members interjecting:*

**The CHAIR:** The minister has the call.

**The Hon. S.K. KNOLL:** Thank you. Quite clearly, a mixture of employees exists within Renewal SA: some PS Act employees as well as others and, obviously, those on contract. Each of them may have different leave arrangements. There is a series of paid leave, whether that be long service, recreational leave or maternity leave, and obviously there are also provisions for unpaid leave. Certainly, there are employees within Renewal SA who have from time to time asked for and been granted periods of unpaid leave, and that exists within the existing industrial relations framework.

**The Hon. A. KOUTSANTONIS:** Has Mr Hanlon requested unpaid leave?

**The Hon. S.K. KNOLL:** I refer the member to my opening statement.

**The Hon. A. KOUTSANTONIS:** Did Mr Hanlon request paid leave?

**The Hon. S.K. KNOLL:** Again, I refer the member to my opening statement and also to previous statements that I have made in this house on the matter.

**The Hon. A. KOUTSANTONIS:** Have you spoken to Mr Hanlon in the last 11 months?

**The Hon. S.K. KNOLL:** Again, I refer the member to my previous statements.

**The Hon. A. KOUTSANTONIS:** Your previous statements do not reference that.

**The Hon. S.K. KNOLL:** They reference what I can reference.

**The Hon. A. KOUTSANTONIS:** They reference what you can reference. Is there any legal impediment to you answering our questions?

**The Hon. S.K. KNOLL:** Again, I refer the member to my public statements on the matter.

**The Hon. A. KOUTSANTONIS:** So there is no legal impediment to you answering our questions. You are just choosing not to answer.

**The Hon. S.K. KNOLL:** Again, Chair, I think the member can avail himself of the statements that I have made to this house.

**The Hon. A. KOUTSANTONIS:** You have not made any statements to this house. All you have said to us is that Mr Hanlon's contract expired. I have asked you a perfectly reasonable question about whether the taxpayer was paying him while he was at home, and you are refusing to answer. I have to say that I can understand the minister's cautiousness over other matters that are occurring in and around Mr Hanlon's absence. I am not asking him about those matters: I am asking him whether or not Mr Hanlon was being paid while on leave. For the life of me, I cannot understand why the minister just will not give us a matter-of-fact answer of yes or no. Can you explain to us why you will not?

**The Hon. S.K. KNOLL:** Mr Speaker, to the extent that I can give an explanation—

**The Hon. A. KOUTSANTONIS:** It is Mr Chairman.

**The Hon. S.K. KNOLL:** Sorry—Mr Chairman. To the extent that I can give an explanation, those explanations can be found in the public statements I have made, including the one at the start of this session.

**The Hon. A. KOUTSANTONIS:** Is your opening statement based on advice you have received?

**The Hon. S.K. KNOLL:** Again, I think you can read it, member for West Torrens, and I think, as you will, you will read into it, but I have made that statement to be able to clarify to the committee and to the people of South Australia the current position, and it does provide the clarity that I think is appropriate.

**The Hon. A. KOUTSANTONIS:** How do you think it looks to people who are watching this at home, or the media, when you are being asked a very reasonable question about public money and you are just simply refusing to answer? I thought that you were going to be an open and transparent government.

**The CHAIR:** Member for West Torrens, that question does not relate to any budget line.

**The Hon. A. KOUTSANTONIS:** With all due respect, Mr Chairman, we have been in estimates now 25 minutes. The two questions that I have asked are: what legal mechanism has been used to send one full-time equivalent home, no answer, and whether that full-time equivalent was being paid while at home, and the minister's answer to the parliament is, 'I'm not telling you.'

**Mr ELLIS:** Two questions in 25 minutes has to be tedious repetition, doesn't it?

**The CHAIR:** You can wait for the call, please, member for Narungga. I take your point, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Thank you very much, Mr Chairman.

**The CHAIR:** Your questions—quite right, you have had two main questions for the first 25 minutes and the minister has answered them as he sees fit, and he was invited to make an opening statement, as are all ministers at the beginning of the session.

**The Hon. A. KOUTSANTONIS:** I will ask one final question before I move on to my colleague. Minister, do you not think that the parliament deserves to know about the chief executive and whether or not Mr Hanlon was or was not being paid? Do we not deserve to know an answer to this, because there is nothing legally prohibiting you from telling us?

**The Hon. S.K. KNOLL:** Again, Mr Chair, I think that question contains assumption. Again, it has only a basis in the member for West Torrens' mind. I think that the committee can avail itself, as can the member, of the statements I have made publicly on the matter. Those statements are designed to be able to give information to the public that it is appropriate to give, and so I have given them. That is what I would ask the member to reference himself back to.

**The Hon. A. KOUTSANTONIS:** I just ask you to take these questions on notice. In the 2018-19 year, how much was spent on payments to the chief executive and the acting chief executive? In the 2018-19 year, what were the total payments to executive staff at Renewal SA, and how much higher were those payments compared with the 2017-18 year? Will you take those on notice?



**The Hon. S.K. KNOLL:** Sure.

**The Hon. A. KOUTSANTONIS:** Thank you.

**The CHAIR:** The member for Light.

**The Hon. A. PICCOLO:** Thank you, Mr Chairman. I will continue with Renewal SA and go to HomeStart afterwards, since that line has been opened. Minister, I draw your attention to Budget Paper 3, Chapter 5: Government businesses, Renewal SA, page 82. Minister, I note the reference in Renewal SA's leasing of heritage buildings on the site, the site being Lot Fourteen. Can the minister just briefly describe the lease arrangements for private companies at Lot Fourteen? That was not a very hard question, Mr Chairman.

**The CHAIR:** No, but the minister is seeking advice.

**The Hon. A. PICCOLO:** Do we add the time to our question time, thinking time? No? At this rate, I will get two questions in.

**The CHAIR:** Just be patient, member for Light. We are here until 10.15; you have plenty of time.

**The Hon. A. PICCOLO:** This is one of the simple questions.

**The Hon. S.K. KNOLL:** I think the question was quite broad. The process whereby a tenant is able to sign off on a lease on Lot Fourteen is not a quick process. I think I am getting to the nub of what the member is going to ask questions about. Essentially, Lot Fourteen is a mixed-use site that at the moment is being activated with a number of commercial tenancies designed to bring a number of like-minded businesses from certain industries to Lot Fourteen. There is a list. In fact, I think I have provided information to the house previously on the types of industries that we are seeking to bring to Lot Fourteen.

There is a mix of buildings on the site, but the ones that have been activated first are the heritage buildings. Those heritage buildings have been refurbished and also classified according to the standard office accommodation and then provided a commercial rate of sale. For instance, you have A-grade and B-grade office accommodation, then businesses that meet the matrix and the criteria that are set out to be appropriate to come on to Lot Fourteen are offered leases.

Those leases are done at the commercial rate based on the standard of the office accommodation that is being provided. It is fair to say that, with a number of these heritage buildings, it is not A-grade space that is being provided because of limitations within the building itself, but those buildings are being offered on a commercial basis to businesses that meet the criteria for inclusion on Lot Fourteen.

**The Hon. A. PICCOLO:** On a number of occasions in that question the minister mentioned a commercial rate of leasing or commercial leasing arrangements. Is the minister aware whether any tenants or any prospective tenants at Lot Fourteen are or will be in receipt of a government subsidy, rent discount or any pecuniary benefit related to their tenancy or proposed tenancy?

**The Hon. S.K. KNOLL:** To make a distinction here, the short answer to that question is no. All the leases that have been offered have been done on a commercial basis. As the member may or may not be aware, there are obviously commercial negotiations that are undertaken with any tenant, whether they be Lot Fourteen or outside Lot Fourteen. Certainly, these are commercial tenancies. The exception to that would be where the Department for Innovation and Skills is undertaking a start-up hub, FIXE, on Lot Fourteen.

Renewal SA has a lease with the Department for Innovation and Skills (DIS), so they have leased space. Questions in regard to their operations—and I understand there was an announcement in relation to Stone and Chalk, which has been made public—need to be directed to minister Pisoni. Certainly, there is a lease that DIS has with Renewal SA for their portion of the site, but the remainder of the site, where Renewal SA is directly leasing out to individual businesses, is done on a commercial basis.

**The Hon. A. PICCOLO:** Mr Chair, I would seek your guidance. This question was put to minister Pisoni and minister Pisoni said that you should be answering these questions.

**The Hon. S.K. KNOLL:** In relation to—

**The Hon. A. PICCOLO:** Mr Chairman, are we going to play this sort of game where ministers bat to another minister? Somebody has to actually answer the question. What is the minister trying not to tell the parliament?

**The CHAIR:** I think you are reading too much into that, member for Light. I do not think there are any games. You have asked your question.

**The Hon. A. PICCOLO:** No, minister Pisoni was asked the same question in his estimates and he handballed it to this minister. This minister is now about to handball it to the previous minister because his estimates have occurred.

**The CHAIR:** Well, let's hear what the minister has to say in relation to the question.

**The Hon. S.K. KNOLL:** Not at all, Chair; in fact, I was merely making a differentiation between the lease that Renewal SA has with the Department for Innovation and Skills. That is a lease for which Renewal SA is responsible. The balance of the leases do sit with RSA's responsibility. I have already answered the question to say that all those leases have been conducted on a commercial basis.

**The Hon. A. PICCOLO:** So your evidence to this committee is that the lease arrangements that your agency has with the Department for Innovation are on a commercial basis—

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. PICCOLO:** —but that you have no knowledge whether those leases between that department and other tenants are commercial or not. You either have knowledge or you do not. If you do have knowledge, you should tell us.

**The Hon. S.K. KNOLL:** Again, Mr Chair, the delineation I am making here is on the lease arrangements. We obviously have a lease with DIS. The subleasing arrangements that DIS has with individual tenants, such as Stone and Chalk, quite clearly come out of DIS's budget. I can speak to the balance of the leases on Lot Fourteen. Again, I have given you that information, but I make the clear distinction because, again, that is the part of the Lot Fourteen site where another agency has a budget that pertains to it.

**The Hon. A. PICCOLO:** Mr Chairman, I will ask my question again because my question was quite specific. The evidence the minister gave to the committee was: the short answer is no. The question was, 'Minister, are you aware if any of the tenants of Lot Fourteen are in receipt of any government subsidy, rent discount or any other pecuniary benefit?' that is, government receipt, not his agency. The minister says no. Minister, are you now telling this committee that those tenants, irrespective of who the intermediary landlord may be or who the intermediary agency may be, are receiving no subsidy, discount or pecuniary benefit? That is the evidence you gave earlier.

**The Hon. S.K. KNOLL:** Again, all the leases that Renewal SA have granted have been on a commercial basis, and—

**The Hon. A. PICCOLO:** Point of order: the minister can not answer the question—that is his choice—but he cannot just change the question to suit him. The question is about the government, not Renewal SA. I know that the minister is trying to very cleverly avoid the question and pretend to answer it.

**The CHAIR:** Member for Light, the minister sought advice before answering it, so I guess he is building context into his answer.

**The Hon. A. PICCOLO:** It is a preamble.

**The CHAIR:** He is building context. Minister.

**The Hon. S.K. KNOLL:** Again, there are lease arrangements on Lot Fourteen. Those lease arrangements are undertaken on a commercial basis, but there is a lease that Renewal SA has with the Department for Innovation and Skills. There is a head lease there, but there are subleasing arrangements that sit underneath that. The budget lines in relation to those sit with the Department

for Innovation and Skills. Any sort of arrangements in relation to the Startup Hub and grants that are involved with that quite clearly are a matter for Innovation and Skills.

Again, I am not seeking to obfuscate the committee here, but genuinely it is just not part of Renewal SA's remit. There is a head lease in place that provides the opportunity for Innovation and Skills to provide a start-up hub, which will provide a great opportunity for companies to be able to collaborate, innovate and also cluster together in a way that we can generate some cultural change in South Australia to really incentivise people going into business for themselves, taking risks and starting new businesses.

It is very exciting. We have the Chief Entrepreneur in place. Again, all those matters relate to the budget for Innovation and Skills. I can speak to what RSA's role is. However, in terms of visibility of what those subleasing arrangements are, they are a matter for the Department for Innovation and Skills.

**The Hon. A. PICCOLO:** Minister, is it your evidence to this committee then that your agency, Renewal SA, has no knowledge of any lease arrangements that the Department for Innovation and Skills has entered into with tenants on that site with which the agency has an agreement?

**The Hon. S.K. KNOLL:** As I think the member might appreciate, there are a number of different moving parts on Lot Fourteen, a whole heap of moving parts on Lot Fourteen. What the government has sought to do is provide a coordinating role. There is a project lead that coordinates the different agencies if they are on Lot Fourteen, and some of those come out of the Department for Innovation and Skills and some of them come out of the Premier's department, which this project lead's budget also comes out of. There are also other industries, obviously. There are defence-related industries on Lot Fourteen.

Renewal SA's role is essentially as the owner of the asset, but it is also a project company that is delivering the build. It also undertakes the commercial leasing arrangements. There is a high degree of coordination there, but there is, as the member might appreciate, money coming from different agencies' budget lines. Again, when we are talking about Renewal SA, we are talking about an agency that is not a public sector agency in the same way that the Department of Planning, Transport and Infrastructure and others are. There is a high degree of coordination there. Having said that, in terms of responsibility under subleasing arrangements, that is a matter for those agencies.

**The Hon. A. PICCOLO:** Mr Chairman, through you, I did not ask a question about who was responsible for that. The question I asked the minister was quite clear: does your agency have any knowledge of these tenancies entered into between the Department for Innovation and Skills for those areas which your agency has an arrangement with?

**The Hon. S.K. KNOLL:** There is a broad level of information that is shared for the purposes of being able to coordinate the efforts on the site. Again, the responsibility and the budget for those subleasing arrangements sit with the Department for Innovation Skills.

**The Hon. A. PICCOLO:** I assume your agency would have some responsibility for achieving certain KPIs in terms of the tenancy and leasing arrangements on that site, the activation of that site.

**The Hon. S.K. KNOLL:** When Lot Fourteen was transferred to Renewal SA, a series of financial assumptions were made as part of that. There was money put aside for demolition and obviously for the refurbishment of the buildings that have been retained. Also in the current budget are targets for asset sales and revenue targets, for instance, for leasing, and those provide an expected direction for how the rollout of leasing with Renewal SA is undertaken. There are not specific numbers targets, if you will—that you must have this many bodies on site by this time—but there are financial targets that provide an expectation of what the rate of progress there will be.

There are policies in relation to how Renewal SA needs to conduct itself and there are policies, for instance, around how businesses are chosen to go onto Lot Fourteen. There are very strong criteria, and I have made statements to this house previously about that, about how those policies guide Renewal SA in their work. So, yes, there are some financial targets and financial assumptions that have been built in when the project was transferred to Renewal SA, and they provide direction on the way forward and the rate of progress.

**The Hon. A. PICCOLO:** I assume that those targets also include some targets regarding tenancy mix.

**The Hon. S.K. KNOLL:** Again, there is a strong policy on the table about what types of businesses we would like to see on Lot Fourteen. Lot Fourteen is quite hot property; it is a sought-after destination. What we do not want to do is detract from the broader office accommodation market in Adelaide, so we have put a very strong set of criteria in place about what types of businesses would be appropriate to have on Lot Fourteen. It is all about creating a cluster, a hub, that has a culture of innovation. There are certain industries that are being targeted to go onto Lot Fourteen, but that exists within a policy that any business that approaches RSA to go onto Lot Fourteen needs to comply with. It is fair to say that there are some that are knocked back.

**The Hon. A. PICCOLO:** Given that you have just indicated to the committee that your agency has a responsibility to make sure that there is a certain tenancy mix for that site—and there is a strong policy, in your words, which I understand—how does your agency achieve that when your evidence to this committee has just been that it does not know what the Department for Innovation and Skills is doing?

**The Hon. S.K. KNOLL:** Again, in terms of the financial and revenue targets—

**The Hon. A. PICCOLO:** No, I am not talking about financial; I am talking about the tenancy mix. Let me be very clear: I am talking about the tenancy mix. You just indicated to this committee that your agency has a responsibility to ensure, under the strong policy of your government, a certain tenancy mix and, in fact, you refuse some potential tenancies. I accept that; it is not a problem. Given that your earlier evidence to this committee was that your agency does not have responsibility or knowledge of what other agencies are doing where it has sublet areas to it, how does your agency ensure that it meets those targets of tenancy mix?

**The Hon. S.K. KNOLL:** There is a tenants coordination group, which has a membership of Renewal SA, Department of Innovation and Skills (DIS), Defence SA, as well as the project lead, which ostensibly comes out of the Department of the Premier and Cabinet. Also, given that the Lot Fourteen site responsibility rests with the Premier, essentially that group coordinates the types of tenants that are appropriate to go on Lot Fourteen. But, again, RSA is responsible for enforcing the decisions of that group for the leases that it undertakes, and DIS similarly has the responsibility then for the subleasing arrangements that it undertakes.

**The Hon. A. PICCOLO:** Minister, in last year's budget papers at Budget Paper 5—and I will get to the question before you rule it out, Chair—at page 181 in your agency's budget papers there was a budget initiative that included an innovation and commercialisation precinct at Lot Fourteen. That item last year in the budget was included in featured rental subsidies of \$0.48 million over the forward estimates for 650 start-ups in the precinct. Can you perhaps indicate where that item appears in this year's budget?

**The Hon. S.K. KNOLL:** The \$4.8 million for the commercialisation of the start-up hub FIXE, the 650 spots, they are all the same spots we are talking about. That budget line was transferred back to the Department for Innovation and Skills over the last number of months. Essentially, that budget rests with them and they have the money then to undertake that curation work of the subleasing arrangements for the site.

**The Hon. A. PICCOLO:** Given that it was actually for rental subsidies, can we assume that that \$4.8 million, which your agency has transferred to Innovation, is being used for rental subsidies then?

**The Hon. S.K. KNOLL:** I think you need to ask the Department for Innovation and Skills that.

**The Hon. A. PICCOLO:** So your agency was quite happy just to shift money across for a purpose that it was given and transfer it to another agency, no questions asked; is that what you are saying? Is that your evidence to the committee?

**The Hon. S.K. KNOLL:** No, I am just saying that, given that the budget line has been transferred—

**The Hon. A. PICCOLO:** That is not my question. My question is: given that your agency has transferred \$4.8 million, which was given to your agency for the purpose of rental subsidies and then transferred to another agency, is the agency assuring itself that that amount has been used for that purpose and not other purposes?

**The Hon. S.K. KNOLL:** RSA's role, as I have outlined to the committee repeatedly, is one of coordination in this regard and one where there are a number of different agencies that are playing a role. I appreciate that for the member this may make it complex but, that said—

**The Hon. A. PICCOLO:** No, it is not complex. It is quite a straightforward question.

**The Hon. S.K. KNOLL:** And I have given a straightforward answer, and that is the fact that the responsibility for that budget line sits with the Department for Innovation and Skills.

**The Hon. A. PICCOLO:** So your department has no knowledge of how—

**The Hon. S.K. KNOLL:** I have—

**The Hon. A. PICCOLO:** Let me finish the question.

**The Hon. S.K. KNOLL:** You can ask the same question again.

**The Hon. A. PICCOLO:** No, the question is different. So what you are telling this committee is that your agency has no knowledge whatsoever of how that funding is being used?

**The Hon. S.K. KNOLL:** That is verballing the answer I have given the member. More than that, can I just say that—

**The Hon. A. PICCOLO:** You just told the committee—

**The Hon. S.K. KNOLL:** Hold on, if I am allowed to answer.

**The Hon. A. PICCOLO:** —that you had no knowledge—

**The CHAIR:** Member for Light, you have asked the question and the minister is answering.

**The Hon. S.K. KNOLL:** What I have said is that there is a coordination role. There certainly is knowledge and broad visibility but, again, what there is not is responsibility. I understand in budget estimates that different agencies are given budget lines to be able to deliver projects and programs. I think I have been extremely clear about the fact that, whilst we have knowledge and visibility, what we do not have is responsibility. That responsibility rests with the Department for Innovation and Skills and minister Pisoni. The member can continue to ask questions to try to shoehorn that \$4.8 million into this estimates committee hearing, but unfortunately I do not think that is the way this committee works.

**The Hon. A. PICCOLO:** Mr Chairman, I think I have been verballing now because that was not the intention of my question. My question is quite clear, and I will ask it again because clearly the minister has not either answered the question or understood the question. Either way, the question is: does your agency have any knowledge of how that money was used once it transferred to the Department for Innovation and Skills? I am not asking them to be responsible for it. Do they have any knowledge of how that fund has been used?

**The Hon. S.K. KNOLL:** They have broad visibility.

**The Hon. A. PICCOLO:** Is that a yes or a no?

**The Hon. S.K. KNOLL:** They have broad visibility. They have an understanding as to the direction.

**The Hon. A. PICCOLO:** So they have taken a little peak, but they actually have not seen it; is that what you are saying? You do not have clear view?

**The Hon. S.K. KNOLL:** I refer the member to my previous answers.

**The Hon. A. PICCOLO:** In other words, you are not going to answer the question.

**The CHAIR:** Member for Light, it might be a good opportunity now to move on to the next line of questioning.

**The Hon. A. PICCOLO:** Since the minister refuses to answer the previous question, yes, you might be right, Mr Chairman. I am trying to find a question that the minister might answer.

**Mr ELLIS:** He has run out.

**The Hon. A. PICCOLO:** No, I have heaps of questions.

**The Hon. S.K. KNOLL:** Do not worry, he is much more organised with local government later on.

**The Hon. A. PICCOLO:** I refer to Budget Paper 3, Chapter 5: Government businesses, page 74. I note the reference to Renewal SA's ownership of some TAFE SA sites and premises. Minister, are you able to advise whether the Gilles Plains TAFE site is currently undergoing or about to undergo a process of rezoning that land on which the campus is located?

**The Hon. S.K. KNOLL:** We did anticipate this question. It was obviously given in the education minister's estimates, and we did seek to undertake to get some information. Essentially—

**The Hon. A. PICCOLO:** Perhaps you could ask the Department for Innovation and Skills the next time you see them too?

**The Hon. S.K. KNOLL:** Okay, I will move on. Essentially, the Urban Renewal Authority, on behalf of multiple government departments, whether that be environment and water, SA Health or the Department of Human Services, is preparing a structure plan over the land at Oakden and Gilles Plains. There has been community engagement on the draft structure plan, which closed on 21 June 2019, and obviously we are working through a final structure plan at the moment.

The structure plan is expected to inform a draft ministerial DPA. Proportions of that site are surplus to government or their existing use is not going forward, but there are also a number of sites under different departments that are ongoing that exist underneath the structure plan but will continue in their current use. Gilles Plains TAFE is one of those sites. The reason that it needs to be included in the structure plan is that quite clearly there are a significant number of people who work or who are taught on that site, and so prudent planning in relation to traffic management and pedestrian management for that site would mean that including Gilles Plains as part of that structure plan is appropriate. It is a key asset, a key part of that site.

The TAFE site, which is currently owned by Renewal SA, is actually being transferred back to TAFE this year. Not to verbal the education minister's comments, but there are no plans for the Gilles Plains TAFE to do anything other than be a TAFE site and it will continue as a TAFE site. Quite clearly, it is something that exists as part of that broader area. You obviously have TAFE, you have SA Health assets and you have some assets currently committed to the Minister for Human Services and to the Minister for Environment and Water.

Essentially, Renewal SA is taking an overall structure planning exercise so that we can make sure the site is coordinated. What we did not want to see happen was smaller potential developments in different pockets of the site that were not coordinated together, so we took a holistic view to undertaking how that site should be viewed going forward into the future, which is why RSA was asked to undertake a structure planning exercise. The intention is that the Gilles Plains site will not close. It will continue. If people want evidence for the direction that TAFE is going to take, the fact that the asset is being transferred back to TAFE I think is a strong indication that it is going to continue in its existing use.

**The Hon. A. PICCOLO:** So what you are telling this committee is that the TAFE is safe but that other agencies may be put on the market, or that landholdings with assets, or other agencies on that site or that precinct are going to be put on the market?

**The CHAIR:** Just so that I am clear, member for Light, we are on pages 94 and 95?

**The Hon. A. PICCOLO:** Page 74, sir. The minister has just ruled out the TAFE being sold. He has not ruled out other parts of the site being sold off.

**The Hon. S.K. KNOLL:** There are some parts of that site that are already declared surplus and there are some parts—Gilles Plains TAFE and a number of SA Health assets—that will continue in their existing use. There are some parts of that site that would be released for other development

in the shorter term and there are other assets that will need to be held for the longer term. Something that the City of Port Adelaide Enfield was very keen for us to do was to make sure that we undertook a broad, long-term plan for that site so that we can master plan the other site, especially in relation to traffic—

**The Hon. A. PICCOLO:** Thank you, minister. I do not need the whole previous answer again, if that is okay. I am happy with your answer.

**The Hon. S.K. KNOLL:** I had not finished yet, Chair.

**The Hon. A. PICCOLO:** One thing about tedious questions is that there is nothing worse than tedious answers, repetitive answers.

**The CHAIR:** He is indicating that he wishes to continue with his answer, so let's—

**The Hon. A. KOUTSANTONIS:** He is very talkative now, isn't he?

**The Hon. A. PICCOLO:** Yes, he is trying to wind down the clock.

**The CHAIR:** Thanks, member for Light.

**The Hon. A. PICCOLO:** He is trying to wind down the clock, Mr Chairman.

**The CHAIR:** Member for Light, order! The minister will finish his answer. Minister, you have the call.

**The Hon. S.K. KNOLL:** The request from the City of Port Adelaide Enfield was that we undertake a master plan for the entire site to make sure that it was coordinated in its rollout and development. That does not mean axiomatically that existing assets are just going to be vacated. Again, what we are looking at is a broad, long-term vision to make sure that site is coordinated, as opposed to a hotchpotch approach to small spot rezonings.

**The Hon. A. PICCOLO:** I defer to my colleague for the next question.

**The Hon. A. KOUTSANTONIS:** Standard in most executive contracts is a clause for reappointment, whereby executives must be advised, or give advice, six months prior to their contract expiry as to whether or not they wish to seek reappointment. Was that clause in Mr Hanlon's contract fulfilled?

*Mr Teague interjecting:*

**The CHAIR:** Yes, thank you, member for Heysen. I need from the member for West Torrens a budget reference for that.

**The Hon. A. KOUTSANTONIS:** Budget Statement, page 86, table 5.11, Renewal SA FTEs, sir.

**The Hon. S.K. KNOLL:** I refer the member to my previous answers, where I stated that the terms and conditions of Mr Hanlon's contract will be complied with.

**The Hon. A. KOUTSANTONIS:** I am not asking about the terms and conditions. I am advised there is a clause within Mr Hanlon's contract—I am happy to be corrected by the minister if it is incorrect—that Mr Hanlon would have had to have given notice six months ago as to whether he was going to seek reappointment or not, or that the Premier would have given notice to Mr Hanlon six months in advance that he would not reappoint him. Did either of those things occur?

**The Hon. S.K. KNOLL:** Again, I think the member is making an assertion and assumption in his question that is not necessarily true. Again, I gave the answer that the terms and conditions of Mr Hanlon's contract would be complied with, and that is my answer.

**The Hon. A. KOUTSANTONIS:** While we are here in estimates, my office has received three phone calls from people purporting to be employees of Renewal SA telling my office that Mr Hanlon was on full pay while on leave; is that true?

**Mr ELLIS:** That is a question about phone calls that his office has received.

**The Hon. A. KOUTSANTONIS:** Congratulations!

**Mr ELLIS:** It is not in the budget paper at all, phone calls that your office received.

**The CHAIR:** Member for Narungga, if you wish to raise a point of order, you need to seek the call. I have allowed the question because it still related to table 5.11. The minister, I am sure, will be able to respond to that.

