HOUSE OF ASSEMBLY

Wednesday 20 June 2012

ESTIMATES COMMITTEE B

Chair:

Hon. M.J. Wright

Members:

Ms V.A. Chapman
Dr S.E. Close
Mr J.A.W. Gardner
Mr L.K. Odenwalder
Ms R. Sanderson
Ms M.G. Thompson

The committee met at 09:00

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, $954,509,000

ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, $4,041,000

Witness:

Hon. P.F. Conlon, Minister for Housing and Urban Development, Minister for Transport and Infrastructure, Minister for Transport Services.

Departmental Advisers:

Mr M. Buchan, General Manager, Urban Renewal Authority.

Mr F. Hansen, Chief Executive, Urban Renewal Authority.

Mr J. Hay, Ministerial Adviser.

Mr M. Clemow, Chief of Staff.

Mr W. Smith, Executive Director, Corporate Affairs and Strategy, Urban Renewal Authority.

Mr P. Fagan-Schmidt, General Manager, Urban Portfolio Planning, Urban Renewal Authority.

The CHAIR: The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate change over the departmental advisers. I ask the minister and the lead speaker of the opposition if they could indicate whether they have agreed on a timetable for today's proceedings and, if so, provide the chair with a copy.

The Hon. P.F. CONLON: I certainly agree.

Ms CHAPMAN: Yes.

The CHAIR: Thank you. Changes to committee membership will be notified as they occur. Members should ensure the chair is provided with the completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday, 21 September 2012. I propose to allow both the minister and the lead speaker for the opposition to make opening statements if they so desire. There will be a flexible approach to giving the call for asking questions, based on about three questions per member. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is no formal facility

for the tabling of documents before the committee; however, documents can be supplied to the chair for distribution. All questions are to be directed to the minister and not to the advisers. The minister may refer questions to advisers for a response. I also advise, for the purposes of the committees, that television coverage will be allowed for filming from the areas clearly marked on the floor of the room.

I will now proceed to open the Transport, Planning and Infrastructure lines for examination, and the ministers appearing are the Minister for Housing and Urban Development, the Minister for Transport and Infrastructure and the Minister for Transport Services. I declare the proposed payments open for examination and refer members to the Portfolio Statements Volume 3. Minister, do you have an opening statement?

The Hon. P.F. CONLON: No, thank you.

The CHAIR: Shadow minister?

Ms CHAPMAN: No, sir.

The CHAIR: Okay, we will start. Member for Morialta.

Mr GARDNER: We will start with the omnibus questions, if you like:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above $10,000 in 2011-12 for all departments and agencies reporting to the minister, listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

2. For each department or agency reporting to the minister in 2011-12, please provide the number of public servants that are (1) tenured and (2) on contract; and for each category please provide a breakdown of the number of (1) executives and (2) non-executives?

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2012, and for each surplus employee what is the title or classification of the employee and the total employment cost of the employee?

4. In financial year 2011-12, for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2012-13? How much was approved by cabinet?

5. Between 30 June 2011 and 30 June 2012, will the minister list the job title and total employment cost of each position with a total estimated cost of $100,000 or more (a) which has been abolished and (b) which has been created?

6. For 2011-12, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant and the purpose of the grant, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

7. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, please list the total amount spent to date on each project.

8. For each department or agency reporting to the minister, how many targeted voluntary separation packages were or will be offered in total for financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16?

You do not have to answer that now.

The Hon. P.F. CONLON: I have heard it before.

Mr GARDNER: To start with Housing SA, Budget Paper 3, page 96, I note the commonwealth government has brought forward remote Indigenous housing national partnership payments of $20.7 million from the 2012-13 financial year into the 2011-12 financial year. What was the purpose of bringing forward this significant grant?

The Hon. P.F. CONLON: I think there is something we should probably get pretty clear. We still do have a Minister for Social Housing in the budget line, and that is his budget line. I have someone here who knows something about it, but I think in fairness to the minister those questions should be addressed to minister Ian Hunter.

Mr GARDNER: In terms of the housing component with Housing SA, could you give us a breakdown of the areas of Housing SA responsibility you are happy to answer questions on and we will ask everything else of minister Hunter?

The Hon. P.F. CONLON: The Urban Renewal Authority is a broader housing urban renewal arm of the government. It holds some stock that would formerly have been held by Housing SA, some items of property. It holds those landholdings that the Land Management Corporation used to have, and it holds the holding—at least I believe they have been transferred—of the former Defence SA, which also held substantial land down at Port Adelaide in particular.

The area of overlap with the social housing minister is in the development of those areas of stock and land held by the former Housing SA and in other developments that might ultimately provide some new stock to the department (but I am not actually quite sure what the department is called, forgive me). Any aspect of the development that might in the past have been undertaken by Housing SA would now be with us.

I think, from memory, there is the Woodville West and Marden developments. If there is something that is a development that Housing SA used to do, in short we probably are now doing it. There may be developments that we do that will provide stock to either community housing or to the housing minister. I am quite relaxed about your exploring what it is, and I will let you know if we are responsible or someone else is.

To be fair to you, as an explanation, we are in a transitional process at present. I should explain who we have with us. We have Fred Hansen, the Chief Executive, formerly of Portland, Oregon. He has travelled further than Lewis and Clark to get to his position. We have Michael Buchan, formerly of the Land Management Corporation, who is Major Projects. We are just settling down all the new directors and all the new lead people in the agency because it is entirely new and brings three together. Back behind me somewhere, you will find Phil Fagan-Schmidt, who still works for Housing SA but is here because of that overlap with developments done by Housing SA, and I think we have Warren Smith, formerly of the Land Management Corporation back there.

We are still in the process. We have not finalised the board of the new authority. We are still in the process of setting up those structures and transferring some items. You will find that we have some property transfers already, but there might well be property still held by Housing SA where we have taken over, if you like the leadership role in managing the future strategy and direction. It will probably take a good year to finalise all of the different holdings and such like.

If you will bear with me, I am quite happy for you to explore areas in each, and I will be courteous as I can. I know that everyone in this room will be very well behaved. We have always been led astray by those other people in the chamber. It could be the start of a beautiful friendship, as they said in *Casablanca.*

Mr GARDNER: Cannot wait. In relation to the new spend on disability housing, that would fit entirely, then, within the Minister for Social Housing's purview?

The Hon. P.F. CONLON: The one you raised about the Indigenous—

Mr GARDNER: No, I have accepted that is in social housing.

The Hon. P.F. CONLON: You are very kind; I am very hard of hearing. I am not trying to be difficult.

Mr GARDNER: I will speak slowly. The disability housing that was part of the disability spend, those houses have been built by Housing SA.

The Hon. P.F. CONLON: The social housing minister is responsible. He is the Minister for Disability Services, or whatever it is now called.

Mr GARDNER: In that case, focusing on River Street, Marden and Woodville West then—

The Hon. P.F. CONLON: We have taken that from Housing SA.

Mr GARDNER: Can you give us updated times on those developments?

The Hon. P.F. CONLON: River Street, Marden is nearing the end of the design stage. I am hoping to take a proposal to cabinet in the next couple of months, and that will be released to the market by the end of this calendar year. The outcomes are higher density, with good design around the river to increase the local amenity, and to have a good mix of social, affordable and other housing in it. Those are the design objectives, and they will be finalised and they will then be off to cabinet within the next couple of months and released to the market by the end of the year.

Mr GARDNER: Within those design objectives, at this stage do we have any anticipation of whether any Housing SA stock—buildings or properties—will remain in that development, or are we just looking at the 15 per cent affordable housing?

The Hon. P.F. CONLON: Phil has been responsible for this to date. I understand that there will be a mix. It might be a good time to make the point, though, that one of the things that we are seeking to explore with the new arrangement is how much housing we can create for those in greatest need, the social housing—how much affordable housing we can create without being as hung up about the ownership of that housing as we have been in the past.

It is very clear that, in South Australia, community housing has played a smaller role than in other states. We know that there are some smaller, very good not-for-profit organisations out there. We know that there are good ones interstate, and we know a number of other things. We have historically had an extremely high level of Housing Trust stock in South Australia, and we know that, as a consequence of that, people in need have received less as a proportion in terms of commonwealth payments as a result of the ownership of that stock.

We make no secret of the fact that we are exploring the best way to optimise and to maximise the amount of social housing and the amount of affordable housing for those who need it out of the new arrangements, but undoubtedly stock will be held by the Housing Trust. It may well be that in future there is growth in the community housing sector as well, and we are very keen on our organisation helping to meet market failure where we see the changes.

Changes in the way housing happens in Australia have meant that those on what I would call ordinary incomes are finding it harder to achieve home ownership because the old answers do not work. We have to find new answers for that market failure as well. We see the role of our agency, in attempting to assist the social housing minister in the primary objective, as having more stock available for those who need it; good quality stock on good terms. How that is achieved—we are exploring as many options as we can because we think, to the person who needs housing, they are not as fussed about how it is branded but what the quality and the affordability of it is.

Mr GARDNER: At the moment there may be Housing SA stock; there may not be?

The Hon. P.F. CONLON: There will be a higher component of community housing but there will be some Housing SA stock as well.

Mr GARDNER: Can I ask the same batch of questions on Woodville West, then: timing and—I assume, if it is the same answer—community and Housing SA stock?

The Hon. P.F. CONLON: Woodville West has a substantial amount of commonwealth funds in it, too, though. I think the difference with Woodville West would have been the major contribution from the commonwealth's stimulus package around affordable housing. The Woodville West package is aimed at that affordability. At completion of Woodville West we would expect about a third of it to be affordable housing and 60-odd of that to be in the social housing mix.

That was both a stimulus package from the commonwealth and a development aimed at creating affordable housing. What we have all learnt over many years is that we cannot simply create only affordable housing in a precinct—at least not an attractive proposition—so I think they are looking for a mix of a third of affordable, which is probably quite a high target. Stage 1 is to be completed by 30 June; stage 2 civil works are commencing later this year.

Mr GARDNER: This one, again, has some overlap, but it is in relation to the Housing Trust and the URA, so I will ask you in case it is you.

The Hon. P.F. CONLON: And I love to talk about anything, let's face it!

Mr GARDNER: At Budget Paper 3, page 99, table 5.9, I note that there are 972.9 FTEs allocated to the Housing Trust, and my understanding is that last year there were 958.7, and 82.6 of those have been transferred into the URA. It says, 'reflecting the incorporation of some functions previously undertaken by the trust into the authority.'

The Hon. P.F. CONLON: Yes.

Mr GARDNER: Is that transfer reflected in these figures or does the 972.9 figure in table 5.9 include the 82.6 who have transferred to the URA?

The Hon. P.F. CONLON: I am not quite sure, to be honest. Certainly the budget papers for the URA include the transfer, but I cannot speak for whether they have actually subtracted it from the—

Mr GARDNER: One hundred and ninety four are listed under the URA so I would assume that that would—

The Hon. P.F. CONLON: Yes; the URA includes them. I cannot speak for Housing SA.

Mr GARDNER: They are not double-counted? On that basis—

The Hon. P.F. CONLON: We would want to check just to make sure.

Mr GARDNER: Do you want to check that now?

The Hon. P.F. CONLON: As I said before, we are continuing a transitional phase. There may be further transfers of property in the future; there may even be new transfers of people; there may be employment of different people—I do not know—but we are creating a very extensive and comprehensive new agency, and we prefer to make sure the transition gets it right rather than we get the transition over with quickly.

Mr GARDNER: The issue I have is that if you remove those 82 they are counted in the URA figures. Last year, we would have had 876 FTEs in housing trust and now it is listed as 972, so that is an extra 97 FTEs in the housing trust. Is there any way to explain that significant increase?

The Hon. P.F. CONLON: We do not have responsibility for the broader range of activities of that minister so you will probably have to direct that question to them. I would purely be guessing.

Mr GARDNER: I will establish that on Monday. Are we able to talk about HomeStart Finance a little?

The Hon. P.F. CONLON: Yes, we can. Is anyone here from HomeStart?