**The Hon. S.K. KNOLL:** I refer the member to my previous answers.

**The Hon. A. PICCOLO:** I would like to go to HomeStart Finance now. I refer to Budget Paper 5, under housing sector package, interest-free deposit gap loan, on page 12. The government announced, ostensibly, a \$104.5 million housing stimulus package in the budget. Can the minister confirm that \$60 million of the stimulus package relates to the HomeStart Finance interest-free deposit gap loan?

**The Hon. S.K. KNOLL:** The \$60 million relates to new lending: that is the total sum of new lending.

**The Hon. A. PICCOLO:** So it is a loan? Is it part of the loan portfolio of HomeStart Finance?

**The Hon. S.K. KNOLL:** They are loans that will be held with HomeStart, yes.

**The Hon. A. PICCOLO:** What is the actual cost of that loan package to the government in real terms?

**The Hon. S.K. KNOLL:** As I said, the total new lending is \$60 million. I refer the member further down the page to the second to last paragraph:

In line with accounting standards, the difference between the total value of interest free deposit gap loans (estimated to be \$2 million over two years)—

**The Hon. A. PICCOLO:** So the cost to the government of this proposal is \$2 million?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. PICCOLO:** The government is investing \$2 million; is that correct?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. PICCOLO:** It is not \$60 million?

**The Hon. S.K. KNOLL:** It is \$60 million worth of new lending. The point being made here is that the opportunity to be able to stimulate new build comes from the total value of the lending. There have been a number of—

**The Hon. A. PICCOLO:** But government is not investing \$60 million? I only have 10 minutes, and it might take nine minutes to get this answer, Mr Chairman.

**The CHAIR:** Let's give the minister the opportunity to answer.

**The Hon. S.K. KNOLL:** I refer the member to my previous answer. This \$2 million will stimulate \$60 million worth of new lending. That new lending will go into building around 80 new homes.

**The Hon. A. PICCOLO:** Eighty new homes; is that correct?

**The Hon. S.K. KNOLL:** I am reading from the budget papers.

**The Hon. A. PICCOLO:** What you are saying is that the impact of this \$60 million program is the building of 80 new homes; is that correct?

**The CHAIR:** That is what it says in the budget paper, I think.

**The Hon. A. PICCOLO:** I am just trying to clarify that.

**The Hon. S.K. KNOLL:** I refer the member to page 12 of Budget Paper 5. It states:

It is estimated that these loans could leverage around \$60 million in new lending. This includes \$28 million in new construction lending to build around 80 new homes and around \$32 million in lending for established properties leading to around 120 housing outcomes for those struggling to buy an established property.



**The Hon. A. PICCOLO:** Minister, I draw your attention to Budget Paper 5, page 12, housing sector package, interest free deposit gap loan. Can you outline—and I will add the word 'briefly'—what modelling was conducted for this program to indicate those proposed outcomes?

**The Hon. S.K. KNOLL:** HomeStart has had since 2011 something called a Wyatt Loan, which, in conjunction with the Wyatt foundation, provides money to cover deposits up to \$10,000. It helps people to be able to access finance for the balance. HomeStart has been offering the Wyatt Loan to the market since that time. Essentially, the package we have outlined here provides for an extension of a loan that is extremely similar in its type with money that has been provided by government. It is a loan product that is well understood by HomeStart Finance. They have used lived experience over the past eight years to understand how this product operates in the marketplace.

**The Hon. A. PICCOLO:** I will go to Budget Paper 3, page 84, HomeStart Finance loan programs under public financial corporations. Minister, in this year's budget papers I understand that the government has a policy where public financial corporations are required to pay 100 per cent of their dividends into government. Will that have any impact on HomeStart's capacity to provide loans or to extend the program should the program be successful and have more loan applications?

**The Hon. S.K. KNOLL:** The answer is no. The 100 per cent dividend policy will not impact on HomeStart's ability to lend out money.

**The Hon. A. PICCOLO:** Minister, can you advise whether your office or HomeStart Finance has received any correspondence or communication from any party highlighting concerns about the operations of the low-deposit loan scheme, and, if so, what concerns have been raised?

**The Hon. S.K. KNOLL:** We are not aware of any correspondence, no.

**The Hon. A. PICCOLO:** There has been no correspondence or communication from any party regarding the time taken by HomeStart Finance to approve loan applications and the possible implications of any delayed approvals or refusals?

**The Hon. S.K. KNOLL:** There have been a very limited number of cases where people have written to me in relation to time taken to process individual loan applications, certainly, but those things are undertaken in the normal course of ministerial correspondence.

**The Hon. A. PICCOLO:** The next question would be: what has been the impact of those delays on either the purchaser or the seller?

**The Hon. S.K. KNOLL:** In each individual circumstance the outcome will be different, but again in every one of those circumstances I have been comfortable in the response that HomeStart Finance has provided as to why things are undertaken in the way that they are and that the policies and procedures in place are being adhered to.

**The Hon. A. PICCOLO:** Minister, are you or any of your officers in HomeStart Finance aware of whether loans under the scheme are being offered whereby homebuyers' land-only contracts have been rolled into housing construction loans and offered a nine month non-repayment condition without negotiating a new settlement date with a land developer?

**The Hon. S.K. KNOLL:** I will ask John to provide the answer.

**Mr OLIVER:** Can I ask for the question to be repeated for me so that I can give you a precise answer?

**The Hon. A. PICCOLO:** I am assuming I can get one more question after this one, Mr Chairman. Mr Chairman, through you to the minister and to his officer: minister, are you aware of any loans under this scheme being offered whereby homebuyers' land-only contracts are being rolled into housing construction loans and offered a nine-month no repayment condition without negotiating a new settlement date with a land developer?

**Mr OLIVER:** In terms of this scheme, are you talking about the deposit gaps product, or are you just talking about HomeStart's standard lending?

**The Hon. A. PICCOLO:** I am happy to talk about any program where you offer a loan or some sort of financial support.

**Mr OLIVER:** HomeStart has an arrangement with about 15 local builders to provide what we call a structured construction loan. Part of our construction loan product is that we allow a borrower not to have to make any repayments during nine months. It is the standard product that has been in place for many, many years. We make no arrangements specifically with the builder or the land developer: our arrangements are solely with the borrower.

Any arrangements in terms of settlement dates, completion of construction, are for the borrower and the developer to come to an agreement on. HomeStart simply funds the loan, ensuring that the loan meets all the criteria that we would have to make under responsible lending standards.

**The Hon. A. PICCOLO:** As a follow-up question, minister, have you or your office or HomeStart Finance received any advice on any financial effect this delayed settlement on land sales is having on developers and is expected to have in the future, particularly under the government's changes to land tax aggregation laws?

**The Hon. S.K. KNOLL:** Again, I think that question—

**The Hon. A. PICCOLO:** No, I am asking for your agency's understanding or knowledge, not what the Treasurer is doing. What I am asking is: has your agency been made aware or had brought to its attention the impact its behaviour may have in terms of these loans, combined with the proposed aggregation laws, on the price of land and also developers? I am asking for your agency's knowledge; that is it.

**The CHAIR:** Member for Light, your reference for that question?

**The Hon. A. PICCOLO:** Same reference—Budget Paper 3, page 84, public financial corporations.

**The Hon. S.K. KNOLL:** The policy changes in relation to aggregation are outlined in this budget in the broad. As the Treasurer has outlined, we are in the process of consulting on those proposed changes. There will be further outcomes and further decisions taken in relation to that matter.

**The Hon. A. PICCOLO:** That was not my question.

**The Hon. S.K. KNOLL:** It is difficult to provide an answer to that question based on a hypothetical without the final detail of the proposed aggregation changes being negotiated.

**The Hon. A. PICCOLO:** Can I put it this way and not make it hypothetical: what correspondence or communication has the minister, his office or HomeStart Finance received from any developers or property developers regarding their concerns about these loans and the possible impact of any aggregation tax?

**The CHAIR:** That is a very broad question, member for Light.

**The Hon. A. PICCOLO:** It is actually quite specific.

**The CHAIR:** I understand that, but—

**The Hon. A. PICCOLO:** They either know something or they do not know something. That is the question.

**The CHAIR:** Well, you asked about correspondence and we have reached the allotted time.

**The Hon. A. PICCOLO:** I am waiting for an answer.

**The CHAIR:** This will be your final question. Minister.

**The Hon. S.K. KNOLL:** I am advised that the agency has not had any correspondence in relation to land aggregation.

**The Hon. A. PICCOLO:** Or any communication?

**The CHAIR:** Having reached the allotted time, I declare the examination of the proposed payments for HomeStart Finance and the Urban Renewal Authority completed.

**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$913,041,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND**  
**INFRASTRUCTURE, \$7,488,000**

**Minister:**

Hon. S.K. Knoll, Minister for Transport, Infrastructure and Local Government, Minister for Planning.

**The CHAIR:** It looks to me as though we have the same advisers. Minister, do you wish to make an opening statement?

**The Hon. S.K. KNOLL:** No; we will need to shuffle the deck chairs, if that is okay.

**The CHAIR:** We are moving to planning.

**The Hon. A. KOUTSANTONIS:** Point of order, sir: it is grossly disorderly for the officers not to be here, ready to go. We have time allotted to start at 10.15. The parliament puts out the schedule in advance. Where are the officers?

**The CHAIR:** I am sure they are not far away. If it helps the member for West Torrens, we can add a few minutes.

**The Hon. A. PICCOLO:** So we will have to shift it to when we start? Thank you, Mr Chair.

**The CHAIR:** I take your point, and it is a reasonable point, member for West Torrens. Once the minister's advisers are here, we will note the time and begin.

**Departmental Advisers:**

Mr T. Braxton-Smith, Chief Executive Officer, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Director, Finance, Department of Planning, Transport and Infrastructure.

Ms A. Allen, Manager, Planning Reform, Department of Planning, Transport and Infrastructure.

Mr M. Burdett, Surveyor General.

Mr R. Pitt, Chief Executive Officer, Adelaide Cemeteries Authority.

Ms K. Williams, Chief Executive Officer, West Beach Trust.

**The CHAIR:** I declare the proposed payments open for examination.

**The Hon. S.K. KNOLL:** Here is my coterie. To my extreme left is Anita Allen, the Manager for Planning Reform. To my left is Tony Braxton-Smith, the CEO of the department, and to my right is Bill Cagialis, Director of Finance. I also have here Michael Burdett, the Surveyor General, and also Kate Williams, the CEO of the West Beach Trust, and Robert Pitt, the CEO of the Adelaide Cemeteries Authority, if anybody chooses to want a question in that area.

**The CHAIR:** Minister, do you wish to make an opening statement?

**The Hon. S.K. KNOLL:** No, sir.

**The CHAIR:** Does the opposition wish to make an opening statement?

**The Hon. A. KOUTSANTONIS:** Did you say Cemeteries Authority?

**The Hon. S.K. KNOLL:** Yes.

**The CHAIR:** Questions from the member for Light.

**The Hon. A. PICCOLO:** At 10.20.

**The CHAIR:** 10.19, we are making it.

**The Hon. A. PICCOLO:** Minister, I draw your attention to Budget Paper 4, Volume 3, Program 7: Land Use Planning, page 162, under the first dot point, targets 2019-20. Obviously, one of the important targets for the government is the introduction of the Planning and Design Code and its various phases. Minister, can you or one of your officers clarify for me the boundaries for the three different zones—for example, the outback zone, the regional zone and the metropolitan zone—for the design code?

**The Hon. S.K. KNOLL:** The broad answer is that the outback code, which is in place now, relates to out-of-council areas, largely in the outback of the state. The regional code is obviously for regional councils, but there are a number of councils with large cities. I know that Alexandrina Council, Gawler council and a number of the larger provincial city council areas have also been put into phase 3. I am happy to provide the balance of the details of that on notice.

**The Hon. A. PICCOLO:** Just to clarify then, are the Mount Barker District Council, the district council of Adelaide Hills and the Barossa Council in the metropolitan zone, or are they in the regional zone?

**The Hon. S.K. KNOLL:** The Adelaide Hills Council, DC Mount Barker and Barossa are all phase 3.

**The Hon. A. PICCOLO:** So they are in the metropolitan zone?

**The Hon. S.K. KNOLL:** Well, they are in phase 3.

**The Hon. A. PICCOLO:** Just to clarify, in terms of the application of the policies do the policies of the design code that relate to metropolitan Adelaide also relate to those three council areas?

**The Hon. S.K. KNOLL:** Again, I think the member is misunderstanding. The idea is that there is one Planning and Design Code. Essentially, there is a rollout geographically when the code will turn on for various parts of our state. To say that there is a regional code and a metropolitan code is incorrect; it is all one code. It is really just a matter of when we turn on the code for various areas of our state.

**The Hon. A. PICCOLO:** Just to clarify, because I have been asked this question by a number of people, the code that will apply to metropolitan Adelaide will also apply to those areas?

**The Hon. S.K. KNOLL:** Yes, it is one code.

**The Hon. A. PICCOLO:** Is the minister advising this committee that, in terms of minimum allotment size and intensity of land use, etc., the code will apply to those areas as well?

**The Hon. S.K. KNOLL:** Again, there is one code.

**The Hon. A. PICCOLO:** I understood that. You said that three times.

**The Hon. S.K. KNOLL:** Sure. There are at the moment about 50 different zones. Those zones apply in various parts of the state, statewide. Take the suburban neighbourhood zone, for instance—the suburban neighbourhood zone in the Marion council area will have the same policies attached to it as the suburban neighbourhood zone in, let's say, Port Pirie, if there is one. The idea is that those zones are consistent statewide wherever they are spatially applied.

**The Hon. A. PICCOLO:** I understand. What you are saying is that if there is a residential zone in metro Adelaide the residential zone will apply right across the state?

**The Hon. S.K. KNOLL:** There are about four or five residential zones at the moment, and obviously there is a policy that sits inside those residential zones that will apply, as they are spatially mapped out, but then there are overlays that will sit over the top of those zones which will also provide some more spatially-specific or site-specific policy.

**The Hon. A. PICCOLO:** Is it the intention under this new Planning and Design Code to still retain those four or five residential-specific zones, or will it be one residential zone?

**The Hon. S.K. KNOLL:** At the moment, there are hundreds of different residential zones across the state.

**The Hon. A. PICCOLO:** Yes, I am aware of that. Each council has its own. Yes, I understand that.

**The Hon. S.K. KNOLL:** At the moment, we have around five residential zones.

**The Hon. A. PICCOLO:** And that is your intention—to transfer that to the new code?

**The Hon. S.K. KNOLL:** Those five designs are being worked up for implementation under the new code.

**The Hon. A. PICCOLO:** So the answer is yes?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. PICCOLO:** In terms of these five zones, as you indicated, they will then apply right across the whole state. Do you have any indication of how you are going to amalgamate or allocate the five different ones to different parts of the state?

**The Hon. S.K. KNOLL:** Essentially, there is an exercise being undertaken currently whereby the existing residential zone is being matched against the five new residential zones, with the principle that we are matching as closely as possible the myriads of potential residential zones with one of the five residential zones. There is an opportunity for us to use overlays and, potentially, subzones as a way to be a little bit more site specific. That is the exercise being undertaken for phases 2 and 3 at the moment.

**The Hon. A. PICCOLO:** In the Hills area or the Barossa area, are you ruling out amalgamating the plethora of different zones into four or five zones so that, in terms of urban and residential development, none of the minimum sizes will go down further than they are already at the moment?

**The Hon. S.K. KNOLL:** If you are referencing the Barossa preservation district EFPA and the McLaren Vale preservation district, I think that the legislation speaks to where housing development can and cannot occur.

**The Hon. A. PICCOLO:** I understand that. I am not talking about changes in land use. Within the existing residential zones there are, as you said in your evidence to this committee, hundreds of zones at the moment, and you are now going to merge those into four or five, which I understand; it makes sense. By merging those zones, in some of the areas will some of the allotments become smaller as a result?

**Mr TEAGUE:** Is there a reference to the page? Where are we at?

**The Hon. A. PICCOLO:** It is the same question, Mr Chairman. They are supplementary questions, effectively. I am referring to Budget Paper 4, Volume 3, Program 7: Land Use Planning, page 162. I thought it might be of interest to you.

**The Hon. S.K. KNOLL:** Essentially, it is about matching as closely as possible the existing residential zone to one of the five zones.

**The Hon. A. PICCOLO:** I understood that; you said that before.

**The Hon. S.K. KNOLL:** Yes. You are asking me to give an absolutist statement before the work is done. There are around 1,200 different zones. We are trying to put 1,200 zones into 50 zones.

**The Hon. A. PICCOLO:** I understand that, minister.

**The Hon. S.K. KNOLL:** Quite clearly, in undertaking that work there is, through the transition, the ability to able to make a standard and consistent degree of incremental and small movement, which is now needed, with various policy parameters that are currently within those residential zones.

The idea is that we match as closely as possible to the existing ones, and certainly the principle of the new Planning and Design Code is for the absolute vast majority of existing land uses

to just transition across. But I think this exercise—Herculean as it is, that the parliament almost in a bipartisan way has foisted upon the department—has meant that through the process of standardisation we have had to look at, and will have to look at, more nuanced variations to existing policy.

**The Hon. A. PICCOLO:** So the answer to my very short question is, no, you cannot give an assurance that some allotment sizes will fall.

**The Hon. S.K. KNOLL:** Again, I can only refer the member to the long format answers that I have just given.

**The Hon. A. PICCOLO:** Okay, I will take it as read. Shifting away from the residential zones, throughout a whole range of council areas—and they come by different names—are essentially what you might call rural living or country living zones. You are aware of them; you are aware of some in my area as well. I assume that there will be some sort of zone to cover this type of land use. Will there be a uniform country zone or a rural living zone across the state? Will there be only one, or will there be two or three or four?

**The Hon. S.K. KNOLL:** There is only to be one at this stage, a rural living zone. But can I put the caveat that there are overlays that will sit over the top of that and also the potential for subzones. I also clarify for the member that site area and minimum lot size sit in the overlay.

**The Hon. A. PICCOLO:** I am trying to make sure I understand correctly what you are saying. Given that these currently range from 2,000 square metres up to 10,000 square metres, and they play roughly the same role depending on what location they are in, are you saying that the zone itself, the new zone, will have a minimum amount and then will be addressed by overlays, or will the new zone have multiple areas?

**The Hon. S.K. KNOLL:** There is a rural living zone. The minimum lot size will be referenced in the overlay and those overlays will give us an opportunity to be able to make sure that existing land-use rights are maintained to the greatest degree possible. Again, I think the characterisation of your question that the zone would dictate the minimum lot size for rural living is incorrect. It is the overlay that will provide that.

**The Hon. A. PICCOLO:** The zone itself will not reference the minimum size at all.

**The Hon. S.K. KNOLL:** No.

**The Hon. A. PICCOLO:** Is that a definite no or a maybe no?

**The Hon. S.K. KNOLL:** I will ask Anita to answer this question.

**The Hon. A. PICCOLO:** He is going to be a Crows player now and handball.

**Ms ALLEN:** The way the Planning and Design Code works in broad terms is that there is a series of zones that sets out the intent of what developments should be able to happen in an area. We are used to seeing in those a lot of numbers, things like site areas and how tall a building can be and the like. What we have done, instead of having some of those numbers in the zone, is have them sit in an overlay. That means that it can specifically reference where that changes spatially all over South Australia.

For example, for the rural living zone, in one neighbourhood it might have a site area of 2,000 square metres but in another rural living area it might have a site area of 4,000 square metres, and that will be picked up in this overlay. As a user, you will not see that because when you come into the Planning and Design Code it will just pick up for you the number that applies to the geographic area to which you are lodging a development application. In some ways, it is a bit of a technical thing, but the policy will be there for the applicant and be very clear about what applies.

**The Hon. A. PICCOLO:** I am just trying to understand that, given that the whole Planning and Design Code is designed to simplify everything. If I have understood the advice correctly, the zones themselves will describe the preferred land use, the intended land use or the objectives for the zone, then you will have these overlays, which actually then talk about restrictions, for want of a better word, minimum allotments or whatever the land use relates to. These overlays will essentially be site specific or area specific. How many of those are envisaged across the state?

**The Hon. S.K. KNOLL:** At the moment, there are about 60. Some of them are quite broad and some of them can get a bit more specific. What I would say—again, I am happy to give broad policy direction—is that in October phase 2 and phase 3 of the code will be out for consultation. That will provide the ability for the member to be able to grapple physically with the new code so that that specificity that it seems he is looking for will be revealed.

**The Hon. A. PICCOLO:** No, I am trying to understand how this new policy framework actually is achieved. Is this what you are saying: it is certainly not the intention of the government to translate the existing zones across to the new code?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. PICCOLO:** So some zones will disappear or be amalgamated?

**The Hon. S.K. KNOLL:** Going from 12 to 50 requires a severe level of reduction.

**The Hon. A. PICCOLO:** I understand that. The point I am making, though, in terms of the overlays where it talks about minimum sizes, etc., is will the overlays themselves just translate from the existing, or will there be a merger and amalgamation of some, so not every existing site specific will carry the same requirement as at the moment? Is the minister trying to grapple with these things as well?

**The Hon. S.K. KNOLL:** I will ask Ms Allen to answer that question.

**Ms ALLEN:** The way the Planning and Design Code is structured is to have a range of overlays that relate, in particular, to state interests—for example, bushfire hazard, flood mapping, affordable housing and a whole range of technical aspects—and making sure that those things are delivered. It also has some of these technical overlays, which insert a number in a geographic area. Where there is a significant improvement now is that you know exactly, spatially, where these policies apply.

In the traditional development plan, you have a whole list of policies at the front of the development plan called the general provisions, and it is very difficult for an applicant or a mum and dad to understand how those policies apply and in what circumstances they apply. Where this code is different is that you can put in the type and nature of the application you are lodging and it pulls out for you two sets of information: one is geographic information, the bespoke policy rules that apply to your site, and the other information is around the land use development type you are applying for.

Where there is a significant benefit to applicants and users of the system is that there is no longer a planner filtering through thousands of pages of rules trying to work out what applies. The system is set up to do that and it is very black and white.

**The Hon. A. PICCOLO:** I understand that and it makes sense. What I am trying to establish is if somebody comes to me and says, 'This is my current zoning. These are the current rules regarding the zone I live in or the zone I will own in. Will this change?'

**The Hon. S.K. KNOLL:** So again—

**The Hon. A. PICCOLO:** Let me finish. I do not mean change in the sense of the way it is actually put together and therefore how you access the information, but will it change in practicality of what I can or cannot do with this land.

**The Hon. S.K. KNOLL:** Again, I think the question is asked in the abstract—

**The Hon. A. PICCOLO:** No, it is quite clear.

**The Hon. S.K. KNOLL:** —but the application of the question will be in the specific. I think being able to answer that question will be made a lot easier once the draft codes are out there. The principle for the vast majority of the state is that existing land use rights are transitioned, but quite clearly, as I have outlined in one example in relation to residential zonings, there may be a minor difference. In a couple of areas, there will be a more major difference, and I refer you to the renewable energy and wind farm discussion paper we have out at the moment that proposes change as part of the code.

We are undertaking an exercise to be able to standardise and transition existing land use rights as much as we can. There may be some very minor changes at the margins. For a small proportion of the code, we will seek, through transition from the existing development plans to the code, some more broad policy change, with renewable energy infrastructure being one of those. Where we do that there will obviously be consultation in line with the Community Engagement Charter. For the code more generally, there will also be consultation. You did not give a specific example, but when somebody wants a specific answer the best thing to do is to wait for the code.

**The Hon. A. PICCOLO:** I am actually not particularly concerned about the continuation of land use rights. I am more concerned about whether the character of these areas will remain the same. In other words, if I were to purchase in a particular area, in a country zone area, would I be assured that under this code the area around me would still be a country use zone and the minimum lots would stay the same, or would that change around me over the next few years? That is the question I am asking.

**The Hon. S.K. KNOLL:** There is a difference here in the broad versus the specific. If you are in a residential zone, you will be in a residential zone. If you are in a commercial zone, you will transition into a commercial zone, or industrial and all those sorts of things.

**The Hon. A. PICCOLO:** That in itself has different requirements, though, in different areas at the moment.

**The Hon. S.K. KNOLL:** The broad zonings will remain the same, but the task of taking 1,200 different zones and putting them into 50 different zones—we have at the moment 60 overlays—will be an exercise in standardisation that may create minor change at the margins. What you are trying to ask is: can I give a blanket assurance that nobody is going to see any change? Quite clearly, the answer to that is, no, I cannot give that assurance because the process of transition and standardisation does mean that there needs to be a degree of change at the margins. The exception to that will be where we are seeking to undertake policy change as part of co-transition, and the example I gave was in relation to renewable energy projects.

**The Hon. A. PICCOLO:** I think that actually answered the question.

**The Hon. S.K. KNOLL:** Pardon?

**The Hon. A. PICCOLO:** I think that you finally got to answering the question.

**The Hon. S.K. KNOLL:** I am here to help.

**The Hon. A. PICCOLO:** I draw the minister's attention to Budget Paper 4, Volume 3, page 162, Program 7: Land Use Planning, the first dot point under targets 2019-20. Minister, you talked about phase 2 and phase 3 in your previous answers. According to previous advice presented on the South Australian Planning Portal, phase 2 of the Planning and Design Code, which applies to regional council areas, was due to have the public consultation process conclude in August and be operational from November this year. These deadlines, I now understand, have been changed. Can the minister explain the background to the change in the timing of these releases and, given that there are two phases now under consideration for consultation, whether additional time frames will be provided for effective consultation to take place?

**The Hon. S.K. KNOLL:** So your question is in relation to timing and about the fact that, yes, it was envisaged that phase 2 be turned on earlier than it now will be. We have received feedback that metropolitan councils are going to be looking to the phase 2 rollout for answers to what is going to be in phase 3. In fact, I have had a lot of people talk to me about that, what is in phase 1. They are looking for answers in a subsequent rollout of the code. Outback is obviously quite different because we are dealing with a very low number of DAs and a lot of area that does not have built form.

The decision was taken to put out phases 2 and 3 for consultation at the same time because a lot of people will be seeking to engage with phase 2 of the code and to look to phase 2 to give them answers on what is going to happen in phase 3. We think it more appropriate to undertake consultation together. The other information we have had is that regional councils have a degree of nervousness about turning on in November and would prefer a bit more time.



Our current thinking is that we will turn on phase 2 in April and turn on phase 3 around on 30 June or 1 July, as per the original time frame. This also gives us a greater opportunity to consult. Through this process, I think the department has been an exemplar of how consultation needs to be undertaken with the community, but there is a lot to consult on—

**The Hon. A. PICCOLO:** With all due respect, minister, is that their view or the community's view?

**The Hon. S.K. KNOLL:** Pardon? That is my view.

**The Hon. A. PICCOLO:** It is your view? Okay, as long as we have clarified that.

**The Hon. S.K. KNOLL:** There has been a lot of consultation. In fact, the biggest bit of feedback I receive is that people get consultation fatigue. There are a lot of moving parts to this, and from the Community Engagement Charter to the state planning policies, to the Accredited Professionals Scheme and through to phase 1 of the code, a lot of consultation needs to be undertaken.

The feedback we have been given is, 'It's good that you are asking the question, and we appreciate that, but there is just so much that we have to grapple with and we need a bit more time.' The opportunity now to elongate the consultation process within the time frame in the legislation provides more opportunity for back and forth, and we think that is a positive step. That has necessitated this change.

I think we would all have to agree that this is one of the most ambitious changes in this state's history to the way we undertake planning. I think it is prudent for us to have a degree of flexibility so that we can actually respond to the consultation and feedback we are given.

**The Hon. A. PICCOLO:** Minister, you mentioned the word 'consultation' a number of times in that answer, which I am thankful for. It gives me an opportunity to segue into some questions regarding consultation. One is in terms of the rollout of the planning reforms and, in particular, on general heritage matters, which is being undertaken by the South Australian Planning Commission at the moment. Can the minister outline the consultation process that has been undertaken by the commission and also perhaps provide advice on why the commission would have a closed consultation session with developers and not include other stakeholders in that consultation?

**The Hon. S.K. KNOLL:** I reject that assertion.

**The Hon. A. PICCOLO:** So you are saying that it did not take place?

**The Hon. S.K. KNOLL:** Can I say that—

**The Hon. A. PICCOLO:** No, you are rejecting it. Did you say that it did not take place?

**The Hon. S.K. KNOLL:** No, I reject the assertion that all members of the community have not had an opportunity to date to engage—

**The Hon. A. PICCOLO:** Well, I will rephrase the question then.

**The Hon. S.K. KNOLL:** Mr Chair, I would like to answer the question.

**The CHAIR:** Member for Light, you have asked a question. Let's see how the minister—

**The Hon. A. PICCOLO:** I am happy to ask it a second time.

**The CHAIR:** Well, you can clarify it if you need to, but let's see how the minister answers it at this stage.

**The Hon. S.K. KNOLL:** Chair, we are in the process of seeking to transition, and I make the point that the Planning, Development and Infrastructure Act did not actually provide for a change to the way that heritage is undertaken. What we are seeking to do is take the existing heritage provisions and make them work with the new code. Again, I would say that there are a whole heap of moving parts. What we did do was put out some papers to give some preliminary clarity. The formal consultation in relation to heritage matters will be undertaken as part of phase 2 and phase 3 consultation in exactly the same way that we will do everything else in relation to the rollout of the code.

The reason we brought this heritage discussion forward, pre-emptively putting out some information, is that it is a topic that stirs passions quite a lot. We put a series of papers out there about how we believe that the transition for heritage protection will be undertaken. The formal consultation process will be undertaken as part of the code consultation, but can I say that from the department to my office we have had meetings with a very wide variety of stakeholders. I personally have met with various pro-heritage interest groups to have a discussion in relation to their initial feedback on this.

There is an assertion out there that the existing papers have been put in place because of pressure from the development sector. Can I say that the development sector has actually provided almost no comment to me in relation to issues with heritage protection. In fact, the most common bit of feedback I get from the development sector, especially in relation to heritage buildings within the City of Adelaide, is, 'How can you help us make it easier to adaptively re-use these buildings?'

**The Hon. A. PICCOLO:** You are talking to different developers from the ones I talk to then.

**The Hon. S.K. KNOLL:** I cannot speak to the conversations that you have, member for Light.

**The Hon. A. PICCOLO:** Hold on, minister. If what you have just told the committee is the case, then why was an invitation-only developers' consultation session held, closed to other parties? I can give you the names of who was invited and who—

*Members interjecting:*

**The CHAIR:** Gentlemen, we will cease the—

*The Hon. A. Piccolo interjecting:*

**The CHAIR:** Yes, I can understand that. You can have a chat during the break, I think.

**The Hon. A. PICCOLO:** I can start reading the omnibus questions.

**The CHAIR:** Have a chat during the break. Minister.

**The Hon. S.K. KNOLL:** Three ministerial advisory committees were in place. It was envisaged that their work would finish in the middle of this year. We have chosen to extend for an extra 12 months. They are a local government ministerial advisory committee, a community environment advisory committee and an industry advisory committee. They were due to finish in the middle of this year; we have chosen to extend them for an extra 12 months. Then there is an infill committee looking at some specific issues in relation to infill development within Adelaide, especially—

**The Hon. A. PICCOLO:** The City of Adelaide or metropolitan Adelaide?

**The Hon. S.K. KNOLL:** Within the broader metropolitan area.

**The Hon. A. PICCOLO:** It is an important difference.

**The Hon. S.K. KNOLL:** That infill committee is looking at the way we incentivise or create better development. I have made many public statements about the fact that the market is changing away from fringe greenfield development towards more urban infill. That comes with issues around how we generate good infill. If you want an example of issues that are created in the community, Campbelltown City Council is currently undertaking a DPA in relation to infill in that council area. We have been working with Campbelltown City Council to tease out some of these issues in relation to infill.

There is also a ministerial liaison group. It was started under the previous government, and I have chosen to continue it. I have just outlined five different committees that have consultation. This is before we undertake the formal consultation process in relation to phase 2 and phase 3 of the code. I think that the member is trying to insinuate that there is some sort of—

**The Hon. A. PICCOLO:** Mr Chairman, the minister is imputing improper motives on my assumption.

**The Hon. S.K. KNOLL:** Chair, if I can—

**The Hon. A. PICCOLO:** No, you do not get a blank cheque to verbal me.

**The CHAIR:** Member for Light, you have asked your question. I had not picked up anything too serious in what the minister was saying, so let's go back to the answer.

**The Hon. S.K. KNOLL:** I think that the member is trying to create some sort of assertion that there is a secret heritage committee somewhere along the line—

**The Hon. A. PICCOLO:** Not at all.

**The Hon. S.K. KNOLL:** —and that is simply not the case. I have outlined the five committees that do exist.

**The Hon. A. PICCOLO:** Just on that, minister. Who comprises the infill committee? Who is invited to the infill committee?

**The Hon. S.K. KNOLL:** It is a small group of people from the industry.

**The Hon. A. PICCOLO:** The industry only? So other stakeholders do not have any interest in infill in the urban area?

**The Hon. S.K. KNOLL:** Pardon?

**The Hon. A. PICCOLO:** Other stakeholders do not have an interest in infill in the metropolitan area?

**The Hon. S.K. KNOLL:** What we are talking about specifically here—and, again, we are talking about one committee of five committees that provide advice apart from the formal consultation processes, and—

**The Hon. A. PICCOLO:** I understand that. You have said that twice. I understand that.

**The Hon. S.K. KNOLL:** Excuse me, Chair, I would like the opportunity to answer the question. The infill committee is filled with people who build infill, and the purpose of this committee is to find a way to build better infill.

**The Hon. A. PICCOLO:** So actually the views of others do not count then?

**The Hon. S.K. KNOLL:** Again, can I tell you that the broad and vast opportunities for people to be able to engage with this process have been immense. In fact, I would hazard to say that the planning area within my department provides more opportunity for people to engage through the YourSAy website than anybody else. We undertake consultation on everything.

What we are talking about here is a committee that has been formed to find ways to build better infill as our city densifies, as the market chooses to have infill development happen instead of buying new housing on the urban fringe. We are trying to find a way to do that better. That is what the purpose of that committee is.

There is an opportunity for people to have input on everything, apart from the fact that, whether it be the department or whether it be my office, we have sought and received feedback on a huge variety of topics. There is no hidden agenda here. There is no shutting out of anybody, and everybody has the opportunity to have their voice heard on this reform process.

**The Hon. A. PICCOLO:** This is my last question to the minister. I do not understand clearly why you think it is necessary for your preliminary and early advice, which actually would help inform your position on things, has to be done to the exclusion of other people who have an interest in infill. That is it. I do not understand that.

You can say what you like, minister, but the reality is that this infill committee would actually influence your thinking, and quite rightly so. Why you think it is necessary to exclude others from this early part of the process is of interest not only to local government but to communities out there who think—well, to be honest with you, they think that you are doing deals with the developers.

**The Hon. S.K. KNOLL:** Can I reject that assertion out of hand.

**The CHAIR:** Minister, before I give you the call, I just point out, member for Light, that that seemed very much like a statement rather than a question.

**The Hon. A. KOUTSANTONIS:** He is entitled to make a 15-minute statement.

**The CHAIR:** If you would like to phrase a question—

**The Hon. A. KOUTSANTONIS:** He is entitled to make a 15-minute statement.

**The CHAIR:** Yes, I know. He can do that, member for West Torrens, but he needs to ask a question as well.

**The Hon. A. PICCOLO:** No, it was actually phrased as a question. I do not understand why the minister cannot explain why he thinks it is necessary not to have other parties on this infill committee. That was the substance of the question.

**The Hon. S.K. KNOLL:** Again, I think that the assertion—

**The Hon. A. PICCOLO:** I am not asserting; I am just asking for clarification.

**The CHAIR:** Member for Light!

**The Hon. S.K. KNOLL:** —that we are excluding people is wrong. Once the code is out for consultation a lot of this will become clearer, but the intent of what we are trying to achieve is better infill. To do that, I think taking the opportunity to talk to people who build infill, to look at ways to build better infill so that, as our city matures and grows and densifies, we do so in a way that is acceptable to the community—and in a way that tries to deal with some of the negative externalities that can exist from densification and potentially not repeat the same problems that cities like Melbourne and Sydney have dealt with with unplanned densification, I suppose, that does not bring the community along with it—I think is a good thing.

**The Hon. A. PICCOLO:** Mr Chair, I defer to my colleague for the next question.

**The Hon. S.K. KNOLL:** Again, I reject completely this assertion that somehow there is not an opportunity for everybody to have their voice heard in this transition process.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Statement, page 78, under capital investment, Adelaide Cemeteries Authority. Minister, did you write to three board members, terminating their commission on the governance board? Could the minister also introduce the official he is speaking to?

**The CHAIR:** He introduced his advisers at the outset, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Did he? I am sorry.

**The Hon. S.K. KNOLL:** Sorry, can the member repeat the question?

**The Hon. A. KOUTSANTONIS:** Did the minister write to board members of the Adelaide Cemeteries Authority, removing them from the board?

**The Hon. S.K. KNOLL:** I did write to three board members, yes.

**The Hon. A. KOUTSANTONIS:** Did you remove them from the board?

**The Hon. S.K. KNOLL:** The ability to remove members from the Cemeteries Authority board is a matter for Executive Council.

**The Hon. A. KOUTSANTONIS:** It is a matter for the Governor. In your correspondence, did you inform them that they had been removed?

**The Hon. S.K. KNOLL:** I will have to take the detail of that question on notice because I do not have the letters in front of me.

**The Hon. A. KOUTSANTONIS:** I bet you will. Did you give reasons of gender mix on the board for their removal?

**The Hon. S.K. KNOLL:** I will take on notice to check the substance of the letter.

**The Hon. A. KOUTSANTONIS:** Minister, have you acted unlawfully in removing three board members?

**The Hon. S.K. KNOLL:** I am not empowered to remove three board members.

**The Hon. A. KOUTSANTONIS:** Did you seek the advice of the Governor or Executive Council before removing those board members, or did you act unilaterally?

**The Hon. S.K. KNOLL:** Those board members have not been removed.

**The Hon. A. KOUTSANTONIS:** They have not been removed? Right. So you did send them a letter, attempting to act unilaterally, but in fact you discovered later that you did not have the authority to remove them at all?

**The Hon. S.K. KNOLL:** No, I think I have prudently written to members.

**The Hon. A. KOUTSANTONIS:** You have written to members, I understand, talking about gender mix on the board; is that correct?

**The Hon. S.K. KNOLL:** I have to take the substance of that on notice.

**The Hon. A. KOUTSANTONIS:** Did you attempt to appoint any new members to the board?

**The Hon. S.K. KNOLL:** Again, now I think we are straying into the realms of matters that would be the subject of—

**The Hon. A. KOUTSANTONIS:** Have you inadvertently exposed the Governor to litigation by acting unlawfully?

**The Hon. S.K. KNOLL:** Again, to answer the previous question, we are now delving into the realm of cabinet deliberation.

**The Hon. A. KOUTSANTONIS:** No, this was not a cabinet deliberation; you acted unilaterally. You acted on the advice of someone in your agency and you wrote letters that are unlawful. Why did you do that?

**The Hon. S.K. KNOLL:** I think the member is now creating an assertion that I think he should reflect on.

**The Hon. A. KOUTSANTONIS:** Who are the board members you wrote to?

**The CHAIR:** Minister, before I give you the call—member for West Torrens, I can only find a couple of references. There are references—

**The Hon. A. KOUTSANTONIS:** Yes, isn't that interesting?

**The CHAIR:** —and they relate to capital investment.

**The Hon. A. KOUTSANTONIS:** Yes, and the board governs that capital investment, sir.

**The CHAIR:** Human capital? It is a bit of a stretch. Anyway, let's see where it goes.

**The Hon. A. KOUTSANTONIS:** Well, so is writing to them and saying that they cannot be on a board because of a gender balance.

**The Hon. S.K. KNOLL:** Again, I think the member is creating an assertion in his answer that I have taken the balance and detail of on notice.

**The Hon. A. KOUTSANTONIS:** Is Mr Wayne Hanson still a member of the board?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. KOUTSANTONIS:** Did you send him correspondence saying that he was removed from the board?

**The Hon. S.K. KNOLL:** Again, I will take the balance and the substance of that question on notice.

**The Hon. A. KOUTSANTONIS:** I bet you will. Did you send that letter before or after you sought the permission of the Governor to terminate Mr Hanson?

**The Hon. S.K. KNOLL:** Again, I will take the substance of that question on notice.

**The Hon. A. KOUTSANTONIS:** For the committee's benefit, the opposition has been informed that the minister, without seeking the approval of the Governor, has written to three board

members, seeking to remove them from the authority without the authority of the Governor, which is an unlawful act. Not only that, sir, but the opposition has been informed that the minister has attempted to appoint new members to the board without informing the Governor. If any of that is accurate, then that is gross maladministration, is it not minister?

**The Hon. S.K. KNOLL:** Again, I think the member has created a whole degree of assertions in there and I think he should reflect on the accuracy of those.

**The Hon. A. KOUTSANTONIS:** I asked you if you wrote to members and you said yes. I asked you if you wrote to them seeking to remove them from the board. You will not answer that; you will take that on notice. So you have written a letter, but you do not know what is in it. Thirdly, I asked you whether you had sought permission from the Governor, whether you had advised the Governor before you sent those letters. Again, you are taking that on notice.

I assert to this parliament that I have been informed that the minister sent those letters before seeking permission from the Governor in Executive Council. If that is accurate, that is maladministration on a gross level because you have acted unlawfully, haven't you minister?

**The Hon. S.K. KNOLL:** Well—

**The Hon. A. KOUTSANTONIS:** You can laugh all you like.

**The Hon. S.K. KNOLL:** I think that the member for West Torrens has created a whole heap of assertions in the question he has asked.

**The Hon. A. KOUTSANTONIS:** Deny them.

**The Hon. S.K. KNOLL:** I have taken on notice to provide information in relation to the substance of that. Again, I think that the member likes to play judge, jury and executioner all in one neat little package. I think the member should reflect on whether he is the appropriate person to do that.

**The Hon. A. KOUTSANTONIS:** I will give the minister the benefit of the doubt and I will ask you again: did you go to the Governor in Executive Council as set out in section 13(3) of the Adelaide Cemeteries Authority Act, which states, 'The Governor may remove a director from office on the recommendation of the Minister.' Did you do that before you sent correspondence to the three board members?

**Mr TEAGUE:** Point of order.

**The Hon. A. KOUTSANTONIS:** This is going badly; is that the point of order?

**The CHAIR:** Your point of order, member for Heysen?

**Mr TEAGUE:** Standing order 268, subparagraph 2: the member for West Torrens has referred to a number of assertions for the benefit of the committee. The only line item to which I detect any reference is Budget Paper 3, page 78.

**The CHAIR:** Yes, capital investment?

**Mr TEAGUE:** Capital investment, the Adelaide Cemeteries Authority.

**The Hon. A. KOUTSANTONIS:** Yes, what is your point?

**Mr TEAGUE:** The questions that have been asked—

**The Hon. A. KOUTSANTONIS:** Who governs that capital investment?

**Mr TEAGUE:** —particularly the last question, is not connected to that line item.

**The CHAIR:** I am considering the point of order. The member for West Torrens knows these questions are right on the margin.

**The Hon. A. KOUTSANTONIS:** Yes, I do, sir.

**The CHAIR:** He does know that.

**The Hon. A. KOUTSANTONIS:** Yes, pushing the envelope, sir.

**The CHAIR:** Pushing the envelope, indeed.

**The Hon. A. KOUTSANTONIS:** Absolutely. That is the job.

**The CHAIR:** The minister, I see, is seeking some advice at the moment.

**The Hon. A. KOUTSANTONIS:** Yes, he will be seeking more than just departmental advice, sir.

**The CHAIR:** Let's see what he comes back with. If the minister is happy to answer the question—

**The Hon. S.K. KNOLL:** Can I have the specifics of it again?

**The Hon. A. KOUTSANTONIS:** Sure. You informed the committee that you wrote to the three board members to terminate and remove. Did you go to the Governor in Executive Council before you sent that correspondence?

**The Hon. S.K. KNOLL:** Again, I think I have taken the balance of that question on notice, but the other part of it relates to cabinet deliberations and deliberations of Executive Council. Again—

**The Hon. A. KOUTSANTONIS:** I am not asking what you said in there.

**The CHAIR:** Member for West Torrens, the minister is answering, so let's hear him out.

**The Hon. S.K. KNOLL:** There is a convention that cabinet deliberations remain confidential. I intend to uphold that convention.

**The Hon. A. KOUTSANTONIS:** Have you acted as the accredited FOI officer on the release of the correspondence to those three board members that you wrote to?

**The Hon. S.K. KNOLL:** I will have to take that on notice. I am not aware.

**The Hon. A. KOUTSANTONIS:** Can you give the committee an assurance that you will not act as the accredited FOI officer in relation to that correspondence?

**The Hon. S.K. KNOLL:** Again, I think we are now getting into the realms of a hypothetical. I will have to take the question—

**The Hon. A. KOUTSANTONIS:** Any reasonable person watching this would say that you sent a letter to three board members asking to remove them. What we are asking you is: did you do that lawfully? It is either a yes or a no, not, 'I will go check.'

**The Hon. S.K. KNOLL:** I think the question you asked is in relation to a hypothetical FOI application of which I do not have any immediate knowledge.

**The CHAIR:** That is pushing the envelope a bit too far. Member for West Torrens, we might go to the omnibus questions and then we will see where we finish up.

**The Hon. A. PICCOLO:** I will read the omnibus questions:

1. For each department and agency reporting to the minister:
  - What is the actual FTE count at 30 June 2019 and the projected actual FTE count for each year of the forward estimates?
  - What is the total employment cost for each year of the forward estimates?
  - What is the notional FTE job reduction target that has been agreed with Treasury for each year of the forward estimates?
  - Does the agency or department expect to meet the target in each year of the forward estimates?
  - How many TVSPs are estimated to be required to meet FTE reductions over the forward estimates?

2. Between 1 July 2018 and 30 June 2019, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100,000 or more which has either (1) been abolished and (2) which has been created.

3. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 between 1 July 2018 and 30 June 2019 for all departments and agencies reporting to the minister, listing:

- the name of the consultant, contractor or service supplier;
- cost;
- work undertaken;
- reason for engaging the contractor, and
- method of appointment?

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

- How many FTEs were employed to provide communication and promotion activities in 2018-19 and what was their employment expense?
- How many FTEs are budgeted to provide communication and promotion activities in 2019-20, 2020-21, 2021-22 and 2022-23 and what is their estimated employment expense?
- The total cost of government-paid advertising, including campaigns, across all mediums in 2018-19 and budgeted cost for 2019-20.

5. For each department and agency reporting to the minister, please provide a full itemised breakdown of attraction and retention allowances as well as non-salary benefits paid to public servants and contracts between 1 July 2018 and 30 June 2019.

6. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2019, including all departmental employees seconded to ministerial offices?

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

- (a) How much was spent on targeted voluntary separation packages in 2018-19?
- (b) What department funded these TVSPs? (except for DTF Estimates)
- (c) What number of TVSPs were funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how are these packages funded?
- (e) What is the breakdown per agency/branch of targeted voluntary separation packages for financial years included in the forward estimates (by year) by FTEs?

8. For each department and agency reporting to the minister, how many executive terminations have occurred since 1 July 2018 and what is the value of executive termination payments made?

9. For each department and agency reporting to the minister, what new executive appointments have been made since 1 July 2018, and what is the annual salary, and total employment cost for each position?

10. For each department and agency reporting to the minister, how many employees have been declared excess, how long has each employee been declared excess, and what is the salary of each excess employee?

11. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on operating programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20?



12. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on investing or capital projects or programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20? How was much sought and how much was approved?

13. For each grant program or fund the minister is responsible for please provide the following information for 2018-19, 2019-20, 2020-21 and 2021-22 financial years:

- (a) Name of the program or fund;
- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;
- (f) Carryovers into or from the program or fund; and
- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

14. For the period of 1 July 2018 to 30 June 2019, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.

15. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2019-20, 2020-21, 2021-22 and 2022-23 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

16. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

17. For each department and agency reporting to the minister, what is the total cost of machinery of government changes since 1 July 2018 and please provide a breakdown of those costs?

18. For each department and agency reporting to the minister, what new sections of your department or agency have been established since 1 July 2018 and what is their purpose?

19. For each department and agency reporting to the minister:

- What savings targets have been set for each year of the forward estimates?
- What measures are you implementing to meet your savings target?
- What is the estimated FTE impact of these measures?

**The CHAIR:** As discussed earlier, we have time for one more question.

**The Hon. A. KOUTSANTONIS:** Thank you for the extra question. Could the minister detail to the committee the three board directors he wrote to on the SA cemeteries authority?

**The Hon. S.K. KNOLL:** I will take the balance of that question on notice and provide an answer back to the house.

**The Hon. A. PICCOLO:** Another question, Chair?

**The CHAIR:** Is it on planning?

**The Hon. A. PICCOLO:** Yes, of course.

**The CHAIR:** We did agree.

**The Hon. A. PICCOLO:** Thank you. My question to the minister relates to the rollout of phases 2 and 3 of the planning reforms. Can the minister describe how land in the Environment and

Food Production Areas (EFPA) will be zoned if they cannot be viably farmed for any agricultural purpose?

**The Hon. S.K. KNOLL:** I think I know where this question came from. Can I say, member for Light that the EFPA exists within statute and it quite clearly says what can and cannot happen within the EFPA areas. What the EFPA says is you cannot subdivide for residential.

**The Hon. A. PICCOLO:** I know that. We all know that. Tell us something we do not know, minister.

**The Hon. S.K. KNOLL:** I am going to give you a little bit of a hot tip. We have been working for a while internally on how we increase value-adding opportunities within the EFPA from a tourism perspective, from a value-adding of primary production perspective. We will be coming out, as part of phase 2 of the code, to look at enhancing opportunities for value-adding within the EFPA. I think it is fair to say that it is not an opportunity to start putting residential back within the EFPA but, certainly with the existing land uses, they are providing greater opportunity for farmers to be able to value-add on site and to be able to get greater financial returns from their land.

**The CHAIR:** There being no further questions, I declare the examination of the proposed payments for planning to be completed.

*Sitting suspended from 11:18 to 11:30.*

#### **Departmental Advisers:**

Mr T. Braxton-Smith, Chief Executive Officer, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Director, Finance, Department of Planning, Transport and Infrastructure.

Mr W. Buckerfield, Executive Director, Policy, Strategy and Planning Development, Department of Planning, Transport and Infrastructure.

Mr B. Roche, Acting Executive Director, Transport Project Delivery, Department of Planning, Transport and Infrastructure.

Mr M. Burdett, Surveyor General.

**The CHAIR:** Welcome back. The portfolio that will be open for this session is infrastructure planning and management. The minister appearing is the Minister for Transport, Infrastructure and Local Government. The estimate of payments relates to the Department of Planning, Transport and Infrastructure to the value of \$913,041,000 and Administered Items for the Department of Planning, Transport and Infrastructure, \$7,488,000. I declare the proposed payments open for examination and invite the minister to introduce his advisers and make a short statement if he wishes.

**The Hon. S.K. KNOLL:** Can I introduce my advisers. On my extreme left is Wayne Buckerfield, Executive Director of Policy, Strategy and Planning Development. Again, we have Tony Braxton-Smith, the chief; to my right is Bill Cagialis, Director of Finance; and behind me I have Brian Roche, who is the Acting Executive Director of Transport Project Delivery.

**The CHAIR:** Do you wish to make any opening comments?

**The Hon. S.K. KNOLL:** No, sir.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 4, Volume 3, page 137. Minister, has your office operated within all Treasurer's Instructions?

**The Hon. S.K. KNOLL:** To the best of our knowledge, yes.

**The Hon. A. KOUTSANTONIS:** On the same reference, has the minister's office expended any money on alcohol?

**The Hon. S.K. KNOLL:** Sorry, are you speaking in relation to the minister's office?

**The Hon. A. KOUTSANTONIS:** Yes, your office. Have you bought alcohol?

**The Hon. S.K. KNOLL:** From my ministerial office budget?

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. S.K. KNOLL:** To the best of my recollection, no.

**The Hon. A. KOUTSANTONIS:** Have you bought any on your government-issued credit card?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** Have you sought a reimbursement for alcohol?

**The Hon. S.K. KNOLL:** Not to my knowledge, but I will have to take that on notice just to double-check.

**The Hon. A. KOUTSANTONIS:** Not to your knowledge?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** No overseas trips where you have bought alcohol or put alcohol on the room expense?

**The CHAIR:** Member for West Torrens, we are straying a little bit now.

**The Hon. A. KOUTSANTONIS:** No, I am not, sir. It is under ministerial office resources.

**The CHAIR:** The budget line is ministerial office resources and your question was about an overseas trip.

**The Hon. A. KOUTSANTONIS:** Yes, sir, that is what 'resources, ministerial office' is, sir.

**The Hon. S.K. KNOLL:** To the best of my recollection, no, but if there is something I am more than happy to come back and update the house.

**The Hon. A. KOUTSANTONIS:** Has the department expended any moneys on alcohol?

**The Hon. S.K. KNOLL:** For the member's benefit, in the last few weeks there has been the release of an Ombudsman's report relating to credit card expenditure by the former chief executive of the department that detailed expenditure on alcohol. I think those issues are well ventilated both in the Ombudsman's report and in the public sphere. Since then, the department enacted some changes, especially in relation to freedom of information request procedures. The key chief difference is that the chief executive to my left does not take a government-issued credit card. Certainly to the best of the knowledge of the table here, there has not been any inappropriate expenditure on alcohol.

**The Hon. A. KOUTSANTONIS:** I did not say anything about it being inappropriate. For the estimated result in the 2018-19 year, has the department spent any money on alcohol?

**The Hon. S.K. KNOLL:** I will have to—

**The Hon. A. KOUTSANTONIS:** Take that on notice?

**The Hon. S.K. KNOLL:** —take the balance of that on notice.

**The Hon. A. KOUTSANTONIS:** Thank you very much. On the same reference, Budget Paper 4, Volume 3, page 137, on how many occasions has the minister acted as an accredited FOI officer?

**The Hon. S.K. KNOLL:** I will have to take that on notice.

**The Hon. A. KOUTSANTONIS:** Has the minister ever intervened or overturned an FOI determination? Yes, he is under the act.

**The Hon. S.K. KNOLL:** Again, I am going to have to take this on notice. Certainly, in terms of trying to create undue influence or any assertion in that regard, I can rule that out.

**The Hon. A. KOUTSANTONIS:** I do not think it is undue influence, minister. Let's be very clear. I am not accusing you of anything inappropriate. You are an accredited FOI officer for your office.

**The Hon. S.K. KNOLL:** Cool.

**The Hon. A. KOUTSANTONIS:** An FOI request comes in, the department says, 'Release this under FOI,' you as an accredited FOI officer are entitled to say no. Have you ever done that?

**The Hon. S.K. KNOLL:** I will have to check, but my initial response is no.

**The Hon. A. KOUTSANTONIS:** Has the minister ever received agency advice to release information under the FOI Act but refused to do so as an accredited FOI officer?

**The Hon. S.K. KNOLL:** I think there is a distinction here between the ministerial office and the agency. A number of FOIs are presented to the office and then FOIs are presented to the agency. In the member's question, he referenced the agency as being part of the process. Where the agency receives a freedom of information request, there is an accredited FOI officer within the agency itself who signs off on that FOI. That information is by convention provided to my office, but we are not the accredited FOI officer in that respect who sits within the agency.

**The Hon. A. KOUTSANTONIS:** I will be clearer then, minister. DPTI officials who are in your office as per my reference, have you ever received advice to release information under the FOI Act that you have subsequently overturned?