Mr GARDNER: He is getting ready for the CEO sleep-out.

The Hon. P.F. CONLON: We were talking about them yesterday. Everything is hunky dory down there.

Mr GARDNER: In Budget Paper 3, page 98, table 5.8, I think there are three or four references to HomeStart.

The Hon. P.F. CONLON: I will take your word for it.

Mr GARDNER: Previously the HomeStart Finance board was answerable to you as the Minister for Housing and Urban Development. The CEO of HomeStart has also worked with the department for families and communities, and when the minister for housing was the minister for families and communities obviously there is a sympathy there. Is the CEO now working with the Department for Communities and Social Inclusion, or is he working with DPTI in a departmental role?

The Hon. P.F. CONLON: I guess in salaries and victuals, he is part of DPTI, but traditionally he has reported to the HomeStart board and, obviously, to the relevant minister. HomeStart has become part of the Urban Renewal Authority because we see the role of the authority in the delivery of development outcomes as both making sure that the private sector does it right and that what the government does meets government objectives.

While HomeStart Finance will report to me, its activities will remain around its primary focus of providing finance to those who are appropriate to be financed but who struggle in conventional finance to achieve home ownership; we see HomeStart as remaining extremely important in that role. In a very cautious way, at the moment in the Urban Renewal Authority we are considering other things that have been done around this sort of financing around the world, and we may have some ideas about that in the future.

HomeStart Finance does report to its board and to me, but we see its role in the broader role of the Urban Renewal Authority in delivering government objectives in this area, in delivering government objectives around affordability and around getting people into housing. For your benefit, we also see the Urban Renewal Authority as having a role in delivering broader government objectives in terms of education, health, and healthy living, in terms of all those things we set out to do in our Strategic Plan.

Conceptually, you should see the Urban Renewal Authority as being the development and delivery arm of the government, not simply of the housing sector of the government; therefore, I

think it is entirely appropriate that HomeStart Finance finds its new home in DPTI, which is the lead agency. Is that right? Anyone have an argument with that?

Mr GARDNER: I have some other questions on HomeStart Finance but they are probably best kept for another day if there is no-one here from there. Perhaps you could take this on notice: in Budget Paper 3, page 98, table 5.8 shows there has been an increase in the net contribution to government from HomeStart Finance of $2 million due to what is described as 'improved operating performance'. Is there any possibility that you can provide any detail around the circumstances of that improvement?

The Hon. P.F. CONLON: We can certainly do that. I was looking at some of the stuff yesterday. From memory, the level of activity has increased a little each year by HomeStart. They lend a little more each year. They have very few bad loans, so they make a return on what they do, and I would imagine that it is purely associated with the fact that every year Treasury very carefully inspects them, allows them to borrow a little more, they lend a little more, they do a little more and they probably make a little more, but we will get the actual details of that.

Mr GARDNER: In doing that I note that the previous year there had been a downturn in the amount of loans effectively sold off to other lenders. If there has been an upturn in that in the last 12 months, that would be good to know. I would have thought that this would maybe have fitted in with social housing as well, but affordable housing is listed under today's estimates schedule. I refer to Budget Paper 3, page 59, table 3.15. We are talking about the national affordable housing SPP. Are you able to provide us with a geographical distribution of affordable homes, as in those sold to people meeting the affordable housing criteria within the 2011-12 year by suburb?

The Hon. P.F. CONLON: You mean sold by the industry in general?

Mr GARDNER: Sold using the facilities under the SPP. Obviously you may want to take that on notice rather than provide it now.

The Hon. P.F. CONLON: They think they can probably go through the database, because they list them by property details.

Mr GARDNER: We are very grateful. Are you able to identify what proportion of affordable homes under these same criteria are purchased by people using HomeStart finance loans?

The Hon. P.F. CONLON: Yes, we can: there you go, I didn't know that.

Mr GARDNER: That would be great. I am also interested to know what proportion of affordable homes are taken by eligible buyers before they are placed on the open market after 30, 60 or 90 days. If they are not taken by an eligible buyer, they are placed on the open market: I am wondering what proportion that would be.

The Hon. P.F. CONLON: In broad terms it is about 50 per cent, but we can get you a precise number.

Ms CHAPMAN: My questions principally are on the Urban Renewal Authority. First, you mentioned that you are still appointing the board. There is a statutory obligation on the number on that—you still have one missing, is that the position?

The Hon. P.F. CONLON: Who said I had one missing?

Ms CHAPMAN: They have been announced—members of the board.

The Hon. P.F. CONLON: No, what was announced was a board that would have a life time until the end of the financial year, and a board to be created from 1 July.

Ms CHAPMAN: When will you be announcing the new board?

The Hon. P.F. CONLON: Very soon.

Ms CHAPMAN: Excellent.

The Hon. P.F. CONLON: You would not assume that everyone who went on the temporary board would be on the new board. A lot of that was to keep business as usual going.

Ms CHAPMAN: I accept that, thank you. Can I ask you about Lochiel Park? Are any houses not sold yet and how many?

The Hon. P.F. CONLON: We believe there are about 11 allotments not sold, but we can get a precise number.

Ms CHAPMAN: Including the Housing Trust?

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: Thank you. Just while we are on HomeStart, could I just ask you about that? The former premier announced in 2002 that he would not be selling a number of assets under his government, including ForestrySA, Lotteries Commission, HomeStart, Housing Trust and a few others. I think all now have been sold or are on the market except the Housing Trust.

The Hon. P.F. CONLON: I certainly can't agree with you there; that is just not even vaguely—

Ms CHAPMAN: Can you rule out any proposed sale of HomeStart Finance?

The Hon. P.F. CONLON: Can I say this: we have absolutely no intention of selling HomeStart. It is a very important agency for us, but it is completely mischievous to allege the sale of all those agencies that, in fact, have not been sold. In particular, the talk about the sale of forward rotations as being the sale of ForestrySA is just completely wrong. What ForestrySA do is sell timber and the proposal is to forward sell the timber. It is exactly what they do, except over a longer period of time. You can have the argument and run it that it is a breach of a promise made in 2002, but it is simply not the case.

Similarly, the Lotteries Commission is not up. These are processes that, as I understand it, are ongoing. So, you can make that comparison if you want, but to try to create a fear over the future of HomeStart by a spurious premise does not take you anywhere. HomeStart is a very important instrument of government. The only thing that we would see in the future and, of course, it would have to be agreed to by Treasury to run the parameters, is exploring new or different products for HomeStart to get people into home ownership.

We believe that home ownership is an essential element of our culture in South Australia. When South Australia was created in 1836, it was essentially a land deal. People came out here to secure a new way of life. People have been coming out here since then to secure a new way of life, and owning a home is a very important part of it. We want the Urban Renewal Authority to try to connect up those aspirations with modern realities. We cannot keep going out north and south. We have to do urban renewal and we will have to do good design and higher density with high amenities.

We have to do all those things but, make no mistake, we do not want to manage a decline. We want this agency to do things that have not been done before to create more opportunities to connect people up with the aspirations we believe are a central part of why people want to live in this wonderful country. So, we will not be losing what we consider to be an extremely important instrument in that regard.

Ms CHAPMAN: I will remember that distinction, minister. It is a little bit like selling ETSA or long-term leasing it, I suppose.

The Hon. P.F. CONLON: You may wish to believe that but, if you want to know about why there is a distinct difference, I think you should refer back to your law. I think you would have been taught in property law, as I was, that a lease is no more than the fragmentation of ownership in time. So, there is no distinction between a long lease and an outright sale—certainly no legal distinction. A lease is a property right, as opposed to a licence, which is merely a contractual right.

Ms CHAPMAN: As you say, minister, selling rotations is different to selling assets.

The Hon. P.F. CONLON: I am certainly not here to go back over our property law together.

Ms CHAPMAN: No; I am glad of that.

The Hon. P.F. CONLON: Although I think I did well then, from memory.

Ms CHAPMAN: On the Urban Renewal Authority itself—we are still at BP 3, page 94, Mr Chairman—you have explained the transfer in March. There was a transfer from the LMC to the URA. There was a target set of $58.7 million dividend to the government from the LMC, which is referred to in the 2011-12 year. Why was a dividend not paid to the government, even a smaller one, given the explanation about reduced land sales?

The Hon. P.F. CONLON: Can I say that the land sales in the last 12 months went very, very poorly—

Ms CHAPMAN: Obviously.

The Hon. P.F. CONLON: —and this is not something we are afflicted with ourselves only. If you go around the nation, that is what happened. So the LMC forecasts what it is going to do on what is forecast with land sales, and you will see that what has happened around the country has taken a few people by surprise. One of the things I am extremely confident about is that the holdings that have not been sold by us have retained very great value and, when the market comes back, we will probably realise more for them than if we had sold in this environment. I am not in the least bit fussed about that.

Ms CHAPMAN: When the LMC transferred its assets to the URA, did it actually hold any revenue that would otherwise have been transferred to Treasury, or did its costs use all of the revenue?

The Hon. P.F. CONLON: There isn't anything to hold revenues any more, as far as I know. Total assets and liabilities transferred to the URA; on future dividends, decisions will be the URA's. There is not going to be an LMC of any description any more.

Ms CHAPMAN: Yes, I understand that, minister. Everything has been transferred; that has been explained. But essentially for nine months of this current financial year, it operated as the LMC. It was going to have a dividend of $58 million; that didn't happen for the reasons you have explained. In the nine months that it traded, are you saying that there was no net revenue from the sales or, if there was any revenue, was it transferred to the URA?

The Hon. P.F. CONLON: They measured assets and liabilities over that period of time.

Mr BUCHAN: The operational activities of the LMC continued on for the nine months. During that period, the sales generated did not produce a profit, which was anticipated as part of the budget result, and as a result there was no return back to government. However, the income continues to operate within (and flow within) the LMC which is balancing its financial operations in terms of overdrafts and other financial instruments which were used to operate that particular entity, and that same structure has transferred over into the URA.

So, there were certainly sales during that period and there were cost of sales that were ascribed to that particular transaction. As a result, the revenue generated, which was beyond the actual cash that went out the door, went into managing the actual financial structures or the balance sheet of the LMC which was then transferred into the Urban Renewal Authority.

Ms CHAPMAN: Minister, I accept that we will have reconciliation for that nine months in due course, but at the time of transfer as at 1 March, which I think was the date of transfer, were there any cash amounts transferred from LMC bank accounts? Yes? And if so, how much?

The Hon. P.F. CONLON: I assume they did not run their cash down to zero before the transfer. No, there were some amounts. We will give you a reconciliation.

Ms CHAPMAN: You will get that? I'll take those on notice.

The Hon. P.F. CONLON: I do not think there will be anything that causes further comment about it.

Ms CHAPMAN: I think there is $7.4 million in dividends expected for this year out of URA, which is encouraging. Where will the sales occur to generate that? Are we talking about the Blakeview, Northgate, Playford Alive developments where it is expected that revenue will come from?

The Hon. P.F. CONLON: Probably one of the best performing areas is the Lightsview development. What I would say, too, is that we firmly believe that the fundamentals for future sales are very strong in that the employment levels have remained robust in this environment. We do not have an oversupply of stock. There are people with very high levels of savings by historic measures out there, and we believe the market will pick up very strongly when it picks up. So, for what revenues are not made out of sales now, we are absolutely confident will more than make up in future sales when the market picks up. I think if you look at the fundamentals you would expect that there will be a very sharp increase in this market at some point in the near future.

Ms CHAPMAN: In this forthcoming year, is it expected that there will be any revenue driven from city-based or near located developments, or is it all the outer suburbs?

The Hon. P.F. CONLON: I think we are probably very close to accepting some tenders in Bowden at the moment from developers.

Ms CHAPMAN: At Bowden, yes.

The Hon. P.F. CONLON: We expect activity there this year. There are sites in the city from the old Housing SA and we are investigating (and had some very good discussions with the council) opportunities in the CBD to go as quickly as possible because we have set ourselves some ambitious targets for new residential living in the city. There will definitely be revenues generated out of the city or near-city areas.