**The Hon. S.K. KNOLL:** Now I think you are talking about FOIs—

**The Hon. A. KOUTSANTONIS:** To the ministerial office.

**The Hon. S.K. KNOLL:** —to ministerial officers. To the best of my recollection, no, but again I will take that on notice.

**The Hon. A. KOUTSANTONIS:** You will take that on notice, thank you. What process do you take when your office receives an FOI application?

**The Hon. S.K. KNOLL:** There is an FOI officer within the ministerial office who receives that request. They then put out to the members of the office the request. Individual members within the office then need to search their various repositories of information and then provide that information to the FOI officer, who then undertakes their process of determining what to release or not release. The accredited FOI officer within the MO signs off to release it. That is the short of it.

**The Hon. A. KOUTSANTONIS:** What is your involvement in that process?

**The Hon. S.K. KNOLL:** Can I say, from practice, extremely minimal. I am essentially a member within the office. I search my records for any information that may be within scope. Almost all the time that is the extent of my involvement in it.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 4, Volume 3, page 13, workforce summary. Of the total FTE allocation in DPTI, how many FTEs are capitalised within capital works programs?

**The Hon. S.K. KNOLL:** I will have to take that on notice.

**The Hon. A. KOUTSANTONIS:** I refer to the same reference. How many DPTI FTEs has the department assigned to be funded from the north-south corridor works?

**The Hon. S.K. KNOLL:** We will have to take this specific answer on notice, but what I would say is that—

**The Hon. A. KOUTSANTONIS:** Question on notice.

**The Hon. S.K. KNOLL:** Sorry, yes, the specific question on notice. Obviously, various members of different parts of the agency are assigned to various projects that are currently being undertaken on the north-south corridor. You obviously have those working on the Regency to Pym section. There are the existing project leads on Darlington and the Northern Connector as well as the T2T, to the extent that that is being wrapped up.

There are also different parts of the agency that are currently dealing with the business case development of the remaining sections of the north-south corridor. That is a different part of the agency that has a number of people working on that project as well. We can take it back to give you a more fulsome answer, but the answer would be that there are people right across the agency who are dealing with different projects along the corridor and those who are also working on the development of the remaining sections.

**The Hon. A. KOUTSANTONIS:** Just for clarification, all those projects are a design-and-construct tender that are done by a private third party, are they not? They are not actually built by the agency?

**The Hon. S.K. KNOLL:** Both Regency to Pym and Torrens to Torrens have been undertaken under an alliance model. The Northern Connector and Darlington are undertaken under a fixed-price D&C contract. The vast majority of these works are being undertaken by private contractors. The exception to that may be some minor early works construction being undertaken by DPTI field services, but the balance of it, yes, we award out.

**The Hon. A. KOUTSANTONIS:** I refer you to Budget Paper 4, Volume 2, page 139. In the 2018-19 budget, in the same Agency Statement, in the same table, investing expenditure summary, under existing projects you listed the Adelaide Festival Centre precinct car park, \$30 million, with a completion date in June 2020. There is no mention of it in this year's existing projects. Can you explain why?

**The Hon. S.K. KNOLL:** Sorry, are you talking about page 139?

**Mr TEAGUE:** Volume 3, I think you mean.

**The Hon. A. KOUTSANTONIS:** Sorry, what was your contribution?

**Mr TEAGUE:** I think you meant Volume 3.

**The Hon. A. KOUTSANTONIS:** I did say Volume 3.

**The Hon. S.K. KNOLL:** Sorry, which page? I thought you said page 139.

**The Hon. A. KOUTSANTONIS:** Page 139.

**The CHAIR:** Under existing projects.

**The Hon. S.K. KNOLL:** I cannot see anything in relation to a car park.

**The Hon. A. KOUTSANTONIS:** That is right.

**The Hon. S.K. KNOLL:** There is the Adelaide Festival Centre Plaza Precinct and integration.

**The Hon. A. KOUTSANTONIS:** That is right. In the previous budget, the 2018-19 budget, Agency Statements, Volume 3, page 165, you have under existing projects the Adelaide Festival Centre precinct car park, completion date June 2020, expenditure \$30 million. Why is that project not listed?

**The Hon. S.K. KNOLL:** It is the same project.

**The Hon. A. KOUTSANTONIS:** Why is it not listed in existing projects?

**The Hon. S.K. KNOLL:** It is there: plaza and integration.

**The Hon. A. KOUTSANTONIS:** In the budget papers last year, you have the Adelaide Festival Centre Plaza Precinct and integration, completion date June 2021, total budget \$109.693 million. Where is the \$30 million for the car park? Perhaps you completed it ahead of schedule. Would you like a copy of last year's budget papers?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** Have you just lost the car park?

**The Hon. S.K. KNOLL:** We will have to take that on notice. They are building the thing right now.

**The Hon. A. KOUTSANTONIS:** I know. Why has it not been detailed in the budget papers?

**The Hon. S.K. KNOLL:** I am more than happy to find out why.

**The Hon. A. KOUTSANTONIS:** Who prepared the existing projects table for the budget papers?

**The Hon. S.K. KNOLL:** The department did.

**The Hon. A. KOUTSANTONIS:** Is it an oversight, is it mentioned somewhere else or is it out of scope?

**The Hon. S.K. KNOLL:** I am more than happy to take it on notice to get you an answer to that question.

**The Hon. A. KOUTSANTONIS:** Is the completion date still June 2020?

**The Hon. S.K. KNOLL:** Again, I think that when we talk about completion dates, there are a number of things that could be taken to mean. Practical completion is obviously different. If we take Oaklands crossing, for instance, the practical completion of the project is there, but there are always legacy landscaping works and things like that.

**The Hon. A. KOUTSANTONIS:** I am asking you about budgeted completion.

**The Hon. S.K. KNOLL:** Certainly, the car park needs to be operational when the SkyCity Casino's build is completed. That has always been envisaged for September next year. The Festival Centre car park works are designed to make sure they are available to hit that deadline, but there are other components of the project that will continue on, quite clearly. Obviously, the plaza itself still has a long way to run.

**The Hon. A. KOUTSANTONIS:** I understand all that. I am just saying that, in existing projects last year, you listed this separately. This year, you have not. I just want to know why. Is there a reason, or is it just an oversight? It is okay if it is an oversight—it happens.

**The Hon. S.K. KNOLL:** It could be a change in the accounting treatment, in that it could have now switched from investing to operating.

**The Hon. A. KOUTSANTONIS:** How can investment in capital switch from capital to operating?

**The Hon. S.K. KNOLL:** Because, essentially—

**The Hon. A. KOUTSANTONIS:** Was there a change in ownership structure?

**The Hon. S.K. KNOLL:** No. I will read this to you, and this will hopefully make some sense:

The current budgeted expenditure to redevelop the Festival Plaza Public Realm and upgrade of the AFC is \$222.35 million—

**The Hon. A. KOUTSANTONIS:** Sorry, say that again?

**The Hon. S.K. KNOLL:** \$222.35 million 'comprised of \$139.69 million for plaza and integration works—

**The Hon. A. KOUTSANTONIS:** \$139 million?

**The CHAIR:** Continue, minister.

**The Hon. S.K. KNOLL:** If you let me finish, member for West Torrens, 'inclusive of a \$30 million lease payment to Walker for State carpark spaces'. The fact that that money includes a lease payment suggests that it could now be classified as operating expenditure, which a lease payment would normally be classified as, and that may provide us with a clue. Again, I am still happy to take the balance of that on notice.

**The Hon. A. KOUTSANTONIS:** Thank you very much. In the same table, the Adelaide Hills Priority Program in last year's budget papers was scheduled for completion in June this year. This year's budget papers say that it is December next year. Can you tell me why the massive delay?

**The Hon. S.K. KNOLL:** If you look at the next page, where it talks about projects either fully or partially funded from the \$100 million provided by the Motor Accident Commission in 2013-14 for road safety initiatives, what we are talking about here is essentially a rolling program of road safety initiatives.

**The Hon. A. KOUTSANTONIS:** The budget stays the same, so why the delay? The scope has changed?

**The Hon. S.K. KNOLL:** It is obviously in relation to the development of the scope of the project.

**The Hon. A. KOUTSANTONIS:** So the budget has stayed the same but the scope has changed?

**The Hon. S.K. KNOLL:** No. There is a life cycle of a project.

**The Hon. A. KOUTSANTONIS:** Yes, it was to be completed in June 2019.

**The Hon. S.K. KNOLL:** There is a point along the project where they scope the project.

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. S.K. KNOLL:** That is the part that is being undertaken, and obviously—

**The Hon. A. KOUTSANTONIS:** Minister, can I just inform you that in last year's budget you said that this was an existing program, not a new initiative.

**The Hon. S.K. KNOLL:** This is actually money that was given in 2013-14.

**The Hon. A. KOUTSANTONIS:** You have changed the completion date. I am asking why. If you have changed the scope of the project, that is a legitimate answer.

**The Hon. S.K. KNOLL:** It is a change to the timing profile based on work being undertaken in the scoping of the project.

**The Hon. A. KOUTSANTONIS:** In the same table, minister, the same reference, with respect to the Adelaide Oval redevelopment, again, last year's budget papers show a completion date of June 2019, but this year's budget papers show another blowout to December 2019. Why?

**The Hon. S.K. KNOLL:** Well, the Adelaide Oval is open; people use it.

**The Hon. A. KOUTSANTONIS:** Yes, I know; we finished it. Now you are touching it and I am really worried.

**The CHAIR:** Member for West Torrens!

**The Hon. S.K. KNOLL:** Again, this is subject to separate reporting to parliament. There is an Auditor-General's Report that is actually provided to parliament on an ongoing basis. There is a residual amount of money that sits within that bucket that parliament gave for the redevelopment of the Oval. There is a residual amount of that bucket that sits there, and the project will obviously continue until that is completed.

This alludes to my earlier answer. For instance, it may not surprise the member to know that the north-south corridor superway project is actually still being completed. There is a difference with a lot of these projects as to when they are practicably completed and open and when the project itself is shut off because the funding of that project comes to a close. Quite clearly, whilst a residual amount of money remains in a fund to be used for works at Adelaide Oval, the completion date needs to remain open. Works to date have been completed but, until we can finally close off any financial transactions in relation to that project, the project remains open.

**The Hon. A. KOUTSANTONIS:** In the same table, the Goodwood and Torrens Rail Junction upgrade—again, another legacy project for you—the completion date was estimated in the quarter of June 2019 at a total project cost of \$363 million, but last year's budget paper shows a total cost of \$357 million. Can the minister explain the variation?

**The Hon. S.K. KNOLL:** This project is one that achieved practical completion some time ago. There have been a number of residual matters that needed to be concluded, one being in

relation to a parcel of land that Renewal SA had carriage of. I understand that a settlement between Renewal SA and DPTI has now been reached that has created a variation to the final cost of the project.

**The Hon. A. KOUTSANTONIS:** If I can refer again to the same table, improving critical road infrastructure, it is the same budget as last year but a different completion quarter. Is there any particular reason why? It is a growing pattern. If I can refer you to Agency Statement, Volume 3, page 140, improving critical road infrastructure, estimated completion quarter December 2019 and the total budget of \$66,189,000, it is the same budget as in last year's budget papers but a different completion quarter. Same reason—scope?

**The Hon. S.K. KNOLL:** Again, we could be talking about the difference between the financial close of the project as opposed to when the works are actually being completed.

**The Hon. A. KOUTSANTONIS:** Okay, so this is an approved carryover; you are making payments in a different quarter, not works?

**The Hon. S.K. KNOLL:** Yes.

**The Hon. A. KOUTSANTONIS:** That is pretty definitive. On the same table, minister, this time Leigh Creek township future, in this year's budget you have a completion date of June 2022, whereas in last year's budget papers you told us that you would be completed by last month. I notice that the budget has also decreased by \$115,000. Can you explain why?

**The CHAIR:** Member for West Torrens, while the minister is taking advice on that, I note the time.

**The Hon. A. KOUTSANTONIS:** I sought advice previously, Mr Chairman. I understand that the timing is a guide and that all lines are open.

**The CHAIR:** Yes, as long as everyone is in agreeance. I am just pointing out that we are approaching the indicated time.

**The Hon. A. KOUTSANTONIS:** I follow the lead of the parliament. I am a servant of the parliament.

**The CHAIR:** Aren't we all, member for West Torrens.

**The Hon. S.K. KNOLL:** Can I caveat this answer by saying that I am happy to bring back a variation to this—

**The Hon. A. KOUTSANTONIS:** Scope.

**The Hon. S.K. KNOLL:** No, it is not a change in scope. There was a request made to change some of the expenditure from capital to operating because a number of the assets at Leigh Creek are not held by DPTI. There is obviously a carryover component in there as well. In terms of the total project cost, again it could be a change between capital and operating.

**The Hon. A. KOUTSANTONIS:** And a completion date?

**The Hon. S.K. KNOLL:** Again, I think we are talking about the difference between financial close.

**The Hon. A. KOUTSANTONIS:** Rather than works.

**The Hon. S.K. KNOLL:** Yes. Although, if I look at Leigh Creek township's future, quite clearly there are a number of moving parts going on up there at the moment in relation to a number of the assets. I would have thought that the department continuing to hang around up there for longer is not a bad thing.

**The Hon. A. KOUTSANTONIS:** I agree.

**The Hon. S.K. KNOLL:** I know that some demolition works have begun with a tranche of buildings up there.



**The Hon. A. KOUTSANTONIS:** Yes, but from what I can tell you are spending the same amount of money over a longer period of time and there has actually been a decrease, but you are saying that it is not works—it is simply carryovers—which I accept.

**The Hon. S.K. KNOLL:** And a potential reprofiling of money from capital to operating.

**The Hon. A. KOUTSANTONIS:** I refer you to Budget Paper 4, Agency Statements, Volume 3, page 140, the Main South Road duplication from Seaford to Aldinga. I have a letter from the Treasurer, who was then the shadow treasurer, addressed to Mr Craig Curtis, Chair of the Main South Road Action Group, which states:

Dear Craig, thank you for your letter seeking a 'promise prior to the election that you will match the Labor government's contribution' to the duplication of Main South Road project. The Labor government's commitment has been for a total of \$435 million for the project, comprising \$305 million for stage 1 and \$130 million for stage 2. A Marshall Liberal government, if elected, will match this commitment for \$435 million for stages 1 and 2 of the project. I acknowledge your strong advocacy and that of Andy Gilfillan for this project. Thank you again for your letter. Yours sincerely, Rob Lucas, shadow treasurer.

Have you budgeted \$435 million for the completion of the duplication of the Main South Road as committed to by the then shadow treasurer?

**The Hon. S.K. KNOLL:** We obviously have stage 1 of the project in the budget. Can I actually say that the insinuation being made is that unless it is all there in the forward estimates it is not happening. This project was put into a two-stage program.

**The Hon. A. KOUTSANTONIS:** That was your quote, was it not?

**The Hon. S.K. KNOLL:** There was a two-stage program, which was staged that way before we came to government. Can I advise the committee that in previous budgets not all the money was provided for over the forward estimates because the construction profile of the works was to take place outside the forward estimates. This year is the first year that this budget now contains all the money over the forward estimates for stage 1.

**The Hon. A. KOUTSANTONIS:** What is the profile for the \$305 million over the forward estimates?

**The Hon. S.K. KNOLL:** It is all inside the forwards.

**The Hon. A. KOUTSANTONIS:** Yes, you said that. What is the profile?

**The Hon. S.K. KNOLL:** There was \$2 million last year—

**The Hon. A. KOUTSANTONIS:** No, I am not asking for last year; I am asking for the forward estimates.

**The Hon. S.K. KNOLL:** Just let me answer the complete question. There is \$23 million in 2019-20, \$75 million in 2020-21, \$164 million in 2021-22 and \$41 million in 2022-23.

**The Hon. A. KOUTSANTONIS:** Thank you. If I can now move just briefly to the South Australian Public Transport Authority, minister.

**The Hon. S.K. KNOLL:** Are we now shuffling?

**The Hon. A. KOUTSANTONIS:** Yes, we are.

**The CHAIR:** I need to close that off and give—

**The Hon. A. KOUTSANTONIS:** No, you cannot close it off because I am going back to it.

**The CHAIR:** The portfolio?

**The Hon. A. KOUTSANTONIS:** It is open all day.

**The CHAIR:** Not the payment.

**The Hon. A. KOUTSANTONIS:** I refer to Budget Paper 4, Volume 3, page 145. Of the \$555.5 million estimated in 2019-20, how much is it estimated to cost to operate the train network in 2019-20?

**The Hon. S.K. KNOLL:** Sorry, which page?

**The Hon. A. KOUTSANTONIS:** Budget Paper 4, Volume 3, page 145.

**The CHAIR:** A correction on my behalf, member for West Torrens and the committee, the portfolio has changed. Correct?

**The Hon. A. KOUTSANTONIS:** Yes.

**The CHAIR:** Minister, we need to change advisers now that we have moved to the portfolio of public transport.

#### **Departmental Advisers:**

Mr T. Braxton-Smith, Chief Executive Officer, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Director, Finance, Department of Planning, Transport and Infrastructure.

**The Hon. S.K. KNOLL:** I will relieve the house of the services of Wayne and Brian.

**The Hon. A. KOUTSANTONIS:** I will need them back later.

**The Hon. S.K. KNOLL:** Would the member like to repeat the question?

**The Hon. A. KOUTSANTONIS:** On page 145, of the \$555.5 million budgeted for in 2019-20, how much of that amount is it estimated to cost to operate the train network in that financial year? As the former minister, I will be going back to roads and marine afterwards as well, so Mr Buckerfield leaving might be—

**The Hon. S.K. KNOLL:** Actually, roads and marine is a different executive director.

**The CHAIR:** Roads and marine is after lunch, I think, member for West Torrens. I am sure they will not be leaving.

**The Hon. A. KOUTSANTONIS:** The line is open all day, sir. The scheduling for the minister is his problem. The parliament has said that these lines are open for this period of time.

**The CHAIR:** Yes, I understand that, but we have changed portfolios and the minister may—

**The Hon. A. KOUTSANTONIS:** No, we have not changed portfolios, sir; it is the same lines.

**The CHAIR:** My point is that the minister may or may not want to change advisers. Anyway, we can talk about that at a later date.

**The Hon. A. KOUTSANTONIS:** Are you telling me that you do not know how much it costs to run the train network?

**The Hon. S.K. KNOLL:** Again, it is very difficult to tease out that cost—

**The Hon. A. KOUTSANTONIS:** What is the operating impact?

**The Hon. S.K. KNOLL:** —because obviously there are operating and maintenance costs, but there is also a whole series of public transport planning and other management functions that would exist over the top of the entire suite of public transport options that—

**The Hon. A. KOUTSANTONIS:** Can you take it on notice and get back to me?

**The Hon. S.K. KNOLL:** Again, I am happy to inquire into it. Can I just give a slight caution in the fact that we are about to go through a tender process and I do not want to do anything that might jeopardise that tender process. We are trying to get the best commercial outcome—

**The Hon. A. KOUTSANTONIS:** How will we know—

**The Hon. S.K. KNOLL:** Sorry, Chair, can I finish the question first?

**The CHAIR:** Yes. Member for West Torrens, you will—

**The Hon. S.K. KNOLL:** What I want to do is make sure that we do not prejudice the government's position in relation to trying to get the best outcome for taxpayers in relation to providing public transport services.

**The Hon. A. KOUTSANTONIS:** So you do not know how much it costs to operate the trams or the trains. How many passenger service assistants were employed as of 30 June 2019?

**The Hon. S.K. KNOLL:** Sorry, what was that?

**The Hon. A. KOUTSANTONIS:** How many passenger service assistants were employed as of 30 June 2019? You are going out to tender. Surely you know how many staff you have.

**The Hon. S.K. KNOLL:** Again, I do not have a specific number to be able to give the member.

**The Hon. A. KOUTSANTONIS:** You are kidding, right?

**The Hon. S.K. KNOLL:** But obviously, as we move forward through both the tender process and the market sounding process that are currently underway, that is something that will be the subject of the tender process going forward.

**The Hon. A. KOUTSANTONIS:** Minister, can I put this to you. You will not tell me how much it costs to provide train services, and you will not tell me how much it costs to provide tram services because you say it might jeopardise a public tender for those services, yet how is the public to evaluate if we are getting value for money if we cannot compare and contrast what it costs us post privatisation pre-privatisation? Don't you see the absurdity of what it is you are saying to the parliament?

**The Hon. S.K. KNOLL:** I think we can measure the benefits that outsourcing can bring. I think we have made those measures quite clear. They are around patronage.

**The Hon. A. KOUTSANTONIS:** So cost is not a variable.

**The Hon. S.K. KNOLL:** They are around services.

**The Hon. A. PICCOLO:** You do not know that.

**The CHAIR:** Members of the opposition have asked a question and the minister will have a chance to answer it.

**The Hon. S.K. KNOLL:** We have clearly said that the things we want to achieve from this process, and I think if we are talking about it from the public's point of view, are really the quantity and the quality of the services that we can provide. The opportunity through this process to be able to improve service delivery, to be able to increase patronage, to be able to essentially use savings to reinvest in increased service frequency, they are the measures by which we are seeking to be judged because we believe they are the measures by which the public will want to judge us.

**The Hon. A. KOUTSANTONIS:** I refer to program 2, page 145 of the Agency Statements, Volume 3 of the budget papers. There is a table on page 145 about employee benefit expenses. Currently, train and tram employees are members of a government-run superannuation scheme which has tax advantages. Will those employees, who are transferred to operate under the new private operators, still be allowed to maintain their deductions and payments into the government superannuation scheme as it transitions?

**The Hon. S.K. KNOLL:** Essentially, there is a consultation process with the different employee organisations that will be undertaken. The matter that the member has raised is quite clearly one of the things that will be on that agenda, and that will be worked through as part of that consultation process.

**The Hon. A. KOUTSANTONIS:** Is there a legal mechanism that will allow staff who are not directly employed by the government to be members of Super SA?

**The Hon. S.K. KNOLL:** Again, I think the answer to that question is one that will be worked out through the consultation process. There—

**The Hon. A. KOUTSANTONIS:** I have to say, minister, if I was a train or a tram driver—

**The Hon. S.K. KNOLL:** Sorry, Chair, can I—

**The CHAIR:** Member for West Torrens, just wait for the answer, please. The minister has the call.

**The Hon. S.K. KNOLL:** It is a good 10 seconds before there is an ad hominem attack.

**The Hon. A. KOUTSANTONIS:** Attack?

**The Hon. S.K. KNOLL:** There is an existing enterprise bargaining agreement. There are existing provisions under the various acts. It is fair to say that there are employees who sit under a variety of different EBs, each of them with different terms and conditions. There are obviously some employees who also sit within the Public Sector Act. Each of them needs to be dealt with based on the existing industrial arrangements that are in place. We will do that and we will comply with the existing industrial provisions, but again there is a way to run yet about how the transition is going to be undertaken.

**The Hon. A. KOUTSANTONIS:** Not really, because your tender closes on 22 October.

**The Hon. S.K. KNOLL:** Obviously we are talking now about the tender in relation to tram operations. That is a part of the transition process but—

**The Hon. A. KOUTSANTONIS:** Those drivers are members of Super SA and contribute to Super SA, and you have just told the parliament that you have no idea what their transitional arrangements will be for their superannuation payments. The disadvantages outside government super to private super are dramatic and these employees rely on their superannuation payments. I just want an answer: can they stay in the system? Can they continue to pay into the system or will you exclude them? I think it is a legitimate question.

**The Hon. S.K. KNOLL:** I think we will need to be guided to a certain degree here by precedent. This is an issue that did come up as part of the sale of the lands titles office and the transition to Land Services SA, so there already is some precedent for how we would seek to deal with it, and therein lies the guidance. But what I would say is that there are existing industrial instruments in place; they are different for different groups of employees, even within trams and trams, depending on what functions people undertake, so that answer may be different for different classes of employees.

**The Hon. A. KOUTSANTONIS:** Can you take it on notice?

**The Hon. S.K. KNOLL:** But we have given the commitment that we will comply with those industrial arrangements.

**The Hon. A. KOUTSANTONIS:** Will employees be able to transfer over their accrued benefits for sick leave?

**The Hon. S.K. KNOLL:** Again, I think that these are things that are best dealt with through a consultation process between the department and the different employee associations because, again, the answers may be different for different groups of employees.

**The Hon. A. KOUTSANTONIS:** Long service leave?

**The Hon. S.K. KNOLL:** I refer the member to my previous answer.

**The Hon. A. KOUTSANTONIS:** The government of South Australia has a unique entitlement of pro rata under statute. Will employees who are currently employed by the government have a continuation of service for pro rata entitlements with their new employers?

**The Hon. S.K. KNOLL:** Again, I refer the member to my previous answer.

**The Hon. A. KOUTSANTONIS:** That is a universal right across the entire spectrum of government employees who have had continuation of service. Can they take their continuation of service? Will you make it a requirement of the new operators to count their pro rata entitlements?

**The Hon. S.K. KNOLL:** We are in the middle of a tender phase for—

**The Hon. A. KOUTSANTONIS:** So that is a no.

**The Hon. S.K. KNOLL:** We are in the tender phase for the tram component of the outsourcing project.

**The Hon. A. KOUTSANTONIS:** Can you assure the house there will be no job losses?

**The Hon. S.K. KNOLL:** Again, I think these are things that need to be dealt with through a consultation process between the department and the various employee associations.

**The Hon. A. KOUTSANTONIS:** So you are going to ask the new employers if they will—

**The CHAIR:** Member for West Torrens, just hold onto your questions. The minister is still answering your previous question.

**The Hon. A. KOUTSANTONIS:** He is whispering so much I cannot hear him, sir.

**The CHAIR:** I have asked him to pull his microphone down, which he has done. I am hearing him okay.

**The Hon. S.K. KNOLL:** When the announcement was made, concurrent with that announcement invitations were given to each of the employee organisations to meet with the department to discuss these issues. That invitation remains open and that is the most appropriate forum to be able to litigate these issues.

**The Hon. A. KOUTSANTONIS:** Will you make it a requirement of any successful tenderer that there be no job losses for the life of the contract?

**The Hon. S.K. KNOLL:** Again, I think we made a statement essentially around jobs and employee numbers when we first made the announcement. The best thing that we can do for jobs in the public transport arena—

**The Hon. A. KOUTSANTONIS:** Is to outsource them.

**The Hon. S.K. KNOLL:** —is to improve and increase the number of people using the services. The opportunity to be able to find more efficient ways of doing things, and then using the balance of those funds to be able to reinvest in better services, is the best way to be able to provide job opportunities within this space.

**The Hon. A. KOUTSANTONIS:** I refer to page 145, Volume 3. What are the anticipated savings to the budget from the outsourcing and privatisation of the tram services?

**The Hon. S.K. KNOLL:** There is no savings task specific to the outsourcing project that exists within the budget.

**The Hon. A. KOUTSANTONIS:** So you are anticipating no savings?

**The Hon. S.K. KNOLL:** No, that is not what I said.

**The Hon. A. KOUTSANTONIS:** Have you budgeted any savings—

**The CHAIR:** Member for West Torrens, I know you are keen to make the most of your time, but the minister has the opportunity to answer your questions.

**The Hon. A. KOUTSANTONIS:** Have you budgeted any savings over the forward estimates for the outsourcing of the tram services?

**The CHAIR:** The minister has the call and the member for West Torrens will wait for his answer.

**The Hon. S.K. KNOLL:** There is no specific savings task beyond the existing savings tasks that are in the budget.

**The Hon. A. KOUTSANTONIS:** How do you reconcile that with your previous answer when you said that you could reinvest into better services, given that there are no savings from the outsourcing of the tram services?