Ms CHAPMAN: In this forthcoming year or is it further out?

The Hon. P.F. CONLON: In the forthcoming year, yes, absolutely.

Ms CHAPMAN: The Caroma site—I think you have just paid $15 million for that or about that?

The Hon. P.F. CONLON: Yes, the Caroma site is very different and demonstrates the strategic nature of having an Urban Renewal Authority, in that there would not be an intention for us to develop that Caroma site as residential in the short term. However, having laid out a 30-year plan for we think the intelligent future development of the city, the Caroma site has great strategic value in that were it to go on to the market at present, the likelihood would be that it would find some new industrial use which would be an existing use which would then frustrate future—

Ms CHAPMAN: So in the short term it is a commercial proposal.

The Hon. P.F. CONLON: So, really, the strategic nature of picking up Caroma is to prevent the wrong type of development there which would prevent us from being able to realise some very good future opportunities. When that happens—no-one can accurately predict when you might see a big residential upturn, even though I know in my bones there is going to be one.

When we would develop the Caroma site, we cannot say. If we develop it, we cannot say. It may well be that strategically we have prevented the wrong development there but that it is released to the private sector at some time in the future for what we see is the right sort of development. It is a strategic step, but one thing we are absolutely certain of is that in the long-term interest of the taxpayer it is a very good investment, given the great likelihood of a rezoning at some point in the future.

It is pointed out that, at present, we give a four-year lease back to the current owner on the arrangements. As I say, it is far more a strategic purchase than an immediate development purchase but we are absolutely certain that it is a very wise decision in the longer term for the taxpayer.

Ms CHAPMAN: Did the URA pay for it or did the government lend it money to buy it?

The Hon. P.F. CONLON: The URA pays for it. The lending arrangements maybe Matt can explain—

Ms CHAPMAN: Has it borrowed money from the state?

The Hon. P.F. CONLON: Yes, we borrowed money from SAFA.

Ms CHAPMAN: Yes. The wrong type of development, what is that—not anything but housing? Is that what you are saying?

The Hon. P.F. CONLON: No, some housing could be the wrong type of development in certain areas. We have a 30-year plan that suggests that there should be high quality urban renewal along transport corridors.

Ms CHAPMAN: Yes, I understand that.

The Hon. P.F. CONLON: Caroma fits into that desire. What is plain is that because of residential activity there is no great appetite at the moment for more than is out there. You have to be realistic: that is the truth of the marketplace at the present, but to allow what I see is a very atypical, unusual, very strange drop-off in residential activity to determine the use of that site at present would be a very poor strategic decision.

Ms CHAPMAN: Sure. So that is a strategic decision. Just in case the private opportunities stuff it up, you want to make sure it is protected.

The Hon. P.F. CONLON: Member for Bragg, it may well be that one day you can do something with this site. I am not looking forward to that day, but it may well be.

Ms CHAPMAN: One day I might get the Britannia roundabout fixed up to go with it! I am sure Mr Hansen will take my wish list on board. It is hard to move traffic from the east unless you fix that up. However, thank you very much for the answers.

The Hon. P.F. CONLON: I must say, I have not heard from you on the Britannia roundabout for what must be months.

Ms CHAPMAN: Don't you read my correspondence? I think I write to you every couple of months. I just want to go back to this question of personnel in the URA, because it is obviously an important unit that you have established. On my reading of it, 194.6 FTEs are shown in the 12.9 table. At the end of the 2010-11 reporting period, the LMC had 93.8 FTEs, according to the Auditor-General. Note (c) shows 82.6 FTEs transferred from the Housing Trust to the URA. That leaves 18.2 FTEs unaccounted for at the URA. I also note that for next year the number of FTEs for this organisation will go up again to 201.2.

The Hon. P.F. CONLON: You do have Defence SA in there.

Ms CHAPMAN: I appreciate that. Is there any reason why the number of employees is increasing, given the revised sales forecast that shows that there will be less generating income? Why are you taking on more people? I am talking about after the amalgamation.

The Hon. P.F. CONLON: One of the things I said to you before is that we have transferred some areas of stock from the Housing Trust. Does the Housing Trust hold it?

Mr FAGAN-SCHMIDT: Yes.

The Hon. P.F. CONLON: There is a likelihood in the future that further holdings from the Housing Trust will be transferred. There is also the case that not all positions, as I understand it, are filled at present. There is still a process of advertising of some positions. There is still a thoroughgoing organisation to examine just what skills will be needed in the organisation. As I say, I think it will be much easier to tell you what the settled position for the URA will be at next year's estimates.

We are certainly not seeking to have more people than we need, but we are also going to make sure that we have the people to do the very important set of functions that we are given. As I say, there are positions yet to be filled and in the future there will be further transfers of Housing Trust properties to the URA for the purpose of perhaps developing and handing back to the Housing Trust—who knows?—or for other reasons. That is something that will take at least a year to settle.

Ms CHAPMAN: In addition to the proposed income from projects in the forthcoming year that you are going to give us a list on, of the actual Housing Trust redevelopments, apart from Marden, are there any other projects that are currently Housing Trust precincts or properties that have been or will be transferred in this forthcoming year to URA?

The Hon. P.F. CONLON: The seven star precinct in the city.

Ms CHAPMAN: The seven star precinct? Yes.

The Hon. P.F. CONLON: There are none specifically identified at present, but there are some that you would think would be logical for a precinct redevelopment in the future. I believe out at Gilberton there is a set of very old stock.

Ms CHAPMAN: Next to the old television site?

The Hon. P.F. CONLON: Yes. That is an obvious one. There is no immediate plan. We have no plans at all at present, but if you were to look at the site, the age of the stock, the location, it is an obvious place for a redevelopment.

Ms CHAPMAN: It might have been a better place to put the new pumping station, but that is past history now.

The Hon. P.F. CONLON: It is a very nice place now and it is rezoned for quite a lot of storeys. We are not rushing to, if you like, grab land from the Housing Trust. What we want to do is identify the role we could play as a development agency assisting the Housing Trust in their goals and ambitions and, more than just the Housing Trust, the housing minister and the government in providing as much stock as is possible for those who need to get a roof above their heads. We do not see it as a one-only shift: we see it as a relationship that will operate over time with the housing minister and the social housing agencies.

Ms CHAPMAN: For the affordable/social housing required component of these developments, is there any proposal to replicate the proposed 30 square metre dwellings that were published to be part of the Bowden program in these other new developments, the 30 square metre units?

The Hon. P.F. CONLON: We have no specific targeted stock of those dimensions. That was merely part of a broader implementation—

Ms CHAPMAN: I appreciate that you have a new Chief Executive, someone who has come with some new skills.

The Hon. P.F. CONLON: No, it has nothing to do with the new Chief Executive. It was always something that was—

Ms CHAPMAN: I understand that—

The Hon. P.F. CONLON: —taken and misread.

Ms CHAPMAN: Well, that published material predated his appointment.

The Hon. P.F. CONLON: Yes, that may well be, but what I am explaining to you is that the published material did not require people to build 30-square metre dwellings.

Ms CHAPMAN: No, it provided a design option. In any event, that is something you will consider for the future?

The Hon. P.F. CONLON: Fred has exactly the same view as I have and exactly the same view Wayne Gibbins had, and that is that what we do at that Bowden Village will be excellent in design and excellent in outcome. There will be nothing we seek to do down there but does anything but convince people that this is the right way to develop in the future. I say clearly that, if you are not looking to urban renewal and urban infill, with higher density around good design now, you will be at some point in the future, and the sooner you realise that it is the future of development in urban settings, the better.

The reason we purchased the site in the first place, the reason we have invested so much of our time and effort, the reason we took developers overseas to look at transport-oriented development, the reason we have worked so hard to include others in the master planning process is that everything that occurs at Clipsal we want to be an advertisement for the future of urban development, and building unattractively designed small places will not be part of that. The truth is that you can have very good living in smaller built form with very good shared open space. There are a few very nice cities in the world built around those ideas, aren't there Fred?

Mr HANSEN: Yes.

The Hon. P.F. CONLON: See—Fred said yes.

Ms CHAPMAN: It might be a good apartment for your retirement, minister.

The Hon. P.F. CONLON: I keep hearing from you people that I am going somewhere. I have no intention—

Ms CHAPMAN: Sometimes they are not voluntary. May I ask of the Glenside development—

The Hon. P.F. CONLON: I have noticed that, so whilst your making choices—

Ms CHAPMAN: —the 15 per cent affordable housing that is on that site, is the URA going to be responsible for the housing development on the Glenside site?

The Hon. P.F. CONLON: We have not been so far. This has been done by Health, hasn't it. This was an obligation imposed on Health, and they are handling it.

Ms CHAPMAN: It is not proposed that it be transferred to you to develop it? It is going to be available—

The Hon. P.F. CONLON: There will be affordable housing—

Ms CHAPMAN: Yes, I understand that.

The Hon. P.F. CONLON: —but the authority that is delivering it at present is under Health.

Ms CHAPMAN: So, to your knowledge, this is not—

The Hon. P.F. CONLON: And I am sure that John is looking forward to your asking questions of the department.

Ms CHAPMAN: I am just saying that, to your knowledge, it is not a URA proposed acquisition for the purposes of that development?

The Hon. P.F. CONLON: I think it is ongoing. I do not know much about it.

Ms CHAPMAN: It has not been sold yet.

The Hon. P.F. CONLON: If they want a hand with anything, we will—

Ms CHAPMAN: You will offer a helping hand. I am sure you would be happy to do that.

The Hon. P.F. CONLON: We are from the government, and we are here to help.

Ms CHAPMAN: Yes, I have heard that before. I want to ask about another aspect. Because of the all assets and liabilities being transferred from LMC, were you advised the total amount that is being sought through the court at present by the government's former partners in the Newport Quays project?

The Hon. P.F. CONLON: I think you had better take a step back because there is a fundamental misapprehension of what they have actually lodged. There is no court action against us for an amount of money. What they are doing is fishing around in pre-trial discovery to see whether they have a case, in my view. I do not want to comment on the case too much—

Ms CHAPMAN: Application for discovery of documents, yes.

The Hon. P.F. CONLON: Yes, it is pre-trial discovery. There has not been an action actually lodged. When an action is lodged, we could probably give you more details of what the action is, but—

Ms CHAPMAN: I am not asking you to disclose how much is being forwarded—

The Hon. P.F. CONLON: I am not going to comment on what they say in the media they think we are going to pay them.

Ms CHAPMAN: I am not asking you, minister, for obvious reasons, how much you might have provided for in the forward estimates to meet this claim, whatever it might be, because I accept that is a matter that will need further negotiations.

The Hon. P.F. CONLON: You can ask us, because we are not—

Ms CHAPMAN: However, I am going to ask: have you made any provision?

The Hon. P.F. CONLON: You do not make a provision because the contract itself, in our view, demonstrates our right, on payment of a certain of money, to terminate. That is what we have always believed, and that is nothing that needs a provision to be made for; it is part of the ordinary operations of the then LMC, the now URA. It will be part of the assets and liabilities, cash at the bank and all those sorts of things you talked about; there has been no need to make any provision. I again state that I believe that, as they continue their pre-trial discovery and find all the documents and stuff, they will find that their hopes are limited by reality.

Ms CHAPMAN: I am sure the taxpayer will be relieved about that, if that is the case.

The Hon. P.F. CONLON: We are very careful.

Ms CHAPMAN: On that project, is it proposed that Newport Quays Mark II will be available for sale in this forthcoming year?

The Hon. P.F. CONLON: No. What you have to do is recognise what we have recognised; that is, that approach was not working. This was an approach that went out to tender way back in 2001, or expressions of interest were then. It was a process that was completed early when we first came to government in 2002. It had a notion of revitalising the port.

To be fair to the proponents—and I have never had any rancour about this—we ran into a number of things that were not expected by the parties, but, at the end of the day, when you looked around, it simply had not delivered what it was thought it would deliver. I am not blaming anyone—it did go out under the previous Liberal government and we accepted those parameters and enacted them—but it did not work.

Is it the definition of madness to keep doing the same thing over and over even though it does not work? I do not know. So what we are doing is approaching it differently and the first step

is a master-planning process of the area to see what outcomes definitely need to be generated and that is something that we are working very hard on.

I have a local, Mr Bicknell, a lovely man—I do not know if you have ever met him; he has done a lot of work in charitable and not-for-profit organisations—along with John Hanlon from planning. They are working very hard to bring up a master plan that does realise the objectives we have. The opportunity to end the Newport Quays arrangement came when another hurdle occurred on the project, when the proponent themselves were seeking a substantial delay in further operations, and in all of those circumstances it seemed like the right time, therefore, to say, 'No, this hasn't worked. We're going to start a new approach.'

Most circumstances that have problems also have opportunities, and the problem that we have seen is the collapse in apartment markets. The residential market is as poor as it has ever been so it has given us the breathing space to sit down and master plan. Although I am not going to pre-empt the outcomes of what we are doing, I expect that what you will see there is a larger number of smaller players in the future. We have had a lot of learning out of the Clipsal development and we believe that what is going to result in excellence there will be having a lot of players with a lot of good ideas—good design ideas—around the site, bouncing off each other. We believe that is likely what will happen at the Port.

I am not going to pre-empt what the process is now but what I would say to you is that I think it is very unlikely that we will ever see the one mega-developer in an agreement again. I think innovation is better driven by a number of smaller operators. There are other landholders there who were not realistically included in the previous approach who can be included in the new approach.

Ms CHAPMAN: I take it, then, that there is no provision in the forward estimates for any anticipated revenue from the sale of whatever new model of development you do there?

The Hon. P.F. CONLON: I do not think that is how we have traditionally done revenues from the Land Management Corporation, in any event, but I do not know what provision is—

Ms CHAPMAN: Do you want to take that on notice or is there something in forward estimates for Newport Quays?

The Hon. P.F. CONLON: I tell you what: you are a brave person who works out what you are going to make out of property at the moment.

Ms CHAPMAN: Yes. You have put $7.2 million in as a dividend, I think, so that might be a brave guess.

The Hon. P.F. CONLON: Yes; brave in a cautious manner.

Ms SANDERSON: How much has been spent, and how much is to be spent in the forward estimates on planning of the city's South-East precinct, that is, the Manitoba and the Box Factory development?

The Hon. P.F. CONLON: How much has been spent and how much is going to be spent?

Ms SANDERSON: Yes, in the forward estimates. So, what has already been done? I know I have been to seminars on it.

The Hon. P.F. CONLON: It is not a lot so far; they think maybe about $50,000 in preliminary design. There is a master plan. There is scaping work going on with the council at present, so there would some more funds rolled out in that process with a view to there being at least some presales in the precinct in the next 12 months, but not a lot of money has been spent so far. We will try and answer the figure, but it is a little hard to disentangle your upfront costs in a development that is going to make revenues as well. Anyway, we can come back to you on that.

Ms SANDERSON: So, you expect there will be some residents moved within the next 12 months, if you are expecting to sell them?

The Hon. P.F. CONLON: That is not for me. There has been one building where 12 people have moved. That is the only decision taken.

Ms SANDERSON: One building. So it is not the individual units at the Box Factory? You are starting with a high rise building?

Mr FAGAN-SCHMIDT: Yes, the twelve in the Playford site on that street.

The CHAIR: I now declare the examination of the Minister for Housing and Urban Development completed.

Membership:

Mr Whetstone substituted for Mr Gardner.

Departmental Advisers:

Mr A. Milazzo, Deputy Chief Executive, Transport Services, Department of Planning, Transport and Infrastructure.

Mr R. Hook, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr M. Elford, Department of Planning, Transport and Infrastructure.

Mr M. Palm, Director, Investment Strategy and Divisional Finance, Department of Planning, Transport and Infrastructure.

Mr M. Williams, Director, Sustainable Transport, Department of Planning, Transport and Infrastructure.

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

Ms CHAPMAN: Minister, just so that I am clear, one of the members of our committee would like to ask you some questions about ferries, and I propose that that will be in the area which is under trans planning services, which is another subdivision that you have there because it follows that program, so I just mention that.

The Hon. P.F. CONLON: He is responsible for it, so you can ask him. It was his idea. Just so we all know.

Ms CHAPMAN: I propose to ask you about Budget Paper 6, page 78, on the Goodwood and Torrens junction project first. This is an upgrade of these junctions, to which the federal government has announced it is contributing a couple of hundred million, as you would appreciate there. Will land acquisition be required for the Goodwood component of the junctions project?

The Hon. P.F. CONLON: No.

Ms CHAPMAN: Does that assume that there will not be an upgrade of the Leader Street portion of that project?

The Hon. P.F. CONLON: Leader Street remains at grade.

Ms CHAPMAN: So, there is no land acquisition for any improvement to that intersection at the time of doing this?

The Hon. P.F. CONLON: No. I do not know what they do on the intersection itself, but you do not have to buy land because it remains at grade at Leader Street. In an abundance of caution, they are still doing a planning study on Leader Street to define the scope. But it remains at grade, outside the forward estimates we are talking. The first stage we are doing now involves a grade separation.

Mr HOOK: Victoria Avenue has to be grade separated. We have to deal with Brownhill Creek. Goodwood platform has to be the two levels for the Noarlunga line and the Belair line, but we would expect to be back at grade by Leader Street.

The Hon. P.F. CONLON: That is the current project. In future, we will have to do a planning study for a future grade separation at Leader Street, which is much further out, and I imagine that might require land acquisition at that time, but it is a long way out. I would not want to frighten people at this juncture about it.

Ms CHAPMAN: From our assessment of this whole project, as described at page 78, there appears to be approximately $100 million missing for what is an over $400 million project.

The Hon. P.F. CONLON: I did not take it, if that is what you are implying.

Ms CHAPMAN: Have you discussed the potential for private investment in the section of the project, which takes the Outer Harbor rail line under the Bowden development, with potential land developers?

The Hon. P.F. CONLON: Just a minute. I am taking advice on the previous question. Your question was?

Ms CHAPMAN: There seems on that material that $100 million is missing. It is a $400 million-plus project: they have agreed to pay half, you have put in $100 million—where is the other $100 million?

The Hon. P.F. CONLON: Well, it is a bit more complicated.

Ms CHAPMAN: Perhaps you will explain where it is.

The Hon. P.F. CONLON: The original commonwealth funding of half is the 2015-16 estimate of $232 million. What the commonwealth has agreed with us, because they are nice people, is to bring some of that well ahead. Given the work we are doing on the Noarlunga line now, it made sense to do that work if we could on the existing Noarlunga upgrade. We are actually bringing ahead less than half of the commonwealth's money to that Goodwood piece of work, for the obvious reasons I have just explained. Our own contribution comes in the 2015-16 and afterwards period; is that right?

Ms CHAPMAN: So the $110 million here is the commonwealth money?

The Hon. P.F. CONLON: No, I got that wrong. I told you it was complicated.

Ms CHAPMAN: I think Mr Hook can see that there is the $110 million this year, 2012-13, coming up. There is nothing then until the $232 million, which is the commonwealth money.

The Hon. P.F. CONLON: That is right.

Ms CHAPMAN: It is a $400 million-plus project.

The Hon. P.F. CONLON: We are all confused now. Sorry, it is similar. The $110 million is our money—

Ms CHAPMAN: Yes, I thought so.

The Hon. P.F. CONLON: —that we have put in ahead of Commonwealth money in 2015-16.

Ms CHAPMAN: Correct.

The Hon. P.F. CONLON: Alright?

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: But the other works do not commence until 2015-16 and even after then. What we are doing is putting up our money, which would be seen to be towards matching that $232 million, for the reasons I explained. If you are going to upgrade the Noarlunga line now, we do not want to do two bodies of disruptive work on the Noarlunga line, so we do that now. The commonwealth money starts flowing to us in 2015-16. We will make a further contribution, as that money starts being spent out beyond the out years, for our half.

Ms CHAPMAN: Right, so that extra $100 million has been provided for past the forward estimates?

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: By the state government or by a property developer?

The Hon. P.F. CONLON: I do not know of any property developer who wants to pay it for us, but we would happy to talk to them. No, we would be required to make a contribution against the future commonwealth funds.

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: While those commonwealth funds, you have to remember, might be received from 2015-16, what you are seeing in the budget is the revenue being received. It does not necessarily mean they will be going out in that year.

Ms CHAPMAN: No, I understand that. I think what you are saying is that the extra $100 million that the state is going to put in is past the forward estimates, but it has been provided for. Is that what you are assuring me?

The Hon. P.F. CONLON: I do not know what you mean by being provided for. We have an obligation but—

Ms CHAPMAN: You do not get the commonwealth money unless you do.

The Hon. P.F. CONLON: — you do not draw the budget beyond the 14 years. So, we have an obligation. The commonwealth will not be happy if we do not put in our share, I guarantee you that.

Ms CHAPMAN: Absolutely. You might not get your money unless you make that commitment. I understand that, but has you or your department—

The Hon. P.F. CONLON: It cannot be provided for in forward estimates that do not go out that far—it just cannot be.

Ms CHAPMAN: I appreciate that. Have there been any discussions, though, between you and any prospective property developers, or your department, to contribute towards this grade separation at Torrens, particularly as it is to go under the Bowden development?

The Hon. P.F. CONLON: No.

Ms CHAPMAN: The project, according to the commentary here—again, we are still at page 78—is supposed to boost national productivity, to use the words published there. What level of additional rail freight is expected when the project is complete and will the minister confirm that there will be no increase in freight efficiency in terms of length of freight trains until both junctions are upgraded?

The Hon. P.F. CONLON: The freight is increasing anyway.

Ms CHAPMAN: It says here, 'boost national productivity'.

The Hon. P.F. CONLON: Yes, but it does not increase freight. Freight is increasing anyway; that is the problem. The freight is going to increase whether we do the projects or not.

Ms CHAPMAN: No, I said 'efficiency'.

The Hon. P.F. CONLON: It is the capacity to handle it.

Ms CHAPMAN: I think perhaps we are at cross-purposes. There is not going to be any efficiency in being able to extend the line of the train to 1.8, for example, until both junctions are done. Is that the situation?

The Hon. P.F. CONLON: There will be efficiencies in terms of the slowing down of the trains.

Ms CHAPMAN: For the passenger?

The Hon. P.F. CONLON: No. I do not know about other people, but I would have thought the train is less efficient if it is going slower and stopping. So that will increase efficiency for the freight. If you have ever, as I have done regularly, gone up Cross Road when the freight train is moving very slowly through there, it is very, very annoying, so it will have that benefit for us too. Make no mistake: both projects together will bring the best efficiencies, but the reason it is being brought forward by us is that it would be foolish for us to twice disrupt the Noarlunga line for the projects.

Ms CHAPMAN: I understand that; that is fine.

The Hon. P.F. CONLON: It may well be that we do not realise the full efficiencies until we do all of it, but it would be foolish of us not to do this now.

Ms CHAPMAN: Absolutely. Given the expectation, though, that one of the reasons for doing this is to enable the trains to be longer, you would agree that they will not be able to be longer until both projects are done?

The Hon. P.F. CONLON: We don't agree with you because coming from Melbourne they can be longer after doing this work. Going north from Adelaide, they can't be which is—

Ms CHAPMAN: But don't you have to do both?

The Hon. P.F. CONLON: But setting that aside—

Ms CHAPMAN: Don't you have to do both junctions before you can get that?

The Hon. P.F. CONLON: I don't know whether your point is that we therefore should not do it until later and get the whole benefit.

Ms CHAPMAN: No.

The Hon. P.F. CONLON: What I am saying to you is the reason we are bringing it ahead is not from our perspective to capture those efficiencies, it is to make sure that we do not disrupt those services on the Noarlunga line substantially twice when this way we can do it once.

Ms CHAPMAN: I understand.