**The Hon. S.K. KNOLL:** That is not what I said.

**The Hon. A. PICCOLO:** It is exactly what you said.

**The Hon. S.K. KNOLL:** No, I said that there is no specific savings task within the budget and the reason—

**The Hon. A. KOUTSANTONIS:** No, your previous answer.

**The Hon. S.K. KNOLL:** Sorry, Chair, again—

**The CHAIR:** Member for West Torrens, just wait for the answer.

**The Hon. S.K. KNOLL:** The way that these two phrases actually line up is that there is no specific savings task because the idea is that the savings that are generated internally with the project will be reinvested within the project. From a budget point of view, the allocation does not change—

**The Hon. A. PICCOLO:** Semantics now.

**The Hon. S.K. KNOLL:** No, it is because we want to reinvest the money in better services, so axiomatically there is no savings task that attaches to it. It is the fact that we get to keep the money and do other things with it.

**The Hon. A. KOUTSANTONIS:** That would imply that the successful contractor will operate the service cheaper than the government currently does through efficiencies because they are the private sector. Because the private sector can do it cheaper, you will not give us a guarantee about job numbers. I assume the savings would be in labour, which is generally where these savings are generated. You are claiming that there will be an increase in patronage. Can you assure the parliament that in any outsourced service there will be extra services available under the new privatised tram contract?

**The Hon. S.K. KNOLL:** That is very much our expectation.

**The Hon. A. KOUTSANTONIS:** How many extra services will you offer?

**The Hon. S.K. KNOLL:** We have to go through the tender process to be able to quantify those.

**The Hon. A. KOUTSANTONIS:** The private sector can offer more services for less without losing any employees; is that your assertion?

**The Hon. S.K. KNOLL:** No, that is not my assertion.

**The Hon. A. KOUTSANTONIS:** If that is not your assertion, can they do it because there will be fewer employees?

**The Hon. S.K. KNOLL:** Again, I think I have made public statements on this on numerous occasions. I think the opportunity here to be able to streamline a lot of the back office function—for instance, in relation to the tram and bus tender, the opportunity to be able to run the north-south bus contract under the same auspice as the tram operations—gives us the opportunity to rationalise some of those functions, and that provides the opportunity to free up some operating expenditure to be able to reinvest.

**The Hon. A. KOUTSANTONIS:** Has the minister received any advice that adding the tram services mid-tender to the bus contract tender may have disadvantaged any potential tenderers mid-process?

**The Hon. S.K. KNOLL:** Can I say that the assertion in that question is false.

**The Hon. A. KOUTSANTONIS:** No, I asked if you had received any advice.

**The Hon. S.K. KNOLL:** The assertion in that question is false. There was no mid-tender. We said from the outset that we needed to put the bus contracts into two phases. There are three in phase 1 and there are three in phase 2. The reason we did that was to maximise competitive tension through the tendering process to get the best value for money; i.e. if you put everything out at once, you diminish that competitive tension. Phase 1 of the tender program went out in April. The phase 2 bus tender went out in early July, and included in that phase 2 tender was the tram operations, to be included as part of the north-south area contract.

**The Hon. A. KOUTSANTONIS:** When did you decide to include the tram services in stage 2?

**The Hon. S.K. KNOLL:** That is subject to the matter of cabinet deliberations.

**The Hon. A. KOUTSANTONIS:** Could you explain to the committee the benefits of your visit to Newcastle, visiting the operations of Keolis Downer? What an excellent example you claim they are of outsourcing that encouraged you to seek a tender for the provision of train and tram services.

**The Hon. S.K. KNOLL:** Again, there is an assertion in that question in relation to time frames that I reject.

**The Hon. A. KOUTSANTONIS:** I did not make an assertion that Keolis Downer had asked you to do this: you used Keolis Downer as an example.

**The CHAIR:** Thank you, member for West Torrens. We have the question.

**The Hon. S.K. KNOLL:** There is an assertion in that question that anything to do with a visit to Keolis Downer influenced the decision to outsource. I reject that assertion. I will say that in Newcastle what you have is an operator who operates a bus network and a tram network from the same operations control centre, which essentially highlights some of the potential back office efficiencies that can be applied as part of putting bus and tram together.

What we also saw was an opportunity to better and more seamlessly integrate those various services. There is a ferry service, there is the new tram service and then there are existing bus services. There are also some demand-responsive bus services in one of the areas, in the south-west of Newcastle. We saw an integrated approach.

Because all these services were being operated by the same operator, and because they were operating out of the same operations control centre, it gave the opportunity for greater collaboration amongst those various modes. Instead of competing with each other, they actually worked together. I think it is an example of some of the benefits of being able to bring some of those various back office functions together, and it is of benefit to the people of Newcastle.

**The Hon. A. KOUTSANTONIS:** The people of Newcastle disagree; indeed, even transport minister Andrew Constance disagrees. There are numerous reports of unrest and dissatisfaction—so much so that the Auditor-General of New South Wales has made comments about Keolis Downer's conduct. I will just give you Andrew Constance's quote to the *Newcastle and Lake Macquarie*—

**The Hon. S.K. KNOLL:** Chair, can I ask what relevance this actually has to—

**The Hon. A. KOUTSANTONIS:** You have cited Newcastle as an example of the benefits of it, and I am going to give you the media reports of the mass demonstrations and rallies about the poor service offered by Keolis Downer.

**The Hon. S.K. KNOLL:** Can I ask the member what budget line this is in reference to.

**The CHAIR:** Thank you, member for West Torrens. I can see where you are going with this, but we need to reference a budget line, obviously.

**The Hon. A. KOUTSANTONIS:** I will reference the minister's remarks about Newcastle.

**The CHAIR:** No, reference a budget line, please. It is—

**The Hon. A. KOUTSANTONIS:** So the minister's remarks do not require a budget reference?

**The CHAIR:** The minister's remarks previously were responding to a question from you. You have taken from that answer—

**The Hon. A. KOUTSANTONIS:** Thank you very much, sir.

**The CHAIR:** Before we go back to the member for West Torrens, I welcome to the Speaker's Gallery the former member for Heysen, Isobel Redmond.

**The Hon. A. KOUTSANTONIS:** Hear, hear! The last good Liberal. To quote the *Newcastle Herald*:

[Transport Minister] Andrew Constance you can't continue to ignore the people of Newcastle, the commuters and the workers, otherwise these people will stop catching your buses.

**The Hon. S.K. KNOLL:** Again, Chair, can I ask what budget line this is in reference to?

**The Hon. A. KOUTSANTONIS:** There were two mass rallies in Newcastle—

**Mr TEAGUE:** Point of order, Mr Chair.

**The Hon. A. KOUTSANTONIS:** —and people are catching three buses to go 10 kilometres—

**The CHAIR:** There is a point of order, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** It has been a disaster.

**The CHAIR:** The member for Heysen has a point of order.

**The Hon. A. KOUTSANTONIS:** Yes, his point of order is that he does not like scrutiny of the minister.

**The CHAIR:** Order, member for West Torrens! I am hearing the point of order.

**Mr TEAGUE:** It is standing order 268, subparagraph 2. I would like to see the identified proposed item of government spending to which the question relates.

**The CHAIR:** I am sure that the member for West Torrens can do that. He has given some context to the question he is about to ask. You do need to ask a question, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Did representatives of Keolis Downer at any stage suggest to you, minister, or to your representatives that the tram should be specifically included in phase 2 of your tender?

**The Hon. S.K. KNOLL:** There was no discussion at all about any tender being conducted for any part of—

**The Hon. A. KOUTSANTONIS:** Have Keolis Downer made an unsolicited bid to you or government?

**The Hon. S.K. KNOLL:** Not to our knowledge, no.

**The CHAIR:** I am sure that the member for West Torrens is getting to this: the reference will be dot point 5 on page 145.

**The Hon. S.K. KNOLL:** Again, the unsolicited bid process is run out of the Department of Treasury and Finance but, to the best of our knowledge, no.

**The Hon. A. KOUTSANTONIS:** Have you met representatives of Downer EDI?

**The Hon. S.K. KNOLL:** Not to the best of my knowledge, but again I am happy to correct that.

**The Hon. A. KOUTSANTONIS:** Have you met with Sasha Grebe?

**The Hon. S.K. KNOLL:** Have I met with whom?

**The Hon. A. KOUTSANTONIS:** Sasha Grebe.

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** You have never met with him?

**The Hon. S.K. KNOLL:** Not to the best of my knowledge, no.

**The Hon. A. KOUTSANTONIS:** Will employees transferring over to the new operators as a consequence of your tender have a transition in their enterprise agreement inserted in the contract, or will that be something negotiated between the successful tenderers and the employees?



**The Hon. S.K. KNOLL:** Again, I refer the member to my previous answers on that. That is something that will be discussed through consultation between the department and employee associations.

**The Hon. A. KOUTSANTONIS:** Will the Rail Commissioner still be the employer of all the train and tram staff, as set out by statute? You do not know?

**The Hon. S.K. KNOLL:** Those arrangements are still being worked through currently.

**The Hon. A. KOUTSANTONIS:** The statute is pretty clear that the Rail Commissioner is the employer of all these staff. The Rail Commissioner has statutory provisions in place in the act that govern how these operations are handled. What are the transition requirements? The tender closes on 22 October. Surely you have thought this through.

**The Hon. S.K. KNOLL:** Again, that is something that is the subject of the tender process that is currently underway as well as the market sounding process that is currently underway. Certainly, we will be complying with the provisions of the act in relation to everything it speaks to with regard to the operations of the heavy and light rail network in Adelaide.

**The Hon. A. KOUTSANTONIS:** Minister, you cannot tell me whether there will be job losses and wage decreases. You cannot tell me whether services will change, increase or decrease. You cannot give me any details and the tender closes in October. You are saying that this is all up to some consultation. Surely the government has thought this through.

Surely the government has a set of procedures and policies that you are following to implement your policy of privatising these services, rather than this ad hoc approach that you are describing to the committee. Quite frankly, if I were an employee, a train or tram driver, listening to you, I would be very concerned about my family's future because you do not seem to know what you are talking about.

**The Hon. S.K. KNOLL:** No, I think what is going on is that we are currently going to a tender process, and that in itself means that from a government perspective we need to preserve the government's position. These are matters that quite clearly should be dealt with through not only that tender process but also a process of direct negotiation and discussion with employee associations, again given the fact that we are dealing with groups of workers from different industrial arrangements. There is a considered process being worked through at the moment, and that process is the most appropriate to make sure that the state's position is preserved.

**The Hon. A. KOUTSANTONIS:** Did you abandon the two-stage ticket system in anticipation of a new privatised model?

**The CHAIR:** Member for West Torrens, can you identify a budget line for that question? I am sure that there will be one there.

**The Hon. A. KOUTSANTONIS:** How about performance indicators, Agency Statement, Budget Paper 4, Volume 3, page 147. How is that—good enough?

**The CHAIR:** Activity indicators, well done. Thank you.

**The Hon. S.K. KNOLL:** I might help the member a little bit here. You are talking about the two-section fare?

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. S.K. KNOLL:** Then maybe the member would like to ask me a question in relation to Budget Paper 5, Budget Measures Statement, page 69, which actually details a specific budget item in relation to the removal of the two-section fare.

**The Hon. A. KOUTSANTONIS:** Why did you abandon the formula?

**The Hon. S.K. KNOLL:** There are completely separate, different things here.

**The Hon. A. KOUTSANTONIS:** I know.

**The Hon. S.K. KNOLL:** There is an indexation formula, and that indexation formula spat out a figure of 2 per cent, being the standard indexation that would normally be used for the

indexation of fees and charges right across government. The government chose to make a different decision in relation to fees and charges of other areas, not only of DPTI but of other areas of government. However, in relation to public transport fares, we continued to use—

**The Hon. A. KOUTSANTONIS:** Being the standard.

**The Hon. S.K. KNOLL:** —the standard indexation, which was—

**The Hon. A. KOUTSANTONIS:** Other than?

**The Hon. S.K. KNOLL:** —2 per cent.

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. S.K. KNOLL:** Sorry, member for Torrens, if you let me finish.

**The Hon. A. KOUTSANTONIS:** West Torrens.

**The Hon. S.K. KNOLL:** Sorry—member for West Torrens. The 2 per cent figure was the standard indexation rate provided for, essentially, an across-government fees and charges increase. That did not change. We did quarantine public transport fares—

**The Hon. A. KOUTSANTONIS:** Other than?

**The Hon. S.K. KNOLL:** —from that broader increase.

**The CHAIR:** Member for West Torrens, the minister has the call.

**The Hon. A. KOUTSANTONIS:** Why did you abandon the two-stage—

**The Hon. S.K. KNOLL:** I am actually still—

**The CHAIR:** Hang on, everybody is having a go here. The minister has the call; you finish.

**The Hon. S.K. KNOLL:** The reason I am explaining this to the committee is that the member is seeking to conflate two separate issues. One is in relation to the normal standard indexation for fee increases right across the board, which the opposition has tried to characterise as some sort of above the normal process increase, which is disingenuous to say the least.

However, in relation to the two-section fare, a decision that was made as part of the budget process, which we have publicly said was done separately from the decision to outsource, was made on the basis that around 25 per cent of people who are using that two-section fare are using it improperly. The reason that is able to occur is because of the—

**The Hon. A. KOUTSANTONIS:** Would you characterise it as a rort?

**The Hon. S.K. KNOLL:** —antiquated ticketing system we have in place. In Adelaide, we only have the opportunity to tap on when we catch public transport, with the exception of the Adelaide Railway Station. Again, we do not have a tap-on tap-off ticketing system as operates in many other parts of the country and the globe in relation to being able to charge sectional fares across our network.

When we have a two-section fare in place, the ability to enforce a two-section fare is severely diminished, which is why we see an extremely high rate of fare evasion in relation to the use of the two-section fare and why we chose not to continue to offer a two-section fare and instead encourage people towards using the other discounted fare structures that are in place in relation to 14 and 28-day passes. Those people who have other concessional arrangements, especially in relation to pensioners and students, will still be able to access those concessional arrangements.

**The Hon. A. KOUTSANTONIS:** That sounds to me like you are fattening the pig before market. You have also, on page 69 of the Budget Measures Statement, reintroduced the fee for Metrocard purchases.

**The Hon. S.K. KNOLL:** So—

**The Hon. A. KOUTSANTONIS:** Can I finish, please? Thank you. You have reintroduced the fee of \$5 for the purchase of regular Metrocards and a \$3.50 fee for the purchase of concessional Metrocards, which will raise \$712,000. You abandon what you call a rort in the two-stage tickets, you

increase the fees for Metrocard purchases, but then you claim that the outsourcing of the tram and bus contracts together have absolutely nothing to do with the privatisation or outsourcing of the service. I find that completely unbelievable.

**The Hon. S.K. KNOLL:** Can I tell you that this is quite clearly why the member for West Torrens does not understand public transport. In relation to the reintroduction of the fee for Metrocard purchases, that was actually only stopped in the middle of last year. Essentially, it has only been for the last 12 months that there was not a charge for Metrocards. The reason that it was proposed to make the Metrocard free was to try to provide an incentive and encourage people to transition to the Metrocard. What we actually saw happen was that people no longer valued the Metrocard itself, and what happened was that people were going back and asking for increased numbers of Metrocards.

**The Hon. A. KOUTSANTONIS:** I am sure the new operators will thank you.

**The Hon. S.K. KNOLL:** That actually creates a cost to government without a commensurate increase—

**The Hon. A. KOUTSANTONIS:** But not under a privatised system, though, would it?

**The Hon. S.K. KNOLL:** —under an increased service. Can I say again that this is why the member for West Torrens does not understand public transport, because—

**The Hon. A. KOUTSANTONIS:** The additional fees and savings have nothing to do with—

**The CHAIR:** Member for West Torrens, the minister is answering.

**The Hon. S.K. KNOLL:** The collection of fare revenue, the setting of the fees and the setting of ticket prices is something that remains and will continue to remain in government hands. The way that we know how it will operate—the big signal as to how it will operate—is that it is exactly the same system that the former Labor government used for the past 16 years for the 70-odd per cent of the network that is already outsourced, and that is our bus network.

Bus companies are provided with contracts to operate the bus network but the fare revenue remains with government. That is how I was able to stand up and reassure the people of South Australia against some of the slurs and misrepresentations made by the opposition that somehow this was going to lead to an increase in fares. That is patently false.

This government will maintain control of our fare structure, which means that we are able to tell the people of South Australia that fares, going into the future, will not see exorbitant increases. We will maintain control of them, and it is extremely important that we do because it is a way for us to be able to continue to use this as a lever to try to drive patronage growth.

However, there are members of the opposition, including the member for West Torrens, who are out there trying to suggest that this is going to lead to increased fares. It will not, in the same way that it did not for the last 16 years of Labor administration, because of the way that they operated an outsourced bus contract but still managed to maintain control of the fare structure. Any insinuation to the contrary, I think, is disgusting and something that members of the opposition should reflect on in scaring the public about something that will not happen.

**The Hon. A. KOUTSANTONIS:** Thank you for your protection, sir; that was an excellent effort. Minister, can you please assure the house then that over the next four years, over the forward estimates, you will apply the traditional formula for increasing fares each and every year?

**The Hon. S.K. KNOLL:** Again, these are future budget processes that have not happened yet.

**The Hon. A. KOUTSANTONIS:** You just gave us an impassioned speech about how there will not be exorbitant increases. Why do you not commit now, over the next four years, to use the same formula used over the last 16 years?

**The Hon. S.K. KNOLL:** Again, I think these are matters that are subject to future—

**The Hon. A. KOUTSANTONIS:** Do you want to ask an adult next to you? It is just an appalling—

**The CHAIR:** Order!

**The Hon. A. KOUTSANTONIS:** I notice you are intervening now, sir, but while I sat through a diatribe you were very silent.

**The CHAIR:** Member for West Torrens, the minister gave an impassioned reply to your question.

**The Hon. A. KOUTSANTONIS:** He did, and I am asking him now to—

**The CHAIR:** He is making a point and I want the minister to answer the question that is at hand.

**The Hon. A. KOUTSANTONIS:** He called our accusations revolting. I just ask him now: will he commit to the same formula for fare increases for the next four years that he cited was used over the last 16 years?

**The CHAIR:** We have the question. Minister.

**The Hon. A. KOUTSANTONIS:** Will you commit to the same formula you cited in your impassioned plea to the people of South Australia that privatisation is fantastic, that the fee structures will not change over the next four years and you will use the same formula that Labor used over the last 16 years?

**The Hon. S.K. KNOLL:** Again, these—

**The Hon. A. KOUTSANTONIS:** No? Okay, let's move on.

**The Hon. S.K. KNOLL:** Again, these are matters—

**The Hon. A. KOUTSANTONIS:** Facts—they will be facts in?

**The Hon. S.K. KNOLL:** Again, these are matters that are the subject of future cabinet and budget deliberations.

**The Hon. A. KOUTSANTONIS:** Okay, so everything you just said was worthless.

**The CHAIR:** Member for West Torrens, the minister has the call. He is answering the question.

**The Hon. A. KOUTSANTONIS:** No, he is not.

**The CHAIR:** Has the minister finished?

**The Hon. S.K. KNOLL:** Sure.

**The CHAIR:** Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Will the minister rule out having separate fare structures for trains, trams and buses?

**The Hon. S.K. KNOLL:** At the moment, we do have an integrated fare structure across the network. On 1 July, the new South Australian Public Transport Authority came into being, and there is an advisory committee that sits around that. As part of the commitment we gave in our election document, we will be seeking to review the fare structure with a view to trying to improve how that fare structure operates and its ability to incentivise patronage growth. That work has not yet begun.

However, it is our intention and expectation that an integrated fare structure will continue and that the opportunity for us to be able to better integrate services, thereby needing to make sure that we maintain an integrated fare structure, will continue into the future.

**The CHAIR:** I understand that the member for Florey has a question.

**Ms BEDFORD:** Yes. I have two questions. I refer to Budget Paper 4, Volume 3, page 145. I apologise for not being here for the whole session. I hope that I am not going over any old ground. Minister, I understand there are two tenders out: a phase 1 for bus and a phase 2 for bus and tram?

**The Hon. S.K. KNOLL:** Yes.

**Ms BEDFORD:** And that you have advised that you are undertaking a market engagement exercise in preparation for a formal phase 3 tender for the Adelaide metro rail network?

**The Hon. S.K. KNOLL:** Yes.

**Ms BEDFORD:** Historically, I know that bus contracts have been offered for five-year terms. Minister, will you advise the committee what your expectation for future contract links for buses might be and, more particularly, what it might be for trains and trams? I guess what I am saying is: can you guarantee that it is not going to be longer than five years?

**The Hon. S.K. KNOLL:** In the documents we have here with us, we do not have what the actual term is, but our expectation is that it is substantially on the same terms as the bus contracts currently are now. There is obviously the head contract period of five years, but there are extension opportunities within those contracts. We are actually using those contract extensions at the moment in relation to buses. Certainly that is our expectation going forward. There are details within tender documents before our finance committee. I am happy to take on notice the balance of your answer, but our expectation is that it is a substantially similar process to what exists currently for the buses.

**Ms BEDFORD:** I understand that a private contractor has to try to make a profit out of it. We would not want to see things like 20-year contracts, would we?

**The Hon. S.K. KNOLL:** Sure. Again, I am happy to take that on notice.

**Ms BEDFORD:** In relation to the train and tram contracts, could you advise the committee whether you are considering any other property or concessionary rights or asset transfers? Are you thinking of giving train stations, depots or other real property as inducements to a successful bidder?

**The Hon. S.K. KNOLL:** Either way, we have given a public commitment that the tracks, the stations, the infrastructure and the rolling stock will all remain in public hands. If you look at the way that buses operate at the moment, the buses remain public assets and the depots remain public assets. So, no, there are no plans to sell off assets. Essentially, what we are doing is putting out to tender an operating contract.

**Ms BEDFORD:** You started the answer with the term 'either way'. Is there another term for lending it or extending it? We do not want to be tricky about this. You are definitely giving us a commitment? You are not looking at long leases and you are not looking at giving away or—

**The Hon. S.K. KNOLL:** No. We will continue to control the assets. There is an important reason why we need to continue to control the assets. What we want to do is create competitive tension through this process. Competitive tension is how we get maximum value for taxpayers' dollars. Maintaining control of the assets means that we can create competition on the part of how we deliver public transport services, where we can create competition. Quite clearly, the assets themselves are monopoly assets, and that is why it is important for those assets to remain in government hands. It is like what happened in 2011, where the former government changed operators from one bus operator to another—not that that turned out that well.

**Ms BEDFORD:** It sure didn't.

**The Hon. S.K. KNOLL:** The opportunity to be able to essentially transfer those depot and bus assets from one operator to another could only happen because the government continued to own the assets. We need to control the assets to be able to get the best outcome. We can hold the operator to account for how they undertake themselves and for the terms of the contract that are then complied with. That is made infinitely harder if they control the assets.

We can see some of the issues around the globe, and I have often used the example of Manchester, where they have parts of their network that are completely out of government hands. It creates difficulty in bringing it back in-house. This is why we want to learn from how outsourcing has been undertaken around the globe. Continuing to hold onto the assets is one of the key ways that we can deliver the best outcome.

**Ms BEDFORD:** It sounds a lot like ETSA to me.

**The CHAIR:** Member for West Torrens.

**The Hon. S.K. KNOLL:** Actually, hang on, I completely reject that assertion—completely.

**The CHAIR:** I did not hear that assertion.

**The Hon. S.K. KNOLL:** We are talking about two different processes. If you want to look at the difference, it is—

**The Hon. A. KOUTSANTONIS:** Can we just stop this?

**The CHAIR:** Yes. Minister, just hold it there. You are actually responding to an interjection. I know one was made. I did not hear what it was, so we might just let that go. Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Given that the minister is maintaining control of all the assets, as he has just so passionately told the committee, can he assure the committee that no railway station or tram stops will be shut for the life of the privatised contract?

**The Hon. S.K. KNOLL:** Again—hold on two seconds.

**The Hon. A. KOUTSANTONIS:** It is a simple yes or no, isn't it?

**The Hon. S.K. KNOLL:** The government will specify when and where the services operate. Can I give you a live example? As part of the Flinders Link Tonsley line extension, there is a train station being shut; it is the Tonsley station. We have now committed to rebuilding a new station, and that is the subject of consultation that is closed, and decisions will be made in relation to that in due course. There is obviously, then, a Clovelly Park station.

The decisions about those stations and their placement are made in trying to get the best public transport planning outcomes, i.e. there is always a trade-off with heavy rail and light rail that the more train stations you have, the longer it takes for somebody to get from A to B. If you are somebody in the member for Light's electorate and catching the train in from Gawler, you would prefer there to be fewer stops so that the journey goes more quickly.

So public transport planning provision and that balance between coverage and speed and timetable is always a tension that we seek to undertake. For instance, in relation to bus stops, there are reviews that are undertaken almost on an ongoing basis in relation to trying to make the routes as efficient as possible, but there is always a trade-off. But can I reject any assertion that there is a connection between outsourcing and train and tram stations. We will continue to own those and control those assets but also set the terms by which the operators must operate. Those decisions will remain in government hands because we will continue to control the assets.

**The Hon. A. PICCOLO:** Just on that, is it your intention to announce any changes to the timetabling before the service is privatised?

**The Hon. S.K. KNOLL:** We are tendering out on the existing timetable. But can I give a couple of things that may change things? First off is the opportunity to be able to increase service frequency; that is certainly a driver that we are open to.

**The Hon. A. PICCOLO:** Which ones are you going to reduce or remove? You keep talking about adding services.

**The Hon. S.K. KNOLL:** Because we are the ones providing the minimum level of service frequency that operators need to operate under.

**The Hon. A. PICCOLO:** So what you are saying is that there will be no cuts to services and only additional new services.

**The Hon. S.K. KNOLL:** That is right.

**The Hon. A. PICCOLO:** No existing service will be cut?

**The Hon. S.K. KNOLL:** That is right. But can I say in relation to that also, for instance, where we are augmenting the network, and thinking about Flinders Link, quite clearly there are going to be timetable changes in relation to that based on the public transport planning that is ongoing at the moment, where the station ends up being put and what impacts that has upon timetabling. But,

no, certainly the guarantee we are giving is that service level frequency at a minimum will stay the same.

**The Hon. A. KOUTSANTONIS:** Can you assure the house that there will be no modification to rail stock and that the number of carriages that are currently operating in peak services will remain?

**The Hon. S.K. KNOLL:** And again—

**The Hon. A. KOUTSANTONIS:** If you cannot, just say you cannot.

**The Hon. S.K. KNOLL:** No, but this comes down to service planning. The good news, the fantastic news, is that by actually getting the final \$220 million for the Gawler electrification project, it means that project is actually going ahead. We have now placed the order in the last month to procure new rolling stock from Bombardier.

**The Hon. A. KOUTSANTONIS:** That is right—12.

**The Hon. S.K. KNOLL:** That is right—12, and that gives us the opportunity and greater flexibility. At the moment, we are hamstrung because everything is in service during peak and there is no latent rolling stock capacity to be able to deal with increased demand when we need it. The opportunity now is that we will have surplus DMUs we will be able to redeploy into the network where we need to and where we deem it to be appropriate, giving us greater flexibility to be able to deal with the peak and the shoulders of the peak. Whereas, at the moment, we are extremely limited in our capacity to do that.

The other thing we do have as part of the Bombardier contract is the opportunity to turn these permanent three-car sets into four-car sets. On the Gawler line, for instance, of the existing 15 DMUs, seven are two-car sets and eight are three-car sets. This means that the EMUs that we are using on that line will all be permanent three-car sets, which obviously is how we give ourselves greater capacity. But there is an opportunity in that Bombardier contract for us to be able to take a step further and move to four-car sets.

**The Hon. A. KOUTSANTONIS:** Do those trains have the ability to be operated autonomously?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** Why did you reduce the number of trains being purchased from 15 to 12?

**The Hon. S.K. KNOLL:** To answer this question, when we deal with heavy bits of kit and infrastructure the way that we get the best value for taxpayers' dollars is to make sure that we are using those assets as much as possible. I will give the example of a port grain area. You can create two ports to carry the same amount of grain, but all you have done is create twice the cost because you have twice the infrastructure. The same applies in public transport.