The Hon. P.F. CONLON: It may well be the case that you get more efficiency if you do them both together, but that is not the driving motivation.

Ms CHAPMAN: Yes. Can I ask you this about the estimated cost of the undergrounding—and I appreciate you bringing this $110 million to do the Goodwood Junction for the reasons you have said. What is the estimated cost of the undergrounding of the Outer Harbor line below Park Terrace and the Bowden development as part of the Torrens Junction project?

The Hon. P.F. CONLON: This is not a question that is easy and straightforward because we have not established a timeline, let alone—

Ms CHAPMAN: I know, but you have put in a submission to Infrastructure Australia—

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: —and the funding has been allocated, the figures have stacked up, you have got the approval and the money is on its way, and all those things.

The Hon. P.F. CONLON: We have got money flowing from 2015-16. We have not set the timetable to do it and we have a lot of design work starting out.

Ms CHAPMAN: But of the project, to get the $400 million-odd—

The Hon. P.F. CONLON: We are expecting to spend $333 million on the Torrens Junction and Leader Street that does both of those things, so Leader Street then comes into it.

Ms CHAPMAN: How much is allocated for Leader Street?

The Hon. P.F. CONLON: I will have to get back to you.

Ms CHAPMAN: I am happy with that, minister, if you can just give me a breakdown of the $333 million.

The Hon. P.F. CONLON: Let's be fair. We are talking about projects starting out in 2015-16.

Ms CHAPMAN: I totally appreciate that when we come to do it—hopefully in our lifetimes—things might change but at the moment you have put in a project—

The Hon. P.F. CONLON: In our lifetimes? You have just criticised me for bringing it ahead. Goodness me! It is very hard to win with you.

Ms CHAPMAN: You have put in a project estimate and, if the estimate is $333 million—I am just asking for a breakdown of that $333 million.

The Hon. P.F. CONLON: We will try to do that for you.

Ms CHAPMAN: Same project: have you spoken to the ARTC about the proposal for a freight link between Mildura and Menindee which would have an impact on the viability of the Adelaide to Melbourne rail corridor and therefore the necessity of the junctions project?

The Hon. P.F. CONLON: Who says it has—

Ms CHAPMAN: I am asking have you?

The Hon. P.F. CONLON: No, but I mean who says it has an impact on the viability?

Ms CHAPMAN: In relation to doing that project?

The Hon. P.F. CONLON: You have just told me it has an impact on the viability of the Adelaide line, so who said that?

Ms CHAPMAN: We have had a number of briefings from your department about the priority of other projects and regional Australia as to the proposal for the Victorian rail development. My question simply is whether or not you accept that premise. Have you spoken to the ARTC about the proposed freight link in Victoria?

The Hon. P.F. CONLON: I think the ARTC understands that we don't support it.

Ms CHAPMAN: So you have had the discussion and indicated that you don't support it.

The Hon. P.F. CONLON: The ARTC incidentally doesn't support it either.

Ms CHAPMAN: Okay.

The Hon. P.F. CONLON: We figure since we don't like it and the ARTC don't like it. We don't know who is going to do it.

Ms CHAPMAN: The suspension of electrification which is in Budget Paper 6, page 81, and Budget Paper 4, Volume 3, page 123.

The Hon. P.F. CONLON: Who does like it? Mildura?

Ms CHAPMAN: What is the total amount spent?

The Hon. P.F. CONLON: People at Mildura apparently like it. We don't.

Ms CHAPMAN: What is the total amount spent on the electrification upgrading of the Gawler train line including the resleepering, etc. and what further works are required to complete the electrification works?

The Hon. P.F. CONLON: Sorry, your question is: how much is being spent on the electrification?

Ms CHAPMAN: How much is the total amount spent on the Gawler line?

The Hon. P.F. CONLON: Including resleepering.

Ms CHAPMAN: Including resleepering.

The Hon. P.F. CONLON: So you mean: what is being spent on electrification plus resleepering?

Ms CHAPMAN: Electrification so far and the upgrading, yes.

The Hon. P.F. CONLON: Plus resleepering, plus station upgrades, plus land acquisition if there has been any, plus all of those things.

Ms CHAPMAN: Everything so far on the Gawler train line.

The Hon. P.F. CONLON: Everything. So it is not electrification at all. You want to know everything we spent on the Gawler line.

Ms CHAPMAN: The total, yes.

The Hon. P.F. CONLON: Yes, okay.

Ms CHAPMAN: Are you happy to take it on notice?

The Hon. P.F. CONLON: Well, we will certainly go through it with you but it is a bit tricky to ask the question about what is being spent on the electrification 'including' because it doesn't 'include'. Electrification is one component, resleepering is a very important job which would have had to have been done with or without electrification, station upgrades, all of those things. I am quite happy to provide the information.

Ms CHAPMAN: Minister, I am not contesting the merits of the project. Perhaps we are disappointed that you are not finishing it, but—

The Hon. P.F. CONLON: But I am contesting the trickiness of the questioning. We are quite happy to provide the expenditure on electrification, resleepering, on upgrades and on all the other things that we have done there, but we will make sure that people understand what it is.

Ms CHAPMAN: That it is a breakdown—I am happy with that. As long as we have the total that will be great.

The Hon. P.F. CONLON: There is no doubt that we can provide that information.

Ms CHAPMAN: Why, when the government promised in the 2010 state elections that it would be operating electric trains on the Gawler line in 2013, had the contracts not been entered into for the electrification works by May this year?

The Hon. P.F. CONLON: Sorry, why did we promise that if—

Ms CHAPMAN: When you promised the electrification at the 2010 election—

The Hon. P.F. CONLON: Why did we promise that in 2010 when the contracts had not been entered into in May this year?

Ms CHAPMAN: To be operating in 2013—why had you not signed the contracts until May this year?

The Hon. P.F. CONLON: Why would we have?

Ms CHAPMAN: I am asking you that.

The Hon. P.F. CONLON: No, you asked me to explain something that you have put up that is all in your head. Why would we have had to? Why would we have had to sign those contracts by May?

Ms CHAPMAN: The alternative is: if you had signed the contracts in May this year, if you had done that, as at now, would you have been able to provide the electrification and be operating in 2013?

The Hon. P.F. CONLON: In fact, if it had not been necessary to make budget changes we would have still been able to sign electrification contracts and have trains operating in 2013. However, let us be clear that when we say 'trains operating', whether it would have been possible in any circumstances to have full services run is a matter that we would have had to find out. There are so many things that we depend upon in that regard.

As Rod points out, we have early contractor involvement in the project, so we and the contractor are able to contemplate what the next stages will have to be. As a result of the dramatic fall in revenues and that money not being available, we simply have not proceeded to the next stage of that involvement. The point I make is that when you ask why were contracts not signed in May, I say, 'Why should they have been? Who said that they had to be?'

Ms CHAPMAN: You are simply saying, 'We would still have been able to achieve that if we signed up contracts mid this year to be operational by mid-2013?'

The Hon. P.F. CONLON: Our timetable would have had us moving in the last month or so to be doing that, but the world changed.

Ms CHAPMAN: That being achievable, which—

The Hon. P.F. CONLON: Can I share with the member for Bragg my view that I wish the world had not changed. That would have been our preferred outcome. But the world changed dramatically and one has to respond.

Ms CHAPMAN: Why was it necessary to sign up to buy all the railcars so far in advance?

The Hon. P.F. CONLON: Going back to buying trams and trains, if you remember when we bought new trams the first time on a small order we could only get two tenderers. It is hard to raise a high level of interest for small orders for electric rolling stock. You have to go early in the purchase of rolling stock, and if you can attach your order to a larger order it is very beneficial.

I think we achieved a very good price on the rolling stock by taking this approach but, as with the trams, you simply could not be in a position of someone failing to take an interest and not getting trains; you simply have to go early. That is the nature of the international market. There are very few suppliers of quality rolling stock, and we had to make sure that we would get them in the right and timely fashion. I think it was a very good order.

Ms CHAPMAN: You have told us in another place, minister, that you tried to renegotiate that contract, presumably not to take as many at this stage or whatever, given the—

The Hon. P.F. CONLON: Same place, different location—that is very Buddhist.

Ms CHAPMAN: But if you cannot get out of that contract and you are going to get excess cars, where are they going to be stored?

The Hon. P.F. CONLON: Sorry, I am a bit hard of hearing: where would they—

Ms CHAPMAN: Where are they going to be stored? If you cannot get out of the contract—

The Hon. P.F. CONLON: I assume if we purchase them, the same place the ones we purchase are going to be stored. As Rod points out, if we have them we will use them and rotate them in an ongoing program. I think if we have to store 50 or 66, we are going to have to store them.

Ms CHAPMAN: At pages 33 and 34 of Budget Paper 3, there is extra—

The Hon. P.F. CONLON: I indicate that we already have storage proposals at Seaford and Lonsdale for electric trains operating on that line.

Ms CHAPMAN: Under the full-time equivalent of the workforce, there is an explanation at pages 33 and 34 on employee numbers and there is obviously a change of areas of responsibility, some coming in and some going out. The increase in the 1,400-odd full-time equivalents across the public sector includes 138 FTEs for 'additional employees to support the capital program in planning, transport and infrastructure'. How many of these employees are no longer required, given the indefinite suspension of some of the major projects?

The Hon. P.F. CONLON: We are reviewing that at present.

Ms CHAPMAN: So some of those may be discontinued?

The Hon. P.F. CONLON: Some of them will be continued, some of them may not be. The numbers are included there for the Southern Expressway project, which is a major project. I am assuming that capital works doing less than it was going to do will not need as many people. It is under review at present.

Ms CHAPMAN: The footbridge: page 37, Budget Paper 5.

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: Before proceeding with this project—and $22 million of that $40-odd million is allocated this year—did you or your department consider any other cost alternative options, like widening the King William bridge, or a dedicated line for pedestrians on game days—any other alternatives?

The Hon. P.F. CONLON: We certainly had the experience of just 30,000 there at the Melbourne-Port Adelaide match, which Port Power won in a tremendous game. Boak's kick after the siren, seven metres tall—but I am sure you do not want to hear about this. Rod, particularly, does not want to hear about it, as a Crows fan. We did have to close off two lanes of King William Street that day. We closed all of King William Street and gave two lanes over to pedestrians. I do not think that is a good option, and that was only for 30,000 people.

The department certainly did not like my cost-saving notion of draining the lake. I thought that would save a lot of money.

Ms CHAPMAN: We are over the drought; have you caught up with that?

The Hon. P.F. CONLON: We could just walk across.

Ms CHAPMAN: It used to be a creek.

The Hon. P.F. CONLON: The stuff that we have done has been modelled by international pedestrian moving experts, Atkins.

Ms CHAPMAN: So you have looked at it?

The Hon. P.F. CONLON: This is simply the best option to move that many people. We are talking about, I think, 25,000 people of a 50,000 crowd wanting to come back that way. This is the best option. It delivers people not just to public transport, but we think it will give a great deal of vitality to that edge of the city, so we think it is the best option.

Ms CHAPMAN: It may be a very good option, minister, but I suppose the question is, given that other projects have had to be indefinitely suspended and there is apparently a tight fiscal situation, according to the Treasurer—

The Hon. P.F. CONLON: I would believe him if I were you.

Ms CHAPMAN: The Rolls Royce version of a footbridge. You considered the others. Did you even cost the others or did you just not go that far?

The Hon. P.F. CONLON: Cost closing a road? It does not cost a lot to close a road, but people are not going to like it very much every week, I would imagine. When you say 'the others', can you suggest to me what others?

Ms CHAPMAN: Expanding the bridge, closing lanes.

The Hon. P.F. CONLON: Expanding the bridge?

Ms CHAPMAN: Putting an extra lane across? You did, of course, to do the Goodwood tram overpass, when you added to the highway at Anzac Highway.

The Hon. P.F. CONLON: I have been reliably advised by my engineering friend here that you would not reasonably propose widening the King William Street bridge. You would need to widen it by three lanes to achieve the same effect, and we do not believe that is reasonable.

Ms CHAPMAN: All right. So, closing the lane option is one you would say was not really an alternative?

The Hon. P.F. CONLON: Closing the—

Ms CHAPMAN: Closing the lane.

The Hon. P.F. CONLON: No, you do not close the lane; you close King William Street, and even then it is not—

Ms CHAPMAN: Why was the minister—

The Hon. P.F. CONLON: You cannot have it both ways on Adelaide Oval. The Liberal opposition voted in the upper house to require us to deliver an extraordinary number of people to the oval by public transport. If you want us to achieve that, we have to build the infrastructure to do it. You cannot ask us to do it, and then not allow us to do it.

Ms CHAPMAN: In any event, you say that it was necessary and this was the option that is necessary to deliver that. I understand what you are saying. When you announced the $40 million-odd for this bridge, why was that cost—even the $22.5 million here—identified before the government had even decided where the bridge would align, how long it would be and what the design would be?

The Hon. P.F. CONLON: A little while ago, you asked me what the cost would be for undergrounding the rail.

Ms CHAPMAN: Well, you have to actually supply that to Infrastructure Australia.

The Hon. P.F. CONLON: Yes, so—

Ms CHAPMAN: In this instance, you are paying for it.

The Hon. P.F. CONLON: So, you say that I should be able to do that—

Ms CHAPMAN: I am just asking—

The Hon. P.F. CONLON: —with a complex rail bridge underneath a development but it is unwise for us to forecast it. The truth is that in government you are required to budget—

Ms CHAPMAN: It is just that the juncture separation, minister—

The Hon. P.F. CONLON: —and, if you put out a budget—

Ms CHAPMAN: —to be fair, is an identified project here.

The CHAIR: Order! Can we have one person talking at a time? The minister was replying.

The Hon. P.F. CONLON: I am quite happy for her to belabour the point.

Ms CHAPMAN: In any event, you are clever enough to work it out; I think that is the answer.

The Hon. P.F. CONLON: No. We always have to budget for projects that are not entirely designed, and that is because we are the government, not the private sector, which has the freedom not to disclose what they are doing in a year's time. We have to disclose what we are doing over the next four years so, if we intend doing something over the next four years, we have learnt over the years how to make a budget for it.

Ms CHAPMAN: I have just one other question in this section, Mr Chair. This relates to the road resurfacing and rehabilitation works, at Budget Paper 4, Volume 3, page 124. Does the $27.6 million budget for 2012-13 include the resurfacing of Gorge Road, in the Campbelltown City Council?

The Hon. P.F. CONLON: This is the road resurfacing program where the Gorge Road is in it?

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: I will have to find out.

Ms CHAPMAN: Can you provide us with a list of what that is going to be spent on?

The Hon. P.F. CONLON: There is a draft program that is subject to change. We have to adjust our program according to the effect weather conditions may or may not have had on certain surfaces.

Ms CHAPMAN: Can you provide us with a copy of the list, on the clear understanding that it may be subject to changes if there is flooding or—

The Hon. P.F. CONLON: It will say 'draft' on top.

Ms CHAPMAN: —torrential rains, act of God or any other event?

The Hon. P.F. CONLON: Or Morrie Ranger falling off his bike again, making holes in the road.

The CHAIR: We will now move to Land Services and Building Management.

Departmental Advisers:

Mr K. O'Callaghan, Executive Director, Lands, Vehicle Registration and Licensing, Department of Planning, Transport and Infrastructure.

Mrs J. Carr, Executive Director, Building Management, Department of Planning, Transport and Infrastructure.

Ms CHAPMAN: I would like to ask about the new commercial and advertising opportunities or activities that are proposed and detailed at Budget Paper 6, page 77. The government proposes to increase revenue by $7½ million over the forward estimates by amending the Highways Act to permit commercial activity on roads, associated reserves and public transport sites. I am quoting from what is there; I think you are familiar with what we are dealing with.

The Hon. P.F. CONLON: Yes, I know what it is.

Ms CHAPMAN: Subject to that part of the bill, and the budget bill proceeding satisfactorily through the houses, Treasury officials have advised that this will include billboards and services such as petrol stations on land adjacent to main roads. Does the government propose to introduce further paid car parking at public transport interchanges or lease car parking to private operators?

The Hon. P.F. CONLON: I do not know how you get to there from here. My understanding of the origin of this proposal is that someone noticed that we have a lot of long and good roads that do not have service stations on them, and cars really like service stations and cars use roads. I think that is, basically, the origin of it; there is no motivation beyond that. I do not think billboards would be a major commercial proposition, but I know from experience that our transport planning people are pretty careful about the extent of signage that goes on and around roads.

Ms CHAPMAN: I think Mr Hansen has actually recommended that you take it off the buses, but in any event—

The Hon. P.F. CONLON: Who recommends that?

Ms CHAPMAN: Your new Chief Executive, Mr Hansen.

The Hon. P.F. CONLON: He is in a different area. I think what you will find is that principally is around people who want an opportunity to have service stations to provide services to motorists who use the roads. I do not know that that would be the end of the world.

Ms CHAPMAN: In the briefing, the suggestion is that there is a billboard opportunity there—

The Hon. P.F. CONLON: There probably is a billboard opportunity.

Ms CHAPMAN: —as already applies in other states and that this is an area you are moving into.

The Hon. P.F. CONLON: My understanding of it is that I do not think the great commercial opportunity is around the billboard; it is around the service station.

Ms CHAPMAN: So the $7½ million is largely anticipated from service station opportunities, is it?

The Hon. P.F. CONLON: I am not sure how solid the number would be because it has never been done before and people will not know until they explore the opportunity.

Ms CHAPMAN: For the purposes of making that guess or assessment, is it only service stations that are expected to be up and running in the forward estimates, or is it expected to be something else? It does specifically describe it as advertising.

The Hon. P.F. CONLON: Yes, I see what you mean, the commercialisation of road reserves.

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: Those two items, sorry. I was talking about the commercialisation of road reserves, which is principally around service stations.

Ms CHAPMAN: Yes, I understand that.

The Hon. P.F. CONLON: There is public transport assets operating revenue, and that is some existing revenue and some new revenue. I would say this: the fare box contributes something like 25 or 30 per cent of public transport revenue, and the rest is contributed by the taxpayer. If we can reduce the call on the taxpayer by generating revenues somewhere else, we think that is a good thing, and I think we do it in a very tasteful fashion.

Ms CHAPMAN: In any event, paid car parking, or leasing out to private operators, is not being considered at present; is that your understanding?

The Hon. P.F. CONLON: There are two things. I was talking about commercialisation of road reserves, which is a new thing.

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: The advertising is an old thing that may be expanded. There is nothing in the proposal here about car parking.

Ms CHAPMAN: That is what I am asking you. Okay, that is fine.

The Hon. P.F. CONLON: That is why I was explaining earlier that the commercialisation of road reserves is around service stations.

Ms CHAPMAN: If I can go to the advertising and the billboard opportunity that has been referred to, are the advertising opportunities going to be open to anyone, or is preference going to be given to other government departments, for example?

The Hon. P.F. CONLON: I think it is open at present to anyone, as long as they do not advertise something that we do not consider to be appropriate.

Ms CHAPMAN: I think at the moment, minister, that is why we have it in the budget bill. We have to change the law so that you can do it, and we are happy to look at that because at the moment—

The Hon. P.F. CONLON: You are happy to look at the budget bill? Thank God for that! It will prevent a constitutional crisis.

Ms CHAPMAN: There are provisions which mean that you cannot do it at the moment. That is what we are told in the briefings by your department. We need to change the law to enable you to do it.

The Hon. P.F. CONLON: I do not think that there has been a suggestion that advertising on our trams and buses is against the law.

Ms CHAPMAN: No, I am talking about on the highways and along the side—big advertising opportunities that have been discussed in the briefings. I am simply asking, to your knowledge, is that going to be available to everyone to advertise, provided it is tasteful?

The Hon. P.F. CONLON: I have said that it is an extension of something we do. Our advertising is available to anyone who advertises things that we do not think are inappropriate. If the Liberal Party pays enough, they may well get a political advertisement.

Ms CHAPMAN: That was going to be my next question. Is there any restriction on political advertising?

The Hon. P.F. CONLON: I do not think we should have political advertising. My own initial view is that I do not think we should have political advertising because it will raise issues about whether people think it has been paid for or not.

Ms CHAPMAN: In relation to property—and, remember, we are looking at amending the legislation to enable the government of the day to use these properties for commercial purposes—will the government be disclosing to the owner of property when it is compulsorily acquired for the purposes of these major highways, in the compulsory notice acquisition, that there may be a commercial purpose or activity developed on it, and will the compensation in future recognise the opportunity for commercial activity?

The Hon. P.F. CONLON: It is not our intention to compulsorily acquire lands so that we can use it for a commercial enterprise—not an intention at all. We are principally talking about land that we have already acquired in the past for our purposes. What has occurred traditionally is that I think the land at the side of the road becomes a reserve and is usually managed by the local council or something like that. It seemed to us that two interests intersected, in that motorists may well want to have some service along that road and, therefore, there would be revenue to the taxpayer for it, but it will not be the case that in future we acquire land with an eye to the commercial use of it. It is merely an opportunity to make a greater return for the taxpayer on an investment that they have already made.

Ms CHAPMAN: It is just that the bill, minister, as you are no doubt aware, also provides for future acquisitions which can then be identified under a prescriptive process by the minister. So it is not just the four major superways or highways that you have going now, but others in the future.

The Hon. P.F. CONLON: We have an existing right to acquire land for our purposes, the purpose of building roads.

Ms CHAPMAN: Let me put a specific one to you. The South Road Superway project included a $30 million acquisition of property for the purposes of preparing the material for that project, which, in the budget, is proposed ultimately to be sold off when you have finished doing your superway—

The Hon. P.F. CONLON: You are talking about the casting yards?

Ms CHAPMAN: Correct; that is a property that you have acquired. Particularly given the downturn in the real estate market we discussed in the previous session, is it the government's intention to establish any commercial activity on that property pending sale?

The Hon. P.F. CONLON: It seems unlikely, but can I come back to your earlier question about land acquisition? You are drawing the connection that if we can use it for commercial purposes and if we have acquired it from someone—

Ms CHAPMAN: Sorry?

The Hon. P.F. CONLON: You have drawn this connection that we should compensate people if later it is going to be used for commercial purposes as well. I am reliably advised by our people that land valuation will take into account the value of the land, and if the land, as a consequence of our acquisition, has a value that includes a potential commercial value, the valuer will take it into account. That is why it is called compensation, you get what you lose.

Ms CHAPMAN: As you know minister, the problem is that, if land is zoned in a certain way and is acquired for the public good of developing a highway, for example, and there is spare space down the track for an opportunity for commercial activity, and the government is then in a position to rezone and to develop, that would be a situation where, perhaps inadvertently, the government would be able to develop a commercial activity, sign up to service station providers, for example, with a long term lease as a commercial activity, which would otherwise have not been available for the purpose of evaluation for the original owner, who of course is losing it under a compulsory acquisition.

The Hon. P.F. CONLON: You have to be careful how far you go. Whenever we build a major piece of infrastructure there are often windfall gains for people.

Ms CHAPMAN: There may be, but I am just simply asking that question.

The Hon. P.F. CONLON: When we built the Northern Expressway there was substantial potential rezoning around that corridor from low value land. Whether it realises all or some of that, we are not going to be able to adjust the process of land acquisition for every possibility that might

occur into the future. Similarly, sometimes our works do change the way people move or travel and do substantial damage to existing businesses. I like to cycle past the old Eagle on the Hill Hotel, where I think Agostino lives now.

Ms CHAPMAN: Mr Agostino lives in my electorate indeed, yes.

The Hon. P.F. CONLON: It was not much of a pub once they moved that big road, I can tell you.

Ms CHAPMAN: Your predecessor actually wanted to close the road: we did keep it open. Keep that in mind, along with Britannia roundabout, at the forefront.