When the EMUs were purchased for the Seaford line, more EMUs were purchased than were actually needed to be used on that line, meaning that we have EMUs that are currently underutilised. That means we are paying to maintain an asset that is not being utilised fully. It has been envisaged for some time that three of those spare units will move across to the Gawler line. I also understand that one of those units will move across to the Tonsley line.

Can I give the commitment that there will not be any service level reduction on the Seaford line as a result. What it means is that we are going to be able to get more out of the existing assets that we have. We think that is a prudent use of taxpayers' money because, again, the proof is in the patronage. The opportunity for us to be more efficient about the existing assets that we use to drive them harder means that we can be more prudent with taxpayers' dollars, which again gives us greater opportunity to focus on other opportunities to improve patronage growth across the network.

**The CHAIR:** A comprehensive answer, thank you, minister. Having reached the allotted time, I declare the examination of the proposed payments for public transport to be completed and also the proposed payments for infrastructure planning and management to be completed. The committee stands suspended until 2pm.

*Sitting suspended from 13:02 to 14:00.*

**Departmental Advisers:**

Mr T. Braxton-Smith, Chief Executive Officer, Department of Planning, Transport and Infrastructure.

Ms E. Kokar, Acting Executive Director, Road Marine Services, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Director, Finance, Department of Planning, Transport and Infrastructure.

**The CHAIR:** Welcome back to the afternoon session of Estimates Committee A. The portfolio we will be examining this afternoon is roads and marine. The minister appearing is the Minister for Transport, Infrastructure and Local Government. The estimate of payments for the Department of Planning, Transport and Infrastructure are open for examination. I invite the minister to introduce his advisers and make a short statement if he wishes.

**The Hon. S.K. KNOLL:** In addition to the continuing dream team of Bill and Tony, can I add Emma Kokar, the Executive Director of Road and Marine Services at DPTI. I have no opening statement.

**The CHAIR:** Okay, thank you. I invite questions, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** I refer the minister back to the Agency Statements, Volume 3, page 140 and the Seaford to Sellicks Main South Road duplication. When will the government begin section 2?

**The Hon. S.K. KNOLL:** At the moment, we are undertaking a planning phase for phase 1. I outlined the budget profile to the house in a previous session. I think we need to get further down the path on stage 1 before there is a further discussion about stage 2 but, as I said, this year is the first year that all the \$305 million is in the budget. It is clear from the budget profile that the majority of the construction works are still in the outer years. I think, axiomatically, that stage 1 needs to be done before stage 2.

**The Hon. A. KOUTSANTONIS:** I accept the minister is saying that planning needs to be done for stage 2, but given the Treasurer's—

**The Hon. S.K. KNOLL:** Sorry, I was actually making reference to the planning and design works being conducted in relation to stage 1.

**The Hon. A. KOUTSANTONIS:** I accept what the minister is saying in terms of planning but, given the shadow treasurer not 13 days from the last state election wrote to the chair of the Main South Road Action Group, can the minister give a commitment to the committee that section 2 will be committed to within the forward estimates?

**The Hon. S.K. KNOLL:** Well, it is not within the forward estimates currently. The construction profile of stage 1 suggests that there is a construction profile for stage 1 over the next four years, and quite clearly stage 1 needs to be completed before stage 2. I am not trying to be cute here, but again the member is now trying to ask me questions in relation to future budgets and what provisions may be put into what year.

**The Hon. A. KOUTSANTONIS:** I am entitled to.

**The Hon. S.K. KNOLL:** No, you are entitled to ask questions about this budget and previous budgets. It is very difficult for me to answer questions, which you have asked on other budget lines, in relation to future budgets. That is a little bit difficult for me to be able to provide an answer for because there is a budget and cabinet process that needs to be gone through before we can do that. I am more than happy to answer about this budget and how it relates to previous budgets, but it is impossible for me to answer about future budgets.



**The Hon. A. KOUTSANTONIS:** So when the Treasurer said that a Marshall Liberal government, if elected, will match this commitment for \$435 million for stages 1 and 2, no-one should expect that to be in this term?

**The Hon. S.K. KNOLL:** I think that—

**The Hon. A. KOUTSANTONIS:** It is okay if you cannot do it, just—

**The Hon. S.K. KNOLL:** Hang on, just let me answer the question first. We made a range of commitments at the election—

**The Hon. A. KOUTSANTONIS:** Yes, will you keep them?

**The Hon. S.K. KNOLL:** —and we will, with one large and very obvious exception, maintain our commitment to those things.

**The Hon. A. KOUTSANTONIS:** Given the minister has considered that he will maintain that commitment, can I ask when stage 2 will be in the forward estimates?

**The Hon. S.K. KNOLL:** Again, I think that is the subject of future budgets.

**The Hon. A. KOUTSANTONIS:** I am not trying to be difficult, but the Treasurer has written to an action group saying, 'The Marshall Liberal government, if elected, will match this commitment of \$435 million for stages 1 and 2 of the duplication of Main South Road.' The government has money in the forward estimates for stage 1. The minister has canvassed stage 2. I am not asking for the exact date; all I am asking is whether the minister will commit, before the next election, to include stage 2 within the forward estimates?

**The Hon. S.K. KNOLL:** Again, that is something that I cannot answer because it speaks to future budget processes.

**The Hon. A. KOUTSANTONIS:** So this commitment is not worth the paper it is printed on?

**The Hon. S.K. KNOLL:** No, but again, I can confirm that there is no money in this year's budget for it. Given that is what we are here to discuss, that is what I can answer questions on.

**The Hon. A. KOUTSANTONIS:** If I can take you now on another journey, minister, to the North Haven boat ramp, can the minister tell the committee how much money DPTI raises from a facilities levy on the registration of motorboats?

**The Hon. S.K. KNOLL:** You are asking how much money DPTI collects for the Boating Facilities Fund from registrations for—

**The Hon. A. KOUTSANTONIS:** Yes.

**The Hon. S.K. KNOLL:** I will have to take that on notice. I have cash balances here, but I will have to take that on notice.

**The Hon. A. KOUTSANTONIS:** That is fine. Can the minister explain why DPTI does not provide amenities at the North Haven boat ramp? I am specifically talking about toilets.

**The Hon. S.K. KNOLL:** I think I know where the question is coming from. I think the member was alluding to the fact that in the last little while the department has bought back the North Haven boat ramp. As part of that sale, we did not purchase any buildings or any associated facilities around it; we just bought the boat ramp. As we understand it, one of the yacht clubs owns the building. They had a commercial lease with a kiosk owner, and that kiosk owner provided toilet facilities as part of their business.

The kiosk operator is no longer in business, and because of that the toilets ceased to be open. Those toilet facilities never were and never have been provided by government. They have always been provided by a private operator—

**The Hon. A. KOUTSANTONIS:** It was not our boat ramp before.

**The Hon. S.K. KNOLL:** Sure, we bought the boat ramp, but we did not buy the associated buildings. What were always privately provided toilets as part of a kiosk business operation remain that way.

**The Hon. A. KOUTSANTONIS:** Given that you collect the facilities fee, does the minister think that people who enjoy the benefits of fishing and boating activities should be entitled to amenities at government boat ramps?

**The Hon. S.K. KNOLL:** To the best of our knowledge, we do not provide toilet facilities at any boat ramps.

**The Hon. A. KOUTSANTONIS:** You do at West Beach and you do at O'Halloran Hill, to my knowledge. I could be wrong. I stand to be corrected if you say it is not true, but I understand that you provide amenities at West Beach.

**The Hon. S.K. KNOLL:** We will have to take that on notice.

**The Hon. A. KOUTSANTONIS:** Can the minister take this on notice as well: will the minister consider asking the private owners of the amenities at the North Haven boat ramp to have them available to the public for use?

**The CHAIR:** Minister, I might call you to answer that question, please.

**The Hon. S.K. KNOLL:** I appreciate that we are getting into a treasure trove of detail.

**The Hon. A. KOUTSANTONIS:** I do not think it is very funny. It is a toilet.

**The Hon. S.K. KNOLL:** I do not think it is funny either, but you are asking a question of significant detail about a \$4½ billion budget. Sometimes it takes us a few seconds to get to the detail of something, especially when we actually do not own the building that is in question.

**The Hon. A. KOUTSANTONIS:** You are a great advocate of privatised services. Perhaps the local toilet could be—

**The CHAIR:** A bit of time has lapsed here. Member for West Torrens, could you repeat your question?

**The Hon. A. KOUTSANTONIS:** Will the minister consider entering into an arrangement to have the private owners of facilities open them for the public when they use the government-owned boat ramp?

**The Hon. S.K. KNOLL:** I think the simplest answer would be to say that we are trying to explore the limited options available to us at the moment, given that we do not own any of the facilities in question.

**The Hon. A. KOUTSANTONIS:** Minister, you are making a rod for your own back. I do not understand why. I refer you to page 139 of the Agency Statements, Volume 3, Springbank Road and Daws Road intersection. When will you release the final plans to the public?

**The Hon. S.K. KNOLL:** In terms of what the member believes are final plans—

**The Hon. A. KOUTSANTONIS:** After your humiliating backflip, you had to release new plans because you got it so terribly wrong. When you got it terribly wrong, you were taught a very valuable lesson in politics. After you apparently learned that lesson, you took Labor's advice and went for the intersection rather than improving a dogleg. When will you release the final plans for that new intersection that Labor always advocated?

**The Hon. S.K. KNOLL:** Can I say that if we went down Labor's design for the Springbank Road-Daws Road intersection, the intersection would not actually be finished until somewhere around 2024 because the way they were designing the intersection would have created—

**The Hon. A. KOUTSANTONIS:** Given your record, I would have thought—

**The CHAIR:** The member for West Torrens will cease interjecting and the minister will come back to answering the question.

**The Hon. S.K. KNOLL:** —land acquisition issues. That would have created a significant and sizeable delay to the project as well as a cost blowout such that the total cost of the project would have been north of \$100 million.

**The Hon. A. KOUTSANTONIS:** No-one believes you.

**The CHAIR:** Minister, could you answer the question, please.

**The Hon. S.K. KNOLL:** Again, I think that it is very difficult for me to understand what he means by 'final plans'.

**The Hon. A. KOUTSANTONIS:** Alright. He has asked me a question.

**The Hon. S.K. KNOLL:** Hang on, I would like to—

**The Hon. A. KOUTSANTONIS:** He has asked me a question. The final plans—

**The CHAIR:** I think the minister said that it is really important to understand what we mean. I might be wrong, but—

**The Hon. S.K. KNOLL:** A concept drawing has been released to the public. Since that time, further work has been going on within the department. This will be undertaken as a design only/construct only project, so that we can manage more seamlessly some of the early works land acquisition components of the project. As we have shown for other projects in relation to Golden Grove Road, in relation to the Port Wakefield overpass, we actually will undertake a strong community consultation phase.

I know that all potentially affected landholders have been spoken to and had discussions, and I understand that there is a very strong consultation process for some of the neighbouring institutions. Essentially, what we have done—as we have done with Port Wakefield and as we have done with Golden Grove Road—is to take the opportunity to inform and further develop the design after consultation with the community to then get to what the member might refer to as 'final plans', which is something that is still some time away.

Having said that, certainly starting that discussion with the community, which has started in some fashion, we will go through a separate sort of design community consultation process quite shortly.

**The Hon. A. KOUTSANTONIS:** When will construction begin?

**The Hon. S.K. KNOLL:** Next year.

**The Hon. A. KOUTSANTONIS:** When will it be completed?

**The Hon. S.K. KNOLL:** It will be completed sometime—

**The CHAIR:** I am going to ask you both to speak up. Could you repeat that question for me?

**The Hon. A. KOUTSANTONIS:** When will the Springbank Road and Daws Road intersection be completed—June 2020?

**The Hon. S.K. KNOLL:** It will be completed in 2021.

**The Hon. A. KOUTSANTONIS:** In 2021, and start sometime next year—between January and December next year?

**The Hon. S.K. KNOLL:** That is normally the way the Julian calendar works.

**The Hon. A. KOUTSANTONIS:** Oh, the Julian calendar, okay. Did I ask for the Gregorian calendar, did I? Will you compulsorily acquire Peter Van the Party Man business and building?

**The Hon. S.K. KNOLL:** Can I say now that I am very reluctant to talk about individual site-specific land acquisition in a public forum, not because I am trying to impede the committee but because as a minister who is now entering into a whole series of projects for which significant land acquisition is being undertaken—and we talk about the Regency Road to Pym Street section of the north-south corridor—I just do not think it is appropriate for us to start discussing individual land acquisition parcels over and above the discussions that are going to be had with the landowner and the department.

This is not only a very difficult topic, and one that we treat with an extreme level of sympathy, but also one where we essentially try to minimise what is otherwise a difficult process that people have to enter into. I think that is why the best thing we can do in this regard is to make sure that

discussions between individual landowners and the department remain discussions between individual landowners and the department.

**The Hon. A. KOUTSANTONIS:** Yes, well, that is not how parliamentary democracies work. As much as you would like it to be just between you and some private individual, the parliament has a right of oversight. I remind the committee that the minister has just said that he is not going to tell us any of these details despite being given the powers by this parliament to do so, which I think is the height of arrogance.

**The CHAIR:** He has said, member for West Torrens, that he is not going to talk about individual cases.

**The Hon. A. KOUTSANTONIS:** So what? That is the height of arrogance, sir.

**The CHAIR:** That is your opinion. Next question.

**The Hon. A. KOUTSANTONIS:** It is my opinion, and it should be the opinion of the committee, given that it is private property we are talking about. Will you use any of the Repat site for the roadworks?

**The Hon. S.K. KNOLL:** We will need to wait until the design process is more—

**The Hon. A. KOUTSANTONIS:** Sure. Does the minister at any stage—

**The CHAIR:** Member for West Torrens, before you ask your question, my apologies, I did not hear the minister's response.

**The Hon. A. KOUTSANTONIS:** That is because he is whispering.

*An honourable member interjecting:*

**The Hon. A. KOUTSANTONIS:** If I needed a backbencher's assistance, I would ask for it.

**The Hon. S.K. KNOLL:** For a formal answer to that, we need to get further down the design process before those decisions are finalised.

**The CHAIR:** Thank you. Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** If I can take you now, minister, to page 141 of the Agency Statement and the regional roads program, in Labor's last year in office the amount spent on the regional roads program was \$8.6 million. In your first full year as minister the figures dropped to \$4.07 million. Can you explain why you halved the regional roads program? Scope?

**The Hon. S.K. KNOLL:** Can I say more generally that there are a number of regional roads programs that come from different buckets within the agency, whether that be regional road maintenance, whether that be road safety programs, or whether that be shoulder sealing and the like, but there is also federal road maintenance money, as well as specific and discrete projects. Can I say that the amount of money being spent on regional roads as part of this budget and over this forward estimates period dwarfs anything that this state has ever seen before.

**The Hon. A. KOUTSANTONIS:** If only that were true. Can we move on, then?

**The Hon. S.K. KNOLL:** Actually, I have not finished the answer yet.

**The Hon. A. KOUTSANTONIS:** But you are not explaining it. It is a pretty simple question. I gave you the reference.

**The CHAIR:** Member for West Torrens, I think the minister is getting to his answer.

**The Hon. S.K. KNOLL:** The answer is that there are a number of buckets of money from which money to be spent on regional roads is drawn. Again, some of them come out of annual programs, some of them come out of the existing partnership agreement with the federal government—

**The Hon. A. KOUTSANTONIS:** So no explanation?

**The Hon. S.K. KNOLL:** —and some of them come out of road safety. It is very clear to me, if we talk about our regional road infrastructure fund and we talk about the amount of money that this

government is investing in regional roads—the fact that as part of this budget process we have been able to secure \$1.15 billion on top of the \$300-odd million that we secured last year—we are talking now in terms of road maintenance and capital projects over this period of over \$1½ billion. This is the largest amount of money by a reasonable distance that is going to be spent on regional roads in this state's history.

**The Hon. A. KOUTSANTONIS:** Is the forward estimates now eight years?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** Good. If I can refer you to page 139 of the Agency Statements, Volume 3, the Portrush and Magill Road upgrade at a cost of \$98 million with completion due in June 2023, was that referred to Infrastructure South Australia per your election commitment for all projects over \$50 million?

**The Hon. S.K. KNOLL:** There have been discussions that have been had with Infrastructure South Australia about all projects that meet the criteria for inclusion within ISA's remit. Obviously, we are in a transitional period here—

**The Hon. A. KOUTSANTONIS:** So that is a no.

**The Hon. S.K. KNOLL:** —before Infrastructure South Australia releases its first 20-year strategy next year.

**The Hon. A. KOUTSANTONIS:** That was not your election commitment, minister.

**The Hon. S.K. KNOLL:** Can I say that Infrastructure South Australia is in the process of finalising its assurance framework. That will provide for how and when ISA will be engaging with the department as part of the gateway review process of any of these projects so that it has the appropriate oversight over the projects, both from a planning point of view and from a construction and delivery point of view. Also part of ISA's remit is their post-construction look at how the project has gone.

We engage constantly and often with ISA. It is fair to say that we have provided significant amounts of information, so on all these projects here that meet their remit there certainly have been discussions, and that two-way conversation will continue from now into the future.

**The Hon. A. KOUTSANTONIS:** That is not what you said you would do. I refer you to 'Productive infrastructure for South Australia: a strong plan for real change', and I quote—

**The Hon. S.K. KNOLL:** Can I ask what budget line this is in reference to?

**The Hon. A. KOUTSANTONIS:** Agency Statements, Volume 3, page 139. The 'Strong plan for real change' states:

Preparing and submitting to the Premier infrastructure plans on a 5-year rolling annual basis identifying specific major projects (costing more than \$50 million) to be undertaken as a priority

As a priority in the first 18 months, you have not referred a project over \$50 million to Infrastructure South Australia, have you?

**The Hon. S.K. KNOLL:** As I said, we have actually talked to Infrastructure South Australia about all projects that exist within their remit. Again, I think what the member is trying to allude to is that somehow we have been undertaking these projects without consultation and regard to ISA. We are in this transitional period before ISA puts out its first 20-year infrastructure strategy and also then puts out its first five-year capital intentions statement. What I think the member is trying to assert is that we should wait until after those documents are finalised before we make decisions about infrastructure. Can I say that to do that would have meant—

**The Hon. A. KOUTSANTONIS:** No, I did not say that at all.

**The Hon. S.K. KNOLL:** —that we commission no new projects until that decision is made.

**The Hon. A. KOUTSANTONIS:** I never said that at all, sir.

**The CHAIR:** Member for West Torrens, you will have the opportunity to seek clarification.

**The Hon. A. KOUTSANTONIS:** He is summarising.

**The CHAIR:** The minister is answering this question and you will have the opportunity to ask another or seek clarification. We only have five minutes left on this topic, minister.

**The Hon. A. KOUTSANTONIS:** No, it is open until 3 o'clock.

**The CHAIR:** Well, it is, but there is an agreed time for portfolios.

**The Hon. S.K. KNOLL:** The summary of events is that the bill passed the parliament and was assented to. We then moved quickly to establish Infrastructure South Australia. Infrastructure South Australia is going through—

**The Hon. A. KOUTSANTONIS:** Point of order: I am not interested in the establishment of Infrastructure South Australia. I am interested in whether or not projects were referred to it as per the election commitment. What the minister is giving us—

**The Hon. S.K. KNOLL:** And I am providing the context to allow me to answer that question.

**The CHAIR:** That was very clear in your question, member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Yes, so while he is talking over me while I am talking to you, sir, I would appreciate the same level of courtesy to me as you give to the minister.

**The CHAIR:** Yes, well, you and I are having a conversation. Your question was quite clear to me, member for West Torrens, and quite clear to the minister also, I am sure.

**The Hon. S.K. KNOLL:** That is what I am attempting to answer. The difficulty for Infrastructure South Australia at this point of time is that they are in the process of setting up their organisation, setting up assurance frameworks for how they assess projects that are undertaken by client agencies and also—

**The Hon. A. KOUTSANTONIS:** It is the second budget.

**The Hon. S.K. KNOLL:** —collecting information in relation to the construct of its first 20-year infrastructure strategy. That has meant that in this intervening transitional period, whilst ISA is trying to undertake multiple functions simultaneously, we have sought to engage with ISA along the way to make sure that we are availing ourselves of what we want, the independent information that they are going to provide, whilst we are still in this transition period.

It will become a lot easier once they have released their first 20-year strategy and, from there, as they release the rolling strategies because it means that we can avail ourselves of their input. It is just very difficult before they have formulated their own opinion for them to give us their opinion. Having said that, when it comes to project by project, we can have discussions with them about their views on the various projects we are undertaking. We have done that.

Can I say that it was under this government that the ISA bill was put through parliament. We are the ones who actually want to subject ourselves to this independent scrutiny. We will certainly be availing ourselves of the benefits of setting up this independent infrastructure, essentially a decision-making process, and we have sought in good faith to engage every step along the way.

**The Hon. A. KOUTSANTONIS:** My question to the minister is in regard to GlobeLink at Agency Statements, Volume 3, page 139. Your election commitment for GlobeLink says, and I quote, 'develop an alternative corridor for heavy freight'. You go on to say in your document:

...noisy and disruptive freight railway will be replaced with a corridor which sweeps behind the Adelaide Hills from Murray Bridge up to Truro and then down from the north of the Barossa Valley to join road freight to the Northern Expressway...then the Port River Expressway and rail freight to the Adelaide-Darwin line north of Two Wells.

My first question on this momentous piece of infrastructure—

**The CHAIR:** Member for West Torrens, I am just trying to determine what budget line.

**The Hon. A. KOUTSANTONIS:** Volume 3, page 139.

**The Hon. S.K. KNOLL:** It is the incorrect page because we are talking about 'investing expenditure summary' on that page.

**The Hon. A. KOUTSANTONIS:** You mean that you are not investing in GlobeLink?

**The Hon. S.K. KNOLL:** The work we are undertaking is an operating expense, which would not be on this budget line.

**The CHAIR:** Member for West Torrens, we have identified GlobeLink on page 159.

**The Hon. A. KOUTSANTONIS:** Sure, sir. Have any resources been allocated to identifying the required land for this new sweeping freight line?

**The Hon. S.K. KNOLL:** Yes. We commissioned KPMG and a consortium to undertake stage 1/stage 2 business case development. That has been underway since the second half of last year. That work continues; in fact, I think it is due to be completed soon. Essentially, we have provisioned for part of the normal stage 1/stage 2 business case development, and that work is ongoing at the moment.

**The Hon. A. KOUTSANTONIS:** Have you had any discussions with the ARTC regarding the relocation of their freight line?

**The Hon. S.K. KNOLL:** I have not, no.

**The Hon. A. KOUTSANTONIS:** That is a key commitment of yours, though, isn't it?

**The Hon. S.K. KNOLL:** The commitment we took to the election was to develop the business case and the strategy. We have taken steps to do exactly that. We commissioned KPMG to undertake that business case development, and as part of that process they will quite clearly be engaging with stakeholders.

**The Hon. A. KOUTSANTONIS:** Has the budget allocated any resources to purchase any easements for this new sweeping rail corridor behind the Adelaide Hills?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. KOUTSANTONIS:** Has DPTI allocated any resources other than the scoping study to design GlobeLink?

**The Hon. S.K. KNOLL:** Well, again—

**The Hon. A. KOUTSANTONIS:** No.

**The Hon. S.K. KNOLL:** —we are going through a stage 1/stage 2 business case development process. I think that is the most appropriate thing to do.

**The CHAIR:** Minister, and also member for West Torrens, I am just going to remind the committee that the agreed time for questions on this portfolio, roads and marines—

**The Hon. A. KOUTSANTONIS:** It was not agreed by me. It was just imposed on us, but the lines are open, sir.

**The CHAIR:** The lines are open, but my understanding is that there was an agreement that the roads and marine portfolio—

**The Hon. A. KOUTSANTONIS:** No, I received no correspondence from the minister regarding this.

**The Hon. S.K. KNOLL:** Chair, I am happy to answer the question.

**The CHAIR:** The minister is happy. Member for West Torrens.

**The Hon. A. KOUTSANTONIS:** Have you had any discussions with the Civil Aviation Authority about your plans to build a brand-new 24-hour freight airport?

**The Hon. S.K. KNOLL:** I think the most important thing for us to do is to wait for the stage 1/stage 2 business case to be completed before discussing what the next steps are. I understand that it may be a bit foreign to the member for us to undertake a more sequential process to the way that we want to develop infrastructure projects, which normally means you wait for the outcome of the business case before taking and deciding on further steps.

**The Hon. A. KOUTSANTONIS:** It is your election commitment, not mine.

**The Hon. S.K. KNOLL:** That is precisely what we are doing in this regard. I understand that the decisions might previously have been taken based on the plaything and the whims of the minister at the time, but it is quite clear that we are setting about creating a new way to deliver infrastructure, which requires us to spend more money up front to undertake business case development to better inform how we spend precious infrastructure dollars. But all that work is for nothing if the government goes ahead and does things before it gets the business case itself.

**The Hon. A. KOUTSANTONIS:** Yes, I refer you now to page 152 of the Agency Statement, Volume 3, targets 2019-20, relating to the Port Wakefield overpass and highway duplication and duplication of the Joy Baluch AM Bridge. Why has the government decided to bundle these projects, given your election commitment at the last election to disaggregate contracts?

**The Hon. S.K. KNOLL:** Again, these two projects are being delivered under an alliance model in the same way that the Regency Road to Pym Street and the Torrens to Torrens project and, actually, the Oaklands crossing project have been undertaken. This is a model that we are leading the country a little bit on, and it is one that we know guarantees tier 2 involvement. I know that there has been some public commentary about tier 2 companies wanting to bid separately for Port Wakefield. It is a \$90 million project. There are only a couple of exceptions where our tier 2 contractors would have the financial delegation to be able to bid for a project of this size in and of themselves.

This alliance model is a model that a large number of contractors I have spoken to, both tier 1 and tier 2, say provides the best way for us to share risk and also provides a guaranteed way for tier 2 contractors to be involved. The difficulty here is that, if we were to have undertaken these two projects separately, not only would it have caused a delay to the awarding of those contracts but it also would not have guaranteed tier 2 contractor involvement.

The alliance model we have chosen and the structure of the tender guarantees tier 2 contractor involvement, not only on the construction side but also on the professional services side. It is, in my opinion, the best way (1) to get good value and a good outcome for taxpayers' dollars; (2) to see these projects in the ground and digging as soon as possible; and (3) to deliver the best opportunity for local contractors to be involved with the project.

**The Hon. A. KOUTSANTONIS:** I refer you now to page 138 under the program net cost of services summary and program 6, infrastructure planning and policy. Is the government planning to compulsorily acquire Thebarton Theatre, Queen of Angels church and St George College to make way for the north-south corridor?

**The Hon. S.K. KNOLL:** There are no plans because we are too early on in the process to have formulated those plans. Where we are at currently—and, again, maybe this is a bit foreign to the member—is that we are undertaking what is ostensibly a stage 4 business case on this project.

We have put three options on the table. There is the reference case, which was the solution the former government put on the table back in 2015. We have challenged that design against two new options, one being a long tunnel from before the Brickworks right through to Tonsley and one that undertakes a hybrid tunnel option north of Anzac Highway to north of the Brickworks and a second tunnel somewhere around Edward Street going through to Tonsley. We are evaluating those three options against each other. Which option is chosen depends very much on what the land acquisition profile looks like.

It has been reported publicly that the reference design, the Labor design, would have seen 1,000 properties or thereabouts acquired. We were able, through the use of the tunnel options, to minimise the number of properties acquired to somewhere around 600, depending on the final design of the project. But again it is simply too early to make any assertion in relation to that. Once again, what the government wants to do is do the business case development, decide on what the best alignment and design is, and then from there undertake the further planning work necessary to be able to answer the question the member would like answered.



**The Hon. A. KOUTSANTONIS:** I refer to page 159, Volume 3, Agency Statements, regarding the north-south corridor. Richmond Primary School is on the current north-south corridor. Will the government relocate those children to another school or build a brand-new primary school?