The Hon. P.F. CONLON: Write that down: the road past Eagle on the Hill and Britannia roundabout. If I give you both those things you will never bother me again.

Ms CHAPMAN: Is that a promise?

The Hon. P.F. CONLON: I was just trying to work out your part of the deal.

Ms CHAPMAN: We will negotiate. I refer to Budget Paper 4, Volume 3, page 122 and Budget Paper 5, page 36. It is really the government employee housing. The government has been promising $15 million worth of government employee housing at Roxby Downs since 2009. Every year the housing is delayed, and the current budget will not be completed—

The Hon. P.F. CONLON: Did I promise that?

Ms CHAPMAN: Your government—2009. I don't think you had Ms Fox assisting you back in 2009, great assistance that that is.

The Hon. P.F. CONLON: She is a wonderful woman: that is not a very charitable thing to say, she is doing a very good job.

Ms CHAPMAN: Of course she is, and I will be expressing my condolences to her in due course later this morning on another matter. Every year the housing is delayed and in the current budget it will not now be completed until mid-2013. Why has this project been delayed?

The Hon. P.F. CONLON: I think BHP is similarly taking a long time.

Ms CHAPMAN: Dragging the chain?

The Hon. P.F. CONLON: I would not say that. They have an enormously substantial investment that they have been careful about making. My understanding is that the provision of housing has always been addressed towards that very significant BHP expansion. It is only wise that we would time the provision around the expansion of the Olympic Dam mine.

Ms CHAPMAN: Except that you are dealing with highway developments, which I was going to raise later, to service Olympic Dam.

The Hon. P.F. CONLON: Yes: it is $25 million worth; it is not $30 billion.

Ms CHAPMAN: And they're paying?

The Hon. P.F. CONLON: They're paying later—we're paying now and they're paying later.

Ms CHAPMAN: Nevertheless, you have a commitment from them to pay, but this is the commitment that your government made in 2009 in anticipation, obviously, of Roxby Downs both staying there and developing, if the indenture were passed, all of which has happened. Why was this been delayed another year? Is it simply because they have not signed up in London, or why?

The Hon. P.F. CONLON: No, it is a simple, practical thing. The expansion of housing is based on the expansion of the workforce. We would seek to expand the housing to coincide with the expansion of the workforce. We are still of the view that Olympic Dam pulls the trigger this year, the workforce expands and we expand the provision of housing, but it is an unremarkable thing.

Ms CHAPMAN: Under the commercial property management that you do, minister, which is at page 150 of the portfolio volume, you have projected that the government will be leasing 310,000 square metres of property in the year 2012-13. What is the total value of these leases?

The Hon. P.F. CONLON: Are you talking about everything we lease for our purposes?

Ms CHAPMAN: Yes.

The Hon. P.F. CONLON: Off the top of your head, Judith?

Ms CARR: Off the top of my head, no, but I can certainly provide it.

Ms CHAPMAN: Thank you. With the selling off of the government precinct in Victoria Square, which was announced for sale last year, is it anticipated that there will be any sale or income received from any part of that precinct in this 2012-13 year?

The Hon. P.F. CONLON: I think you are referring to Treasury responsibility on those sales, but I am happy to get back to you on it. We lease the buildings, so we will be the agent for leasing the buildings, but my understanding is that Treasury is the agency responsible for actually selling the buildings.

Ms CHAPMAN: There is nothing in your forward estimates or anticipated that you are going to have to find the Premier's cabinet officers and the education department some other offices. Is there anything in your forward estimates to provide for their relocation into leased premises?

The Hon. P.F. CONLON: No, I think part of the attraction of the sale might be having nice government tenants, I am sure; but no, that is not the case.

Ms CHAPMAN: So your anticipation is that you are not going to have to provide for that, that there will be—

The Hon. P.F. CONLON: Provide for moving people out of the buildings that we sell?

Ms CHAPMAN: With fairness, minister, we have had SA Water move out into Victoria Square, and we have had your transport department move from Walkerville into the old building. We have had a bit of musical chairs when it comes to government departments and their sell-off, but they have not always stayed in the same property that was onsold; in fact, I think largely they have not. So, you now have quite a significant portfolio of leased properties that your department manages for the purposes of accommodating government tenants.

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: But in this project I am referring to, your best guess at this stage, if I am hearing you correctly, is that the government tenants in the Victoria Square precinct are likely to remain in those buildings or offer to remain in those buildings as tenants.

The Hon. P.F. CONLON: It is better than a guess. I would say that it is a very high likelihood.

Ms CHAPMAN: I am happy to move on to transport planning services.

The CHAIR: We will do that after the break. Have you finished that line?

Ms CHAPMAN: Yes, I am happy to do that.

The CHAIR: I suggest that we reconvene at 11:10.

[Sitting suspended from 10:53 to 11:10]

The CHAIR: We are now into Transport Planning Services. I will ask the minister to introduce any new advisers who have joined him.

The Hon. P.F. CONLON: No, all the same people.

The CHAIR: Before we start, I have been reminded that we are live streaming, so everything is being picked up.

Ms CHAPMAN: I refer to Budget Paper 4, Volume 3, page 129. Here in the 2011-12 Highlights are included the work on the infrastructure plan and an update of that, the South Road Planning Study, strategies for freight, strategies for ports, but there is no mention of progress on the draft transport plan. Since that was promised 10 years ago, how is it going?

The Hon. P.F. CONLON: I think that the member for Bragg may have missed a few events in the last 10 years.

Ms CHAPMAN: You mean we've got one and I missed it.

The Hon. P.F. CONLON: Including countless comments from me about this, but also the release of the 30-year plan on transport and land use which informs so much of what we do. You asked earlier about purchasing the Caroma site. The use of the 30-year transport and land use

plan, which we think is the best way to plan for the future, not roads in isolation, allows us to inform strategic decisions like the purchase of the Caroma site. You didn't see a reference to the transport plan because we never had the intention of putting one in. The nature of the planning we have done from the strategic plan down to the infrastructure plan and the 30-year plan on transport and land use planning, we believe, is the best planning regime in the country. In fact, some people have said that to us.

Ms CHAPMAN: So that I am clear then—

The Hon. P.F. CONLON: COAG, in fact, said that to us.

Ms CHAPMAN: Yes. As you probably know, the new Minister for Planning, the Deputy Premier, is not disclosing a number of the submissions in relation to the 30-year plan, so the usefulness of that in relation to future transport planning may well be an issue. No doubt, we will let the District Court decide that. The reason I ask, minister—and it seems from your answer that we have abandoned any progress of that because you have said it is redundant and covered by another plan—is that a number of stakeholders have approached me, and probably you as well, to say that there is still a need for a transport plan. Is there any consideration going to be made to produce one or are you just simply saying no?

The Hon. P.F. CONLON: I keep an open mind on so many subjects, but what I would say is that I have a difference of viewpoint in that these people see a very narrow focus on planning. I think what we have done is as good as it can be done in the country. Recently I was at the Transport Ministers Conference where, again, the planning system and the way we do things here was commented upon as being a very good model for the nation.

I will continue to talk to people who believe that the transport plan as a stand-alone plan is a good idea. I am not convinced as yet, but I believe that I am having lunch with the RAA board very soon and I am sure that they will make that viewpoint known again. I would say to those people and to everyone who is interested in transport in South Australia that, while you may have a view that a stand-alone transport plan is better than an infrastructure plan and a land use and transport plan—

Ms CHAPMAN: Just an addition.

The Hon. P.F. CONLON: You may well believe that, but what you cannot contest is that under the planning we have used the level of transport infrastructure investment is the highest we have ever seen. One aspect that we have certainly got right is the actual delivery of projects rather than simply the planning of them. Since 2002 we have delivered the Bakewell Underpass; the Gallipoli Underpass; the Northern Expressway; we are currently duplicating the Southern Expressway; we delivered two bridges; completed the Port River Expressway; delivered road and rail bridges over the Port; and we have deepened the port at Outer Harbor—we are way ahead of the Victorians seeking to do theirs.

We are currently working on the South Road Superway and we are continuing planning on the main north-south corridor. By any objective standard, the investment in transport infrastructure in the last 10 years is greater in magnitude than any we have previously seen in the state's history. So I will stick with what we have unless someone has a compelling argument, because I think it is working.

Ms CHAPMAN: Thank you, minister.

The Hon. P.F. CONLON: We did not get the Britannia roundabout done; however, I know you know that.

Ms CHAPMAN: Yes, I notice that has been missed—daily I notice that you missed that. I am sure that when you get on to these TODs you will understand how important it is to fix up the Britannia roundabout so that you can move all those new dwelling residents in and out of Adelaide.

The Hon. P.F. CONLON: I think you should do a deal with Michael Atkinson on a joint bill that reopens Barton Terrace and does Britannia roundabout at the same time.

Ms CHAPMAN: The mind boggles! I don't think I want to do anything with the member for Croydon. The member for Chaffey has some questions on the ferry.

Mr WHETSTONE: Minister, the reference is Budget Paper 4, Volume 3, page 132. The 2010 Sustainable Budget Commission report recommended the closure of the Lyrup and the Cadell ferries, and the government announced the closure of the Cadell ferry on 13 June 2012. Has the government signed the five-year contract on the Lyrup ferry?

The Hon. P.F. CONLON: It is a five-year contract on the Lyrup ferry.

Mr WHETSTONE: Do these contracts have provision for the government to exit arrangements for the ferry service at any time during that five-year period?

The Hon. P.F. CONLON: I do not believe so. Let me make it plain: we have absolutely no intention of discontinuing the Lyrup ferry. I also make it absolutely plain that we are not seeking to reduce our budget for ferry services. What we have sought to do, on evidence supplied to me by the transport department, is maximise the use of that money across the ferry services by discontinuing the service which has a combination of best alternatives to the ferry with the least number of users. There is absolutely no intention to discontinue the Lyrup ferry.

Mr WHETSTONE: Were any of the councils, residents or businesses in the region consulted on the decision to close the ferry service prior to the announcement, which was only three weeks before the announced closure? Were there any studies or research commissioned by your department or DPTI or any of the other agencies analysing any of the impacts, social and economic, in either Cadell or the Riverland region about the closure?

The Hon. P.F. CONLON: Can I say that I have discussed with my people that I do not think we did enough consultation with the locals. I do not think we did as much as I would have liked, but what I can say is that the people in our department certainly had to convince me—and I explained it to cabinet—of the underlying logic and reason for it. They convinced me that the counts they took and the times they took them were compelling evidence.

At the end of the day, can we make it clear that we are talking about taxpayers' funds here. That is the only sort of money we use, and they convinced me that it should be used elsewhere. They advised me that they consulted with the government agencies, the education department and the CFS. What I have said to your counterpart, whom I have met on this issue, the member for Stuart, is that really on this there was some information that we had got wrong. I could not see how the decision would be reversed.

Nothing in longer consultation, in my view, would have changed that basic information, but I would have preferred that our people had consulted earlier locally. At the end of the day, I do not think it would have made a material difference to the outcome of the decision because—and I say it again today—the decision is made on a set of information that is persuasive, and unless there is something wrong with that information I could not see why the decision would change.

Taking away a service is not something that is done lightly. It is not pleasant. It is certainly not pleasant for those people whom it affects, and for that reason you do look at the information very carefully, and the information provided to me was persuasive to the point of being compelling. While I think consultation might have been better, the material difference it made is probably not large.

Mr WHETSTONE: Could I suggest then, with the public consultation that was performed last Thursday night at Cadell, that it would be fair to say that your staff obviously did not have the concerns of the public, of not only the people of Cadell but the people of the region who attended that meeting, with their reasoning behind their justifying taking the service off?

The Hon. P.F. CONLON: No, not at all. I do not accept that at all. Our staff do not get any benefit out of removing a service. They do not get any benefit out of attending a meeting with many angry people who are affected by it. The benefit that flows is an improvement to the overall ferry services, the capacity to run those ferry services across the Murray sustainably. Our people did not do these things without a view to the impact on people.