**The Hon. S.K. KNOLL:** I think the member is asking a question that is hypothetical and—

**The Hon. A. KOUTSANTONIS:** Not to those students, it is not.

**The Hon. S.K. KNOLL:** I refer the member to my previous answer.

**The Hon. A. KOUTSANTONIS:** Have you started consultation, has DPTI started consultation, with the Richmond Primary School community?

**The Hon. S.K. KNOLL:** This again means that the member clearly does not understand how these projects work. As I said, we need to formalise and finalise the business case development process. We then from there need to decide on the design we want to undertake, and then from there we can start to make more specific plans about what those finite alignments are going to be. It is fair to say—and I will use the Port Wakefield duplication and overpass, and Golden Grove Road as examples of projects—we started off with a design.

We then spoke to the community and, in relation to Port Wakefield, there was some consternation about the Federation Corner roundabout that was proposed in the middle of the town, so we restructured the design to mitigate that. With Golden Grove Road, there was some discussion about car parks and accessibility to certain businesses, as well as accessibility into one of the local churches.

Through that consultation process, we were able to manipulate the design to achieve the outcomes of the local community. The member is asking very specific questions about specific buildings and specific land acquisition. It is impossible for us at this stage to be able to answer the question. As to the demonstrated commitment of this government to listening to the community, working with them to make sure that we deliver the best design that takes into account those site-specific concerns, those runs are on the board. In relation to the north-south corridor, it will be no different, save and except that what we are seeking to undertake will be the largest infrastructure project this state has ever seen.

**The CHAIR:** The member for Florey has a question. Member Florey, is your question on the roads and marine portfolio?

**Ms BEDFORD:** Mine are around Service SA, sir.

**The CHAIR:** So we are moving portfolios to Service SA. Do you need other advisers, minister?

**The Hon. S.K. KNOLL:** No.

**The CHAIR:** Member for Florey, you have the call.

**Ms BEDFORD:** Will the minister release the terms within the existing commercialisation agreement facilitating the transfer of management of the LTO that stipulates any compensation or extensions regarding the transfer of management of the motor registry being offered to the same consortium?

**The Hon. S.K. KNOLL:** Again, I will answer this fulsomely because I expect this to be the subject of a number of questions. The commercialisation process is being undertaken by the Department of Treasury and Finance. Quite clearly, those of us sitting here have a very, very strong interest in how that process is going, even though we are not the ones conducting it. Can I say that we are hamstrung mightily in our endeavours because of this disgusting little secret that the former government kept from the people of South Australia.

*The Hon. A. Koutsantonis interjecting:*

**The Hon. S.K. KNOLL:** The member says, 'Why doesn't he just say thank you?' Can I say, Chair—

**The CHAIR:** Minister, do not respond to interjections please.

**The Hon. S.K. KNOLL:** —that the idea that it is okay to hide an \$80 million prepayment from the people of South Australia as part of a \$1.6 billion dollar deal I find to be abhorrent. The fact that the terms of that prepayment require us to repay, at an interest rate of 10 per cent on top of that \$80 million in the event of us not going ahead, I find to be abhorrent.

The fact is, though, that this process, which we are obligated contractually to undertake, was foisted upon us by somebody who may or may not be in this very room right at this moment, and those same people then have the audacity to say to the South Australian people, 'Look at what these guys are doing: they're choosing to privatise Service SA.' The only reason we are undertaking this project at the moment is that we were forced to by a disgusting little secret that was kept from the South Australian people before the last election.

We will comply with the terms of that contract. Why? Because otherwise there is over \$100 million that we have to repay to LSSA—\$100 million of taxpayers' money that has now been put at risk because those who came before us thought it was okay. They knew that it was not okay because they hid it from the South Australian people. If they thought, 'This is all well and good. You should just say thank you,' then why did they not tell South Australians beforehand? Why did you hide it from the people of South Australia?

**The CHAIR:** Minister—

**The Hon. S.K. KNOLL:** Because you knew they would not like it.

**The CHAIR:** Minister, you are addressing me.

*The Hon. A. Koutsantonis interjecting:*

**The CHAIR:** The member for West Torrens will no longer interject. Member for Florey, did you get an answer to your question in all that?

**Ms BEDFORD:** I am trying to ascertain the veracity of the claims that we have to do this. There are figures like \$80 million—

**The Hon. S.K. KNOLL:** You should ask the member for West Torrens. He can tell you; he wrote the deal.

**The CHAIR:** Minister, do not interrupt when a question is being asked, please. I am trying to be as fair as I can be here today and we are going reasonably well. Member for Florey.

**Ms BEDFORD:** Can we just deal with the current circumstances. I am trying to ascertain the veracity of the statements made that we have to do this, when in actual fact it appears we do not have to do it, and there are figures of \$80 million, \$110 million and a story about seven years. My electors are asking these questions and I think it is something we need to try to put on the table today if we possibly can. If it is not you, sir, we will have to try to get that information from the Treasurer through questions in the other place at a later date.

**The Hon. S.K. KNOLL:** The Treasurer released information in relation to this disgusting little secret last year when information on this came to light. The Treasurer also issued a press release last Friday outlining the terms of the deal, which essentially say that we have until October next year to decide whether or not we are going to commercialise the motor vehicle registry, the motor vehicle registry and essentially the TRUMPS database. If we look at this project in conjunction with the lands titles office, quite clearly Land Services—who, by the way, have done nothing wrong; they were just the negotiating party on the other side—bought a database, the lands titles office. They also bought some transaction revenue that went along with that.

As part of the deal the member for West Torrens did, we had a positive obligation on us to use reasonable endeavours to look at commercialising another registry, namely, the motor vehicle registry, which obviously has with it a database and some transaction revenue, being the transactions that are undertaken. Quite clearly, those transactions are undertaken by Service SA. We have been receiving advice on and off about the extent to which Service SA is involved in this process and we have now received more firm advice that 97 per cent of what Service SA does is within the remit of this transaction.

What it means is that we as a government have to determine what we are going to do with regard to this positive obligation that has been placed on us, and we need to do that before we can undertake any further work around reforming Service SA. Essentially, what has happened is that this little bombshell, this little ticking timebomb that was left to us on 17 March last year, still sits there and we need to find a way through this process to make a decision, but there are positive obligations on us to make that decision by October 2020. We are undertaking this work now.

I was asked the question in parliament the other week, 'You don't have to do it for a while; why are you doing it now?' The reason we are doing it now is that it is getting in the way of what we want to undertake in terms of approving opportunities to transact with Service SA. So we will do that work, but whilst we do that work it means that we essentially have to put on hold some of the reform process that we were undertaking with Service SA in line with the comments that the Treasurer made last Friday.

As to the veracity of the claim that there is a positive obligation on us, we have put that claim out there and the member for West Torrens has not refuted it. It does mean that we have to undertake this positive obligation. Until that obligation is discharged, it is very difficult for us to move forward.

**Ms BEDFORD:** There is the opportunity to extend the situation a further seven years and then we will not have the same discussion; is that not correct?

**The Hon. S.K. KNOLL:** That is one of the options, certainly. Essentially, we are selling the land titles office for another seven years, but there are still other obligations that are on us within the time frame, so it is not as clear-cut as is being suggested.

**Ms BEDFORD:** I am now led to believe there is another option.

**The Hon. S.K. KNOLL:** Pardon?

**Ms BEDFORD:** Is there another option?

**The Hon. S.K. KNOLL:** There is a series of permutations of options being explored currently that would need to be negotiated through with Land Services SA. Member for Florey, can I say that this obligation does exist. This obligation provides the fact that we have to use reasonable endeavours. You say that we can just discharge the obligation. Well, no, we cannot because we actually have to use reasonable endeavours before we can discharge this obligation and choose to do one of the various things that the contract outlines that we are able to do. This idea that we can just wave a wand and make it go away is false. If we do not do this properly, there is a \$100 million plus axe hanging over our head that can fall if we do not go through this process appropriately.

**Ms BEDFORD:** As part of the review into the branch network of Service SA, was the impending valuation for transfer of the motor registry factored into the decision to close Modbury, Mitcham and Prospect?

**The Hon. S.K. KNOLL:** Sorry, can you repeat the first part of that question?

**Ms BEDFORD:** As part of the review into the branch network of Service SA, was the impending valuation for transfer of the motor registry factored into the decision to close the three branches?

**The Hon. S.K. KNOLL:** It is obviously something that needs to be contemplated as part of the commercialisation, but can I say that it was not the driver of the decision. In fact, it is now actually getting in the way of us moving forward. The decision about the review of the branch network was taken separately because, quite clearly, this commercialisation process is ongoing. It is not yet completed, but obviously there is work that has been done since last year's budget around this commercialisation and the advice that we have been given as to the extent Service SA is wrapped up as part of this commercialisation that now comes to bear, and that is something that has been provided to us recently.

**Ms BEDFORD:** What was the driver?

**The Hon. S.K. KNOLL:** A \$16 million savings task, of which \$11.6-odd million was actually provided for prior to 17 March last year. Some three-quarters of the budget savings task that this agency held is something that the former government placed upon it.

**Ms BEDFORD:** Has the minister considered—or has any discussion taken place about this—expanding services offered by Service SA like registrations for births, deaths and marriages or even things like gun licences, similar to the services offered in similar centres in states like New South Wales and Western Australia?

**The Hon. S.K. KNOLL:** Service SA does currently offer some services in relation to gun licensing, but in terms of—

**Ms BEDFORD:** Well, that was a bad example, then; let's find other ones.

**The Hon. S.K. KNOLL:** —undertaking transactions on behalf of other government departments, it is something that has been explored in the past. In terms of the opportunity to look for different forms of transactions to undertake through Service SA, the opportunities are very limited outside the existing transactions that are provided for.

**Ms BEDFORD:** Other states do not think so. How much does it cost the government per customer for Service SA transactions made at Australia Post offices?

**The Hon. S.K. KNOLL:** There is a different structure in place for the different transactions. Member for Florey, can I take it on notice to inquire further into it because there is obviously a commercial contract with Australia Post that will determine what we are not able to disclose.

**Ms BEDFORD:** How will the automation of Service SA functions replace the detailed advice, from deciphering regulations to statutory interpretations, that the staff are able to provide to customers in face-to-face settings at the moment?

**The Hon. S.K. KNOLL:** Member for Florey, I think the assumption in that question is that everything that needs to be transacted with Service SA can be done online. We have certainly never made that assertion. In fact, I have said consistently and often that there will continue to be a need for face-to-face transactions for some of those more complex things. I think there is opportunity in the way the regulation is structured. There are some transactions—one example I will use is the surrendering of licence plates—that are currently required to be done in-centre that do not necessarily need to be.

I think there is an opportunity to provide people with more options to transact on different transaction types by changing legislation so that we can reduce the need for people to undertake those transactions face to face and provide them online and other options to be able to do that.

**The CHAIR:** I will come back to the member for West Torrens. The member for Heysen has the first government question for the day. Member for Heysen.

**Mr TEAGUE:** In light of the member for Florey's first question, I am seeking overall clarification. The member for Florey mentioned the figure of \$80 million and another figure of \$100 million. I think you have perhaps addressed the difference between the two, but I wonder if you might, for clarification, explain the relevance of those two figures?

**The Hon. S.K. KNOLL:** Essentially, it starts at \$80 million, but there is an interest rate of 10 per cent per annum that accrues on that figure. So what starts out as \$80 million is likely to end up north of \$100 million and is essentially a payment we have to give. There are other opportunities to be able to settle this positive obligation, but it is in no way to say that those options are just an easy-run thing. In fact, it could be that by exercising one of the other options we actually destroy taxpayer value and we lose out as part of that. There is no simple way to get out of this.

Again, Land Services, on the other side of this, knew exactly what they were doing. I would like to hope that the member for West Torrens knew what he was doing when he was signing us up to this. What is very, very clear here is that, had the former government been returned, they would have been looking at this very seriously. In fact, I think it would be reasonable for someone to assert that they would have gone down this path. The member for West Torrens' own comment that we should just say thank you underscores the fact that he would have been running full steam ahead to flog this thing off if he had the opportunity.

**The Hon. A. KOUTSANTONIS:** I refer to Agency Statements, Volume 3, program 3, page 148, targets, Service SA closure and privatisation. Has the member for King made any representations to you or your department about keeping the Modbury Service SA centre open?

**Mr TEAGUE:** Sorry, what page number?

**The Hon. A. KOUTSANTONIS:** I just said it now.

**Mr TEAGUE:** I missed it.

**The Hon. A. KOUTSANTONIS:** You should pay attention.

**Mr TEAGUE:** Yes, I am a bit slow, sorry.

**The Hon. A. KOUTSANTONIS:** I know.

**Mr TEAGUE:** Just for the benefit of the committee—

**The Hon. S.K. KNOLL:** I cannot see where—

**The Hon. A. KOUTSANTONIS:** You do not want to answer the question?

**The Hon. S.K. KNOLL:** No, I cannot see where the reference the member—

**The Hon. A. KOUTSANTONIS:** I assume that she has not, then.

**The CHAIR:** It is page 148, targets—

**The Hon. S.K. KNOLL:** I cannot see where it references privatisation.

**The Hon. A. KOUTSANTONIS:** It is the delivery of services. Has the member for King written to you or advocated to you to keep the Modbury Service SA centre open?

**The Hon. S.K. KNOLL:** Can I say that the member for King, apart from being a fantastic advocate for her community, has discussions with me on a whole range of topics in relation to service delivery in her area. Whether that be Golden Grove Road, whether that be Black Top Road—which we were lucky enough to reseal in the last few months—or whether that be undertaking transactions for Service SA, we certainly have had a lot of conversations.

I think that the opportunity for us here to provide more options rather than fewer options for people—whether they be online, whether they be over the phone, whether they be face to face—is immense. Certainly, from a government perspective we are keen to get on with this. We know that the benefits of a reformed Service SA are in the waiting, the difficulty being that we have just hit this \$80 million plus roadblock, which is getting in the way of our getting on with this.

**The Hon. A. KOUTSANTONIS:** It is a very simple question. Given you will not answer it, I will assume that she has not. My omnibus questions for the session are:

1. For each department and agency reporting to the minister:
  - What is the actual FTE count at 30 June 2019 and the projected actual FTE count for each year of the forward estimates?
  - What is the total employment cost for each year of the forward estimates?
  - What is the notional FTE job reduction target that has been agreed with Treasury for each year of the forward estimates?
  - Does the agency or department expect to meet the target in each year of the forward estimates?
  - How many TVSPs are estimated to be required to meet FTE reductions over the forward estimates?
2. Between 1 July 2018 and 30 June 2019, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100,000 or more which has either (1) been abolished and (2) which has been created.
3. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 between 1 July 2018 and 30 June 2019 for all departments and agencies reporting to the minister, listing:
  - the name of the consultant, contractor or service supplier;

- cost;
  - work undertaken;
  - reason for engaging the contractor, and
  - method of appointment?
4. For each department and agency for which the minister has responsibility:
- How many FTEs were employed to provide communication and promotion activities in 2018-19 and what was their employment expense?
  - How many FTEs are budgeted to provide communication and promotion activities in 2019-20, 2020-21, 2021-22 and 2022-23 and what is their estimated employment expense?
  - The total cost of government-paid advertising, including campaigns, across all mediums in 2018-19 and budgeted cost for 2019-20.
5. For each department and agency reporting to the minister, please provide a full itemised breakdown of attraction and retention allowances as well as non-salary benefits paid to public servants and contracts between 1 July 2018 and 30 June 2019.
6. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2019, including all departmental employees seconded to ministerial offices?
7. For each department and agency reporting to the minister, could you detail:
- (a) How much was spent on targeted voluntary separation packages in 2018-19?
  - (b) What department funded these TVSPs? (except for DTF Estimates)
  - (c) What number of TVSPs were funded?
  - (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how are these packages funded?
  - (e) What is the breakdown per agency/branch of targeted voluntary separation packages for financial years included in the forward estimates (by year) by FTEs?
8. For each department and agency reporting to the minister, how many executive terminations have occurred since 1 July 2018 and what is the value of executive termination payments made?
9. For each department and agency reporting to the minister, what new executive appointments have been made since 1 July 2018, and what is the annual salary, and total employment cost for each position?
10. For each department and agency reporting to the minister, how many employees have been declared excess, how long has each employee been declared excess, and what is the salary of each excess employee?
11. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on operating programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20?
12. In the 2018-19 financial year, for all departments and agencies reporting to the minister, what underspending on investing or capital projects or programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2019-20? How was much sought and how much was approved?
13. For each grant program or fund the minister is responsible for please provide the following information for 2018-19, 2019-20, 2020-21 and 2021-22 financial years:
- (a) Name of the program or fund;

- (b) The purpose of the program or fund;
- (c) Balance of the grant program or fund;
- (d) Budgeted (or actual) expenditure from the program or fund;
- (e) Budgeted (or actual) payments into the program or fund;
- (f) Carryovers into or from the program or fund; and
- (g) Details, including the value and beneficiary, of any commitments already made to be funded from the program or fund.

14. For the period of 1 July 2018 to 30 June 2019, provide a breakdown of all grants paid by the department/agency that report to the minister, including when the payment was made to the recipient, and when the grant agreement was signed by both parties.

15. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2019-20, 2020-21, 2021-22 and 2022-23 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

16. For each year of the forward estimates, please provide the name and budget for each individual program administered by or on behalf of all departments and agencies reporting to the minister.

17. For each department and agency reporting to the minister, what is the total cost of machinery of government changes since 1 July 2018 and please provide a breakdown of those costs?

18. For each department and agency reporting to the minister, what new sections of your department or agency have been established since 1 July 2018 and what is their purpose?

19. For each department and agency reporting to the minister:

- What savings targets have been set for each year of the forward estimates?
- What measures are you implementing to meet your savings target?
- What is the estimated FTE impact of these measures?

**The CHAIR:** Thank you, member for West Torrens. Having reached the allotted time and there being no further questions, I declare the examination of the proposed payments for Service SA to be completed and also the examination of the proposed payments for roads and marine is also completed.

#### **Membership:**

Mr Hughes substituted for Hon. A. Koutsantonis.

#### **Departmental Advisers:**

Mr T. Braxton-Smith, Chief Executive Officer, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Director, Finance, Department of Planning, Transport and Infrastructure.

Ms A. Hart, Director, Office of Local Government, Department of Planning, Transport and Infrastructure.

**The CHAIR:** Minister, the next portfolio open is the Office of Local Government, the Outback Communities Authority and the Local Government Grants Commission. The minister appearing is the Minister for Transport, Infrastructure and Local Government. I declare the proposed payments

open for examination. Minister, I see that you have changed advisers. Would you care to introduce them and make a short statement if you wish?

**The Hon. S.K. KNOLL:** Thank you, Chair. In addition to the existing dream team, can I now add Alex Hart, who is the Director of the Office of Local Government. I have no opening statement.

**The CHAIR:** Before we start, I might just inform the committee who is on and who is off. I advise that the member for West Torrens has been replaced by the member for Giles. Minister, do you need or want to make a short statement?

**The Hon. S.K. KNOLL:** No, he needs time to shine.

**The CHAIR:** Happy to take questions; member for Light.

**The Hon. A. PICCOLO:** Did you say 'mate'?

**The CHAIR:** 'Mate' is the word of the day, isn't it?

**The Hon. A. PICCOLO:** I thought it was 'Mr Chair', but I am happy to call you mate.

**The Hon. S.K. KNOLL:** Aren't you supposed to start with 'these committee sittings are supposed to be informal'?

**The Hon. A. PICCOLO:** Why the points of order from your colleagues, then?

**The CHAIR:** Anyway, let's get on with business. Member for Light.

**The Hon. A. PICCOLO:** Thank you, Mr Chair. Through you, Mr Chair, I welcome the minister's advisers. I draw the minister's attention to Budget Paper 5, page 70, DPTI, support for the Outback Communities Authority. On that page, the item refers to operating revenue, expenses and payments relating to the 2019-20 year and onwards and to an initiative to raise \$740,000 per annum from 2019-20 to undertake a number of projects in the outback communities area.

I note the initiative will involve a consultation process with residents about the levy. They will be taxed somewhere between \$100 and \$400 per property per annum. If the amount of money is already determined, what is the purpose of the consultation process?

**The Hon. S.K. KNOLL:** For the committee's benefit, the Outback Communities Authority operates in areas where there is no council. For all intents and purposes, it is the council of the outback, although that is quite a simplistic way to look at it. There are various communities across the outback that have different levels of service provision, depending on, in part, how active the volunteer base is within the progress associations in those townships. The model up until now has very much been that the community pitches in to look after each other. In fact, a lot of the services that are provided are actually provided on a volunteer basis by those progress associations.

It is fair to say that that model is working less and less and that there is more call upon government to provide infrastructure and potentially services. Essentially, there is a bit of a disconnect in those communities about what services can be provided with the budget that is available, keeping in mind that these people do not pay council rates but also do not receive the same level of service provision that people would expect within a council area.

There are a couple of communities at the moment—Andamooka pays \$400 a year and Iron Knob pays \$100 a year towards the running of the Outback Communities Authority—that currently pay some sort of charge towards the cost of providing that sort of asset sustainability and/or other things that are provided as part of service provision for those different townships.

We are undertaking a process of consultation with the community about how we raise money to be able to provide the services that they are now wanting. It is fair to say that the expectation levels are rising and the ability to meet those expectations is diminishing, unless the state government steps in, of course. That said, the Outback Communities Authority is attempting to provide council-like services in those areas where councils do not exist.

For the purposes of a budget, one needs to put in a revenue target. That target is based on modelling work and an estimation that has been done within the Office of Local Government and the OCA. Quite clearly, the conversation that is going to be had with the community is around 'our ability



to provide services is directly commensurate with our ability to raise money'. The discussion needs to be had with the community about, 'Well, if you want this, then we are going to have to find a way to fund it and it is going to require this.'

For the purposes of the budget, there is a revenue target in place, but again you can see that there is a revenue target that is offset by both investing and operating expenses. Those two things net each other out. To the extent that we are going to raise revenue, we are going to spend that money back within those outback areas. As much money as we raise is our ability to put that back into the community. Whilst there is a target there, if you look at this budget line, I think it clearly says that the money that we raise will go back into the Outback Communities Authority for spending on the communities.

**The Hon. A. PICCOLO:** How was this \$740,000 figure arrived at?

**The Hon. S.K. KNOLL:** Essentially, it is a cost-side driver, i.e. it is an estimation of how much money would be needed to be able to look after the assets and provide the services that the communities themselves are asking for. They have undertaken to look at those costs and, in order to meet those payments, obviously then they need the commensurate revenue.

**The Hon. A. PICCOLO:** Minister, do you agree with the imposition of this tax?

**The Hon. S.K. KNOLL:** What we are doing through this is providing an opportunity for the Outback Communities Authority to facilitate a discussion with local communities. I ran it through the budget process and I do agree that we need to take a long-term sustainable view about service provision in outback communities. However, what we have done to date, or what the former government did to date was to stick their head in the sand about the range of issues that are creeping up on outback communities, and that is that a number of these communities are ageing and the ability of their volunteer base to use in-kind volunteer labour to keep communities going is diminishing, that means that we need to look at another way to provide services.

What I would also say is that for everybody who sits outside the Outback Communities Authority, they have a council. What we are seeking to do here is replicate a council. We are talking about a fee structure that is a lot less than councils charge. We are also talking about providing services that I expect would not necessarily be the same level as a metropolitan council would provide, but what we are doing—

**The Hon. A. PICCOLO:** It was actually just a yes or no question and answer. Mr Chair, it has taken quite a few minutes just to say yes or no.

**The Hon. S.K. KNOLL:** Can I say this: the provision to undertake this asset sustainability levy is actually something that the former government put into legislation back in 2010.

**The Hon. A. PICCOLO:** But this is your budget and you need to own it. You need to say yes or no as to whether you agree with this tax. It is a very simple question.

**The CHAIR:** Member for Light, we have your question.

**The Hon. A. PICCOLO:** If the minister cannot make comments about other things, then why is it that he can make—

**The CHAIR:** Member for Light, the minister is answering and he will bring it to a close.

**The Hon. S.K. KNOLL:** Can I make the distinction that there are a number of revenue measures in this budget that have been a decision of cabinet, where we have sought to—

**The Hon. A. PICCOLO:** So you do not agree with it, then?

**The CHAIR:** Member for Light, do not interject, please.

**The Hon. S.K. KNOLL:** We have sought to put up fees and charges to get more revenue. This is different from that. As part of the way things need to be undertaken, there is a consultation process that will need to be gone through with residents. So, yes, there is a budget line and there is a revenue target that sits there. This is not just a tax that is being imposed by the state government. It is the ability to start a conversation with outback communities about how they find a sustainable way for asset management and service provision in their local townships going forward.

**The Hon. A. PICCOLO:** Is the minister saying that following consultation the levy may not be imposed?

**The Hon. S.K. KNOLL:** Again, I do not want to presuppose what the consultation may spit out, but I will wait and listen to what the communities have to say.

**The Hon. A. PICCOLO:** Will this levy also apply to pastoral properties, pastoral leases?

**The Hon. S.K. KNOLL:** Say that again?

**The Hon. A. PICCOLO:** Will the levy also apply to pastoral leases?

**The Hon. S.K. KNOLL:** Yes, it will be applied across the outback, across the areas the OCA looks after.

**The Hon. A. PICCOLO:** I have one final question: when will the consultation process be commenced and finished?

**The Hon. S.K. KNOLL:** They are going to wait until after summer next year because the population swells, obviously, when it gets a bit cooler up north. So they will wait until after then.

**The Hon. A. PICCOLO:** What, house staff cannot travel to the north?

**The Hon. S.K. KNOLL:** I think that the population of the outback fluctuates depending on the temperature.

**The Hon. A. PICCOLO:** I draw the minister's attention to Budget Paper 4, Volume 3, page 159, Program 6: Infrastructure Planning and Policy. Of the 316 FTEs listed, how many are employed in the Office of Local Government?

**The Hon. S.K. KNOLL:** Not that many.

**The Hon. A. PICCOLO:** Do you need hands and feet or just your hands?

**The Hon. S.K. KNOLL:** Hands and feet. Around 18.

**The Hon. A. PICCOLO:** Give or take some?

**The Hon. S.K. KNOLL:** That is headcount as opposed to FTE.

**The Hon. A. PICCOLO:** So the FTE number might be less because there might be part-timers, etc.?

**The Hon. S.K. KNOLL:** It could very well be.

**The Hon. A. PICCOLO:** Well, you are the minister; you should know. Of these roughly 18 heads in the Office of Local Government, how many were involved in the reform process or allocated tasks to deal with the reform process?

**The Hon. S.K. KNOLL:** Six.

**The Hon. A. PICCOLO:** And that reform process also includes potential boundary reforms?

**The Hon. S.K. KNOLL:** There is a separate 2½ staff who provide support to the Local Government Grants Commission, which is obviously the boundaries commission also. It is fair to say that some of the proposals in relation to the boundaries commission will obviously exercise the minds of the broader OLG, but it is envisaged that, as part of the investigation process of the various proposals that are put to us, that work will need to be contracted out.

**The Hon. A. PICCOLO:** Contracted out?

**The Hon. S.K. KNOLL:** Yes, we will have an investigator.

**The Hon. A. PICCOLO:** To clarify, in terms of the boundaries commission staff, they will probably be contracted out?

**The Hon. S.K. KNOLL:** Yes, the boundaries commission proposals.

**The Hon. A. PICCOLO:** With that contracting out of some of the work of the boundaries commission work in terms of boundary reforms, will this be contracted out by the Office of Local Government or the commission itself?

**The Hon. S.K. KNOLL:** Yes, the boundaries commission itself will appoint an investigator.

**The Hon. A. PICCOLO:** The cost of that investigator will be borne by whom?

**The Hon. S.K. KNOLL:** I think it is envisaged that it will be the applicant.

**The Hon. A. PICCOLO:** What say does the applicant have in the selection of the investigator?

**The Hon. S.K. KNOLL:** The commission is the one that appoints the investigator. Obviously, there is a consultation process that is gone through in relation to the work the investigator undertakes, but I suppose it is the boundaries commission that needs to be satisfied as to what information the boundaries commission needs to be able to make a determination on a boundary change application. Quite clearly, the line of responsibility needs to sit with the boundaries commission itself.

**The Hon. A. PICCOLO:** Just on that, minister, in terms of the boundaries reform commission and the appointment of an independent contracted investigator, I assume that is to investigate different proposals and that potentially there would be a different investigator for different proposals. Maybe not; maybe you would use the same investigator for efficiencies.

**The Hon. S.K. KNOLL:** It depends on how many are running concurrently.

**The Hon. A. PICCOLO:** Can the minister advise the committee what advice or opinions he may have received from local government generally regarding the potential deterrents the cost of this process may have on incentivising, as you put it, boundary reform applications?

**The Hon. S.K. KNOLL:** I am trying to think if I have even had a conversation with a council about the cost of undertaking these investigations. It is a bit novel at this stage because we have not undertaken one and we obviously need to go through a process first. We need to undertake one so that we can use it as a bit of an exemplar for how this process will work out in the future. This is a bit of a novel concept that we are seeking to undertake here.

There is also a responsibility legitimately that should sit with the body, the council, that is seeking to undertake a boundary change. I think it is appropriate that we have a threshold, lest we get proposals that not as fully formed or are a little bit speculative in nature. I have spoken to a lot of people across local government who would just like to lop off a little bit over here or who say, 'It would be lovely just to have that.' But, at the end of the day, we need to be serious about this.

The way that the boundaries commission guidelines are structured is such that it is not about trying to move boundaries around. We have to be able to demonstrate more than just a zero-sum game, more than just they win/they lose. There actually needs to be some overall structural benefit to do that work. To take it seriously, you need to do it properly. But more than that, if councils are serious in their desire to see boundary change but the hypothesis is that it will actually deliver better outcomes for residents, then they need to put their money where their mouth is.

**The Hon. A. PICCOLO:** I will perhaps go back to my substantive question because the minister very cleverly just avoided the one I asked. I will rephrase the question because obviously he did not quite grasp it the first time. Has the minister or his agency received any opinions or advice or any other communication from local government generally which has suggested or talked about the potential impact the cost of the process will have on the number of applications for reform?

**The CHAIR:** Just remind me of the budget line please, member for Light.

**The Hon. A. PICCOLO:** Budget Paper 4, Volume 3, Program 6: Infrastructure Planning and Policy, page 159, under targets.

**The Hon. S.K. KNOLL:** The actual cost estimate, as opposed to the speculated cost estimate, is something that the boundaries commission needs to provide. We have not got to that stage yet on an application, so again there is a bit of speculation. Can I say this, that this is not an

exercise whereby councils can just move a motion and then there is some sort of magic pudding over to the side that does something and it comes back with an answer.

This is a consultative and integrated process. It is designed to tease out the benefits of why a boundary change is warranted. If there is a benefit to a council, for instance, there is obviously a financial incentive for that council to undertake to investigate or have investigated a boundary change. If there is no financial benefit for that council and then that benefit potentially flowing through to ratepayers, we need not undertake that proposal in the first place. In the first instance—

**The Hon. A. PICCOLO:** Can I clarify that, minister? You are saying that the only reason a council can apply under this process is to gain a financial benefit?

**The Hon. S.K. KNOLL:** No.

**The Hon. A. PICCOLO:** Well, I am sure that is what you just said, and I am happy to get *Hansard*.

**The Hon. S.K. KNOLL:** No, it is not.

**The Hon. A. PICCOLO:** It is what you said.

**The CHAIR:** Member for Light, let's allow the minister to continue.

**The Hon. A. PICCOLO:** I am more than happy to wait for *Hansard* and read it back to him, Mr Chairman.

**The Hon. S.K. KNOLL:** One of the main reasons for boundary reform is councils or parts of the community saying, 'We think we will be better off if we move the council boundary, if we go from this council to that council,' and that provides some sort of financial incentive, i.e. a group of people will be better off—financial incentive. Where councils or a group of people within a community believe that that situation exists and needs to be investigated, it should be investigated properly.

It costs money to do that and it creates a direct line between those seeking the financial incentive to have to pay to investigate whether that financial incentive exists, because the alternative is that the broader tax-paying base pays for that investigation. I think it is much fairer and more equitable for those who are going to receive the financial benefit, in broad terms rather than in some sort of improper way, of a proposal.

**The Hon. A. PICCOLO:** That is an interesting answer, given that most councils have approached me about—

**The CHAIR:** There is a point of order.

**Mr TEAGUE:** It is standing order 268, subparagraph 3. The estimates committee is in a position to seek an explanation from the minister by asking questions and then listening to the minister's answer. It is not for members of the estimates committee to provide a running commentary on the nature of the answers or their own personal opinions. We have sat through the member for Light giving his editorial for some hours now, and I have hesitated to raise the point—

**The Hon. A. PICCOLO:** It is 29 minutes, Mr Chairman.

**The CHAIR:** Member for Light, there is a point of order from the member for Heysen.

**Mr TEAGUE:** —but I would ask that the member be directed to comply with standing order 268.

**The CHAIR:** Member for Heysen, the member for Light has interjected from time to time today, I understand, and that is out of order and I have pulled him up on that on a number of occasions. It is interesting, member for Light, that you did provide commentary, particularly on that response from the minister. I would ask you to stick to asking questions on identified budget lines.

**The Hon. A. PICCOLO:** So you will direct the minister to actually answer the questions I ask then and not go off on tangents?

**The CHAIR:** The minister, any minister, in fact—

**The Hon. A. PICCOLO:** No, the minister has a requirement to actually answer the question.

**The CHAIR:** Any minister in these committees is able to answer a question as he or she sees fit.

**The Hon. A. PICCOLO:** Including debate.

**The CHAIR:** Your job and the job of the committee members is to ask questions about the budget lines. Member for Light, you have the call.

**The Hon. A. PICCOLO:** To get your opinion, minister, this is a question to you: so it is your understanding that the—

*Members interjecting:*

**The Hon. A. PICCOLO:** I am asking him. Is it your understanding that the principal reason why councils may apply for changes to boundaries would be purely for financial interest?

I have asked you three times and you have danced around the question.

**The Hon. S.K. KNOLL:** Quite clearly, there are a number of people out there—councils themselves, or individuals within a community, or a group of individuals within a community—who think they would be better off, whether that be by getting better service provision, cheaper rates or whatever it happens to be, by being in a different council. There would also be assertions made to suggest that creating greater economies of scale around council boundaries, through merger or amalgamation or the aggregation of making a council larger, would make service provision more efficient.

In my understanding, the premise behind changing boundaries is one where we can get more efficient service delivery. The benefit of more efficient service delivery is some sort of financial dividend, benefit incentive or bucket of money. It is not going to be trousered by anybody. It could be given back to ratepayers, or it could be used for better service provision but, either way, what we do not want, and what is quite clear through the guidelines, is a zero-sum game: one group of people win and another group of people lose.

The process that needs to happen is that the council will pass a motion. They believe that they have a hypothesis that a group of residents will be better off as a result of a boundary change. The boundaries commission will then appoint an investigator to investigate that hypothesis and from there that information is given back to the boundaries commission to make a determination on that information. Essentially, what we are trying to get away from is just change for change's sake.

We want there to be some sort of net dividend, some sort of net benefit, for undertaking what would be not an inexpensive process not only to investigate but also to undertake the boundary change itself. If you are going to do all this work, there has to be a reason why you would want to do that work, and the Holy Grail would be that we can get more efficient service delivery. That makes sense.

There would be some other issues that I would envisage in relation to communities of interest and things like that, but again primarily the issue we are seeking to deal with here is a financial one because people pay rates and have services delivered to them and they would like either to pay less rates and/or get better services.

**The Hon. A. PICCOLO:** I refer to Budget Paper 4, Volume 3, Program 6: Infrastructure Planning and Policy, page 159, targets 2019-20, progress, local government, etc. One of the targets for the minister this financial year and for future financial years is to lower the cost for local government. My question to the minister is: can the minister explain to this committee how the increase in the bin tax by 40 per cent reduces the cost to local government? The second part of the question would be: has the minister or his office received any commentary, opinion or advice from local government about the impact the additional tax will have on illegal dumping and additional cost to local government?

**The Hon. S.K. KNOLL:** The reference the member makes is in relation to the progress of the government's local government legislative reform agenda. Certainly, there have been strong strides forward in relation to that. In fact, we are pretty close to releasing some discussion papers that detail the feedback we have been given and also those ideas—

**The Hon. A. PICCOLO:** I assume that the minister is not going anywhere close to my question.

**The Hon. S.K. KNOLL:** Sorry, Chair, if I can finish my answer.

**The CHAIR:** Member for Light, you have asked your question.

**The Hon. A. PICCOLO:** But he is not even close to it.

**The CHAIR:** The minister has only just begun.

**The Hon. A. PICCOLO:** He is not on the same page.

**The CHAIR:** We still have 25 minutes to go.

**The Hon. A. PICCOLO:** I am sure the minister is aware of that. He is going to use 20 minutes for this question.

**The CHAIR:** Member for Light, you will cease interjecting. You have asked your question. The member has the call and he will not be interrupted.

**The Hon. A. PICCOLO:** So he will not advocate for local government; that is fine.

**The CHAIR:** Member for Light, you are called to order. Minister.

**The Hon. S.K. KNOLL:** Chair, that reform process is going well. In fact, there have been a number of ideas on how we can deliver on reform area 2, which is around lowering costs and enhancing financial accountability. The member need only wait a short period of time before he, too, can avail himself of the discussion paper that will inform the next steps of the reform process.

The work that we are seeking to do here is structural. We want to provide ways for it to be structurally easier for council to deliver services and also for councils to be able to be accountable to their ratepaying base. I think in that regard there have been some very strong suggestions put forward. In fact, I want to applaud the local government sector for how they have engaged with this reform process today. I think we are getting up to almost half of all councils that have provided formal submissions.

We have also had a very strong response on the YourSAy website, but more than that the reference committees we have been engaging with have provided us with some very invaluable feedback, and I am quite heartened by the way the local government sector, including the LGA, have been engaging in this process. So, yes, I am confident that we are going to find some very strong ways to be able to lower costs for councils going forward, and I am encouraged by the local government sector's engagement in that process.

**The Hon. A. PICCOLO:** Thank you, Mr Chairman. I draw the minister's attention to Budget Paper 4, Volume 3, DPTI appropriation, page 177, on the budget line that references the Local Government Grants Commission. Can the minister explain to the committee horizontal fiscal equalisation principles and how they underpin the formula used to distribute federal government moneys to South Australian councils?

**The Hon. S.K. KNOLL:** This is bringing back my economics lectures at university. Horizontal fiscal equalisation is essentially a principle whereby taxation is distributed on a per capita basis, which takes into account a whole series of factors seeking to essentially balance out some of the inequities that exist across different jurisdictions—in this case, from council to council.

Quite clearly, if you look at how those things have manifested in practice, with regard to local government grants, you see regional areas (especially lowly populated regional areas) receiving higher amounts of funding because of the circumstances that regional councils and the people living within them find themselves. Local Government Grants Commission payments are used as a way to try to balance out some of the structural disadvantage in which different councils find themselves.

**The Hon. A. PICCOLO:** Based on what you have said, my understanding is that two of those principles are the councils' capacity to raise revenue—you mentioned population, etc.—and also the service requirements of those communities. Can the minister provide an assurance to this committee that those principles have been applied in the allocation of funds in the past few years?

**The Hon. S.K. KNOLL:** Sorry, can you repeat the question? I think I was getting the answer, but I need to—

**The Hon. A. PICCOLO:** Are you getting the answer to the previous question or the question you did not hear me ask?

**The Hon. S.K. KNOLL:** The question that I did not hear you ask.

**The Hon. A. PICCOLO:** So how were you getting the answer if you did not hear me ask it?

**The CHAIR:** Member for Light, can you just pull your microphone down a bit, please, and ask your question again.

**Mr TEAGUE:** And give a page number.

**The Hon. A. PICCOLO:** Actually, it is not up to you to ask me for the page number. Under the rules, it is either the minister or the Chairman, so when the minister or the Chairman asks, I will answer it.

**The Hon. S.K. KNOLL:** Page 177.

**The Hon. A. PICCOLO:** As a follow-up to the previous question, given that two of the principles involved are the ability to raise revenue and the service requirements of those particular communities—

**The Hon. S.K. KNOLL:** Sorry, what was that second point?

**The Hon. A. PICCOLO:** The basic service requirements of those communities. In other words, each council—

**The Hon. S.K. KNOLL:** Sorry, I cannot understand what you are saying. The what?

**The Hon. A. PICCOLO:** The service requirements of those communities.

**The Hon. S.K. KNOLL:** Service requirements, okay.

**Mr ELLIS:** Point of order, Mr Chair.

**The Hon. A. PICCOLO:** Can the minister assure this committee that those principles of horizontal fiscal equalisation have been applied by the commission in its allocation in the last year, certainly, and will be applied this year?

**The CHAIR:** There is a point of order, minister, before you get to that.

**Mr ELLIS:** Sorry, Mr Chair. I just missed the budget reference at the start of the question.

**The CHAIR:** I think the member for Light is referring to the same budget line that his previous question was referring to. It is page 177. We are looking at the Local Government Grants Commission; is that correct? It is on the basis of that?

**The Hon. A. PICCOLO:** That is correct.

**The CHAIR:** We have that budget line, but an excellent point of order, member for Narungga.

**The Hon. A. PICCOLO:** An excellent point of order, Mr Chairman, just an excellent point of order.

**The CHAIR:** It was in the sense that—

**The Hon. A. PICCOLO:** I was agreeing with you, Mr Chairman.

**The CHAIR:** —every question should be identified in the budget. However, on this occasion—

**Mr TEAGUE:** It is a committee.

**The Hon. A. PICCOLO:** Sorry? I said it is an excellent point of order.

**The CHAIR:** Member for Light, just wait.

**The Hon. A. PICCOLO:** I was being interjected.

**The CHAIR:** Every question needs to refer to a budget line. It is an imperative. However, on this occasion, I accepted the second question that you asked on the same budget line without that. Minister.

**The Hon. A. PICCOLO:** It is good to see your great chairmanship, Mr Chairman.

**The CHAIR:** Minister.

**The Hon. S.K. KNOLL:** I am happy to answer the question. I understand where this line of questioning is coming from, member for Light, but can I say first and foremost that if the federal government, the people who provide us with this bucket of money to distribute, are not satisfied that we are following the HFE principles correctly, then they can certainly raise concerns with us. They have not.

Again, I understand where the question is coming from, and I understand that we could potentially just be talking about a professional disagreement—I am loath to call it that, but such it is. Population changes are considered by the commission both in determining revenue-raising capacity and also the service needs of that community. When you get more people living in your area, you get more ability to raise revenue, but you also have to provide services to these people. Whilst you get the increased revenue, there are also some increased costs that come with it.

**The Hon. A. PICCOLO:** Yes and no. It depends on the geography and a whole range of other factors.

**The CHAIR:** Member for Light!

**The Hon. A. PICCOLO:** I am just helping the minister.

**The Hon. S.K. KNOLL:** If you think you know the answer, then why did you ask the question?

**The CHAIR:** Minister, just before you go on, member for Light, I know your intentions are good, but the minister does not need any help answering this one. You have asked the question and he is responding.

**The Hon. A. PICCOLO:** I will get 10 minutes of the same stuff that I do not need to know, that is all.

**The CHAIR:** Member for Light, you are called to order again.

**The Hon. S.K. KNOLL:** An argument is being put that where communities are not seeing population increase, greater regard needs to be given to the cost structure of those councils, but those factors are already taken into consideration with the determinations of the council.

I will give you one example, probably the best example for regional councils. A lot of the time, they will have more roads per capita, sealed and unsealed, than metropolitan councils. What has been taken into consideration there is that cost structure service needs part of the equation, which would say, 'You have all these roads to maintain, but you only have a small population base from which to raise revenue to maintain those roads.' That is a very key HFE consideration that the commission undertakes.

If you go through and look at the differential between what councils on the minimum per capita rate get and what some country councils get, the minimum rate per capita is somewhere around \$20 per year. There are some councils that receive well in excess of \$1,000 per capita. When we talk about there being a huge differential, if you take HFE on GST you are talking about one end of the scale now. They were at 0.35 and they are now at 0.7—Western Australia. Up the top end, I think it is two or three times that the Northern Territory and Tasmania get. In fact, the Northern Territory could be up to four to five times, but we are talking about a band of four or five times.

We are talking here about a sort of 500 times increase between the minimum receiving councils and the highest receiving councils in regional areas. The differential between the highest and lowest per capita payments is huge, and so any suggestion that HFE principles are not being applied in the extreme, I think, is fundamentally misguided.



**The Hon. A. PICCOLO:** I refer to the same point, Budget Paper 4, Volume 3, DPTI appropriation at page 177, and the Local Government Grants Commission. I assume the minister was referring to the former commissioner, Rory McEwen, when he said that there was a professional difference of opinion. Let's assume that for the purposes of this next question. Minister, when the former commissioner raised these matters with you, why did you decline the opportunity to meet with him to discuss his concerns?

**The Hon. S.K. KNOLL:** The reason for the existence of the Local Government Grants Commission is to provide advice and recommendations to the minister on the disbursement of local government grants provided by the federal government, right?

**The Hon. A. PICCOLO:** We know that, yes.

**The Hon. S.K. KNOLL:** There were three commissioners who sat on that commission, on that panel, to provide that advice to government and to me as the minister. Mr McEwen was a member of that panel. He had the opportunity that only one of three people in South Australia get to provide advice to me on HFE principles and the disbursement of these funds, and he was able to do it through his position on the Local Government Grants Commission.

**The Hon. A. PICCOLO:** He also corresponded with you.

**The Hon. S.K. KNOLL:** Sure, but the Local Government Grants Commission is the body that is supposed to give me this advice. He sat on that panel and provided that advice. He may have had—and again I am speculating a little bit here—a difference of opinion with other members of the panel. The whole point of having a panel is putting a group of people together to have discussions to hash out a viewpoint to give to the minister, and Mr McEwen had an opportunity to provide his input in a way that only one of three people in South Australia can provide, and he had that opportunity.

The fact that there were others who disagreed with his assessment and/or that the view that was put to me does not reflect his view indicates there may be some divergence. Again, what is being insinuated is that somehow I, as minister—not availing myself of the very extensive process that the Local Government Grants Commission takes on an annual basis, including consultation with various communities as well as taking into account a whole range of factors and information provided by councils to the Local Government Grants Commission for its deliberation—should seek to make a potentially different decision than what the grants commission provides to me.

**The Hon. A. PICCOLO:** That was not the question.

**The Hon. S.K. KNOLL:** My point is that you appoint some experts to undertake some detailed analysis to give you an answer. Rory was on the panel that helped to give us that answer. I need to accept what they say as being true but, more than that, accept the fact that there is a robustness to the process that provides an opportunity for me to be given the right answer.

I accept the robustness of the process that exists and that has existed for a long time in relation to the Local Government Grants Commission. I respect the work that they do, and so in signing off on the advice they provide to me I am fully satisfied that they are discharging their duties properly and that they have done so in a fulsome, robust, professional and considered manner.

**The Hon. A. PICCOLO:** My question was not whether you had confidence in the commission, and my question was not whether or not you should have signed off on the commission's recommendation. The question was quite simple: why did you decline to meet the commissioner given that he raised the concerns to the extent that he resigned from the commission?

**The Hon. S.K. KNOLL:** Because—

**The Hon. A. PICCOLO:** That was the question, not all the other stuff you talked about. That was a simple part of the question. I did not ask about whether you should judge the commission as a whole, etc. Why did you think it was inappropriate, or did you just decline to meet with the commissioner? Given the commissioner resigned, I would have thought it would be prudent, perhaps, just to inquire why, and if you disagreed with him—

**The Hon. S.K. KNOLL:** I did not disagree; it was potentially the Local Government Grants Commission. Again—

**The Hon. A. PICCOLO:** So you chose not to meet with him for what reason? That was the question.

**The Hon. S.K. KNOLL:** Because there is a robust process that is gone through to provide me with the advice that they do. I respect that process, and Rory McEwen had a privileged place that almost nobody else in South Australia has to have input into that process. Using those formal channels to provide advice to me in relation to how the dispersion of these grants should work should be done through that formal process as opposed to through any other channel.

**The CHAIR:** Member for Light, I think we have probably exhausted that line of questioning.

**The Hon. A. PICCOLO:** I was going to the next area, Mr Chair.

**The CHAIR:** Excellent.

**The Hon. A. PICCOLO:** We are on the same page—at least you and I are on the same page. On Budget Paper 4, Volume 3, Program 6: Infrastructure Planning and Policy, page 159, I refer to the 2019-20 target to progress local government legislative reforms covering better council conduct.

**The Hon. S.K. KNOLL:** Pardon?

**The Hon. A. PICCOLO:** I was just waiting for you to finish your conversation so you could hear the question.

**The CHAIR:** You can ask the question, member for Light.

**The Hon. A. PICCOLO:** Last time, I had to repeat it because he was not listening.

**The CHAIR:** You have the call.

**The Hon. A. PICCOLO:** Minister, you have expressed some views about council member conduct and you have also expressed views on how you think it should be reformed. Can you give some insights into what you think would be an appropriate way to progress that matter to reform the behaviour of elected members?

**The Hon. S.K. KNOLL:** I think the member will eagerly await the distribution of our discussion paper, which details a whole series of potential reforms in relation to council member conduct. A lot of them are informed by the submissions that have been made by local government themselves.

I think the member will look forward to reading what I think is actually a consultative, iterative and considered process, as opposed to a potential grab bag of media headlines that gets stuffed into some sort of parliamentary counsel brief to spit out what otherwise would be an ill-considered set of policy positions, otherwise known as some sort of amendment bill. Once the member sees the work we have gone through, he will realise that we need to undertake this reform process in a holistic fashion.

We are seeking to make amendments to a whole heap of moving parts that together comprise this ecosystem that is local government. You cannot tinker with one little bit over here without there being cascading consequences throughout the rest of the ecosystem. The reform process that we need to undertake needs to be holistic so that we get a system that works, as opposed to creating a different level of lopsidedness in the system to correct what I would suggest is the current lopsidedness in the system.

**The Hon. A. PICCOLO:** The minister says that I have to wait for this discussion paper. Can the minister explain why he was quite happy to tell local radio what his opinions were about certain matters but not express them to this committee? For example, the minister recently expressed on radio that mayors should have more say about the conduct and discipline of their members.

**The Hon. S.K. KNOLL:** They should.

**The Hon. A. PICCOLO:** So you are prepared to talk to the general community but not prepared to talk to this committee about your ideas. Why is that?

**The Hon. S.K. KNOLL:** Because the member asked a question in the broad without asking me my opinion on individual matters. More than that, I was seeking to tell the member that the list of reform proposals, which would form a complete answer for the house, is the subject of a discussion paper that will be available publicly more quickly than I can provide the information, for instance, by taking the question on notice. The member is going to see very clearly the direction the government would like to take.

I would say that the reform discussion papers actually provide a series of options for reform. Essentially, they are there to provide some direction, some broad thinking about the scope and direction that we want to move in, but still a huge degree of flexibility about how we achieve that as we undertake feedback on the measures proposed. If the member has a small degree of perseverance, very shortly he will have the most fulsome answer that there was to give.

**The Hon. A. PICCOLO:** I refer to Budget Paper 4, Volume 3, Program 6: Infrastructure Planning and Policy, page 159, local government reform process, and one of the items is council member capacity and better conduct. Minister, putting aside what you said just a moment ago, will your proposed discussion paper address issues such as where a member of council lodges a code of conduct complaint because another council member has not returned their phone call within three days and cost taxpayers and ratepayers in that area \$900; will that be addressed?

**The Hon. S.K. KNOLL:** I think it might be. I just do not want to ruin the surprise.

**The Hon. A. PICCOLO:** I am happy to give you the details of this particular case.

**The CHAIR:** You will not need to do that, member for Light. The minister has the call.

**The Hon. S.K. KNOLL:** Just to finish my answer, what I was about to say was that I have actually refrained from providing commentary on individual matters as they come before—

**The Hon. A. PICCOLO:** Except on radio.

**The Hon. S.K. KNOLL:** —hang on—as they come before the media. I think if the member looked a little bit more closely he would see that I have not commented on individual matters. What I have sought to do—

**The Hon. A. PICCOLO:** You had a lot to say about Onkaparinga.

**The CHAIR:** Member for Light!

**The Hon. S.K. KNOLL:** —is to try to get a broad steer more generally on some of the issues. As Minister for Local Government, I get asked quite often to be a running commentator on the individual travails of individual councils. I do not think that is appropriate as minister because it is not helpful and also it is not my place, in the sense that local government is a sovereign sphere. It is my place to look at structural reform and to look at structural change.

I think from a structural perspective certainly the presiding members would benefit from being given more power to be able to control their chambers, much like, Mr Chair, you have powers to control this chamber in a way that presiding members do not get the opportunity to do. That is a statement of structural change. It is not a statement made in relation to any specific matter that may have been raised publicly anywhere.

**The Hon. A. PICCOLO:** I refer to Budget Paper 4, Volume 3, Program 6: Infrastructure Planning and Policy, page 159, targets 2019-20 and the provision for legislative reform and enhanced financial accountability, amongst other things. Minister, as you will be aware, the South Australian Productivity Commission is undertaking a body of work in terms of local government. How would that advice interrelate to the four discussion papers about to be issued, given the timing of it?

**The Hon. S.K. KNOLL:** The SA Productivity Commission is undertaking its work at the moment. It will report in November. Again, I am letting the secrets out of the bag here.

**The Hon. A. PICCOLO:** It will report in November?

**The Hon. S.K. KNOLL:** The Productivity Commission report will be out in November. What is clearly enunciated within the discussion paper is that, whilst we can look at undertaking some structural reform under reform area 2, a lot of that actually deals a lot more with the financial accountability side and understanding changes to audit and risk committees and things like that. We have essentially left open space for the Productivity Commission's report to be considered in terms of time frame.

Yes, whilst we are going out for discussion papers at the moment, there will obviously need to be further discussion of the report of not only the Productivity Commission but also the Electoral Commissioner, who is due to provide his report in September, but it could be a bit sooner. What we did not want to happen was for us to have to sit there and wait until November. We are ready to discuss a whole heap of ideas, and we should be discussing those things in this intervening period. There will have to be further consultation and discussion in relation to matters that the Productivity Commission recommends to the sector and to government.

**The Hon. A. PICCOLO:** I refer to the same dot point. The minister would be aware that one of the key recommendations of local government for reform is its capacity to provide some benchmarking as a way of improving council performance. That process is being undertaken in other states as well. What financial assistance will the government make available for local government to undertake that work?

**The Hon. S.K. KNOLL:** I think we are a little bit early on in the process before we start talking about that. I think—

**The Hon. A. PICCOLO:** So you have not considered it?

**The Hon. S.K. KNOLL:** Not at this stage. Again, that presupposes a number of things. I think we will need to get a little bit further down the track. The consultation process will need to spit out what models for accountability, benchmarking and a whole series of other things we wish to pursue before we start haggling over cost. Certainly, there will need to be discussion with a whole series of measures about where the cost burden is borne. That is a future discussion that is slightly premature at this point in time.

**The CHAIR:** Having reached the allotted time and there being no further questions, I declare the examination of the proposed payments for the Office of Local Government, the Outback Communities Authority and the Local Government Grants Commission to be completed. I lay before the committee a draft report.

**Ms LUETHEN:** I move:

That the draft report be the report of the committee.

Motion carried.

**The CHAIR:** Before I call for an adjournment, I would just like to thank all the members involved in committee A over the last five days, the ministers involved and also all the ministerial advisers for the time and effort they put into preparing for this and also for the committee process itself.

At 16:02 the committee concluded.