Department staff are human beings with families who feel pretty much the same sort of human emotions that other people do, and they do not enjoy the fact that their decisions disappoint people. Setting aside the issue of consultation, what I would say to you is that I believe they assembled the information that was provided to me by them accurately and honestly. If they did not, then I would not support the decision. They did it with the best intention for the provision of services. It is a difficult thing for them, as it is for all of us, to remove a service.

To suggest that they do not have a regard for the people there or the region is completely wrong. In fact, as I say, this is not an issue of a budget cut; this is an issue of the department seeking to improve the sustainability and the performance of the overall ferry services in the area by the cancellation of this one service. That is not something taken lightly, and I think that the departmental staff who go there would understand completely the anger of locals. To suggest that they do not feel for them I think is a very poor reflection and it is not accurate.

Mr WHETSTONE: Just on reflection, your staff were on radio that following morning saying that they already understood the impacts of the region and that they had learnt nothing new from the public meeting that prior evening.

The Hon. P.F. CONLON: I have to say that it is much easier to have a conversation about this with the member for Stuart, who is passionate about his local members. Blame me, do not blame the staff; I am the one who makes the decision. At the end of the day, the staff could have come to me and I could have said no. So, blame me. Go out there and bash me up.

The truth is, and you have to put everything in context, what I said to the member for Stuart is that it would take something substantially different from the information I have been provided. One of the key points raised at the meeting was that the department had done the counts at the quiet time of the year, and that is not correct. The department showed me that it had done counts, including months such as January and December.

It is simply not true that the counts were done at the wrong time of year. I do not know what the department said on radio, but what I will say to you is this, if we can be clear about it: my view to the department is that, if its information is right, I will make the decision, and it is me who makes the decision, not the department. So, blame me. If the information needs to be changed because of something we did not know, that would be the way we would change the decision. But if the information I have received is correct, I cannot see the decision changing. I cannot be clearer than that; that remains my position.

What I would say is that, flowing from the meeting, there was very understandable anger and disappointment, but we do not have a substantial change in the information upon which the decision was based; that remains the case. That is my view, not the department's view. So, if you want to go out and whack someone, go out and talk about me.

Mr WHETSTONE: Minister, I can assure you that I am not whacking you. Some of that information you received on people travelling on that ferry is outdated. It might have been that they took that data from previous years, at the end of January or February, but it was at the peak of the drought, it was at the peak of no tourism.

The Hon. P.F. CONLON: Here is what I will say to you: if you can show that the information is wrong, that is when I would be prepared to reconsider. This remains the same message. If that—

Mr WHETSTONE: I am not saying the information is wrong.

The Hon. P.F. CONLON: Okay, but I am not sure what you are saying then. What I say to you is this: the information provided to me, I believe, was honestly and accurately made by the department and, on the basis of that, I felt that the decision was compellingly the correct one. I have said that the way in which the decision would change is if there was information we did not know about. What I am saying again is that, if that is the case, nothing has been provided that alters the information so far.

Mr WHETSTONE: Minister, I have one final question. If there is information, whether it is economic or social impact, that would give you some cause for concern, would you consider an extension of that service to remain until that evidence had been analysed?

The Hon. P.F. CONLON: It would have to be something as compelling as the original case. It would have to be something compelling. It is enormously difficult taking away something people have had for a long time—

Mr WHETSTONE: Over 80 years.

The Hon. P.F. CONLON: Exactly. It went there in 1921, and we can count how many bridges and how many other ferry services and how many sealed roads that were there in 1921. That is the truth of the matter. The truth of the matter is that, say, the ferry was not there and there was a proposal to start one, no-one would do it because it would not be viewed as a priority against services. It simply would not. It would not be viewed by anyone as being the right priority among services.

If I sound cold-hearted, I am sorry because I am not. It is not a question of taking a small budget cut to give back to the Treasurer: it is about increasing the sustainability and the future viability of all of those ferry services that operate on the river. None of us likes doing these sorts of things. I can tell you that, if one day you are in government, you are probably going to do things you do not like doing.

Ms SANDERSON: At last year's budget estimates you said there would be no need for any pokies at the Adelaide Oval complex. Given the Oval's recent application for an extended hours liquor licence, do you still believe this will be the case?

The Hon. P.F. CONLON: Can I say we do not need pokies to build Adelaide Oval. Adelaide Oval is going to be a world-class, state-of-the-art sporting facility that revitalises the city regardless of what entertainment functions they put in there. There is no doubt that alcohol will be an element of the facilities at the new oval, because it is at the old one and I think it probably is at every sporting facility in Australia—unless there is one run by the Mormons or something; I do not think so—so that is there. The issue of what the authority at the Oval does with the licensing authority is for the parties who run it, not for us.

I could have saved a lot of air by saying they have ruled out pokies, but there you go: Andrew Daniel of the SMA has ruled out pokies. It is not unusual that the venue would seek to make money out of alcohol; I have to say it would be extraordinary if they did not. I reckon there would be three people on this side of the chamber who have probably had a drink in the committee room at Adelaide Oval—at the cricket at some point or something like that, somewhere out the back; lovely spots out the back—a cold beer on a hot day.

Ms CHAPMAN: Before we move on to the road safety matters, I have some further questions in relation to the decision on the Cadell ferry. Essentially, representatives of your department were the bearers of the news at the recent public meeting and opened the presentation with, 'It is the government's intention to close the ferry.'

The Hon. P.F. CONLON: Yes.

Ms CHAPMAN: They outlined some data as to patronage or the lack thereof as a basis upon which it was not viable, but assurance was given that the proceeds of saving on the closure of the service would be applied to other ferry services.

The Hon. P.F. CONLON: Yes; that had better be the case, because that is what they told me.

Ms CHAPMAN: That was the essence of their presentation. They may or may not have come back to you with this, but a number of the issues that were raised on the evening included that the data was not comprehensive and that it would have been reasonable to at least take a 12-month period, throughout-the-year tally rather than having identified as long as 10 years before for a particular month which they said was not their peak period.

Secondly, the producers of the area utilise the ferry in the evenings for the efficient delivery of their produce. Thirdly—very significantly and very loudly—was the argument that the existing alternative facilities in neighbouring towns were at peak level for some months during the year and that the capacity to accommodate those that would flow on from the closure at Cadell would overload an already up to two-hour wait.

At the social level, the reduction of numbers of children at the school was raised. The safety capacity for the CFS truck to be able to get to fires on the other side of the river—the safety issues alone and travelling extra time for families were all factors that were raised on the evening. Whether they were reported back to you in detail I do not know, but they are all issues which I think you would agree are the things that the department is supposed to look into, according to your own guidelines that have been operating since 2003, before a service is axed.

The Hon. P.F. CONLON: Can I say that—

Ms CHAPMAN: If they have not done that exercise, will you at least agree to extend this service until that exercise has been done?

The Hon. P.F. CONLON: No, I won't, because—

Ms CHAPMAN: Because how can you possibly know all the information, of which I have just touched on a few things—

The Hon. P.F. CONLON: In fact, there is nothing you have touched on that was not raised by the member for Stuart in conversations with him before the meeting.

Ms CHAPMAN: Those matters, though, had to be investigated before the decision was made.

The Hon. P.F. CONLON: When you finish your speech I will answer you. In the matters you raised, I come back to your first point last: the CFS was consulted and the education department was consulted.

Ms CHAPMAN: In that, do you have an assurance from the education department that they are not going to close the school, for example? Do you have an assurance from the CFS that they are going to keep the fire truck there?

The Hon. P.F. CONLON: You say that, but I come back to your first point about the data: member for Bragg, there is no data that could have been provided by our people at the meeting that would have had them say, 'Oh well that's right, okay then, we had better close the ferry.'

Ms CHAPMAN: That is because they did not do it.

The Hon. P.F. CONLON: Exactly. There is no data in the universe that would have convinced the people at the meeting.

Ms CHAPMAN: They did a trial in the month of August.

The Hon. P.F. CONLON: You are simply not representing the facts. We can tell you when the data was taken; if you like, Andy can run through that with you.

Ms CHAPMAN: From 1999, I think, from recollection, and the last—

The Hon. P.F. CONLON: Here is what I will say to you: if you want to have an intelligent and reasonable conversation about this, we will have it; if you want to use the people of Cadell on the grandstand on which you make your political points here today, you can do that. I am not going to be—

Ms CHAPMAN: These are your rules, minister. These are your rules, and we are just asking—

The Hon. P.F. CONLON: Okay, you have chosen your path.

Ms CHAPMAN: We accept that you make a decision, we accept that. It is your responsibility, and it is appropriate that you take responsibility for it, and I accept that. The people sitting around you are really just sent as the messengers, but these are your rules that require that level of consultation before they make the decision or put the recommendation to you to make that decision, and they have not done that.

The Hon. P.F. CONLON: Well, that is your view. In my view, I am assured that they have made the level of consultation on those areas.

Ms CHAPMAN: They told us on the night that they had not. They had not told the council, they had not talked to the stakeholders there, except for two government departments.

The Hon. P.F. CONLON: I am not going to try to out shout you. If you have a question to ask, I will answer it, and I will answer it honestly. If you have a speech to make, I suggest you make it in another forum.

Ms CHAPMAN: But we have done that, minister.

The Hon. P.F. CONLON: This is not the appropriate one.

Ms CHAPMAN: Can you assure us that in future decisions you make in regional areas you will ensure your department complies with your own rules.

The Hon. P.F. CONLON: What I—

Ms CHAPMAN: That is all we are asking.

The CHAIR: Order!

The Hon. P.F. CONLON: That is not what you are asking. You are asserting, by your very question, that we have not, and what I am telling you is that my advice is that we have. You may take the point for whatever political reason you have to assert that one set of facts is the case. I am telling you that a different set of facts is the case. We will leave it to people to make a judgement, but what I will say is that I do not believe that there is any set of facts I can present to the people of Cadell that would make them happy about losing their ferry service. I do not think there is.

Ms CHAPMAN: Can I put this to you, minister: I am now reading from the document, titled A Guide to Regional Consultation, which is, according to this document—

The Hon. P.F. CONLON: Can I—

Ms CHAPMAN: —a policy which is implemented today and which requires these questions to be asked.

The Hon. P.F. CONLON: Mr Chair—

Ms CHAPMAN: I am just putting the question.

The CHAIR: Order!

The Hon. P.F. CONLON: —I have been extremely tolerant about questions that are not about a budget cut at all. They have not had anything to do with the budget.

Ms CHAPMAN: These are budget cuts. These are very serious budget cuts, minister—you know that.

The Hon. P.F. CONLON: It is not a budget cut. That is another invention. It is very hard for me to deal with an issue if the member for Bragg is prepared to misstate the facts. There is no budget cut to the ferry services.

Ms CHAPMAN: There is a clear disclosure in here, Mr Chair, of the five-year contracts being renewed. It is confirmed that it does not relate to this service. It has been cut.

The CHAIR: Do you have a specific question on this line?

Ms CHAPMAN: I do. Minister, the document says, 'The questions to be asked on the access of other impacts on the community—'

The Hon. P.F. CONLON: Which document?

Ms CHAPMAN: I am reading this from the guideline document, as to why this had not been done.

The Hon. P.F. CONLON: Which guideline document?

Ms CHAPMAN: Page 132.

The CHAIR: Which guideline document? You referred to it earlier.

Ms CHAPMAN: I am referring to page 132 in relation to the River Murray ferries for a further five-year period. It is also referred to, River Murray ferries, at page 131. My question is: why, under the guidelines, did your department not cause these questions, which are required, to be asked: does the proposal have an impact on small business, does the proposal have an impact on the environment?

The Hon. P.F. CONLON: Can I cut you short? You are wrong.

Ms CHAPMAN: Does the proposal have an impact on families and safety?

The CHAIR: Order! Minister.

The Hon. P.F. CONLON: Thank you.

Ms CHAPMAN: And does the proposal have an impact on the regions?

The Hon. P.F. CONLON: Can I say—

Ms CHAPMAN: That is all I ask. That is all we want the answer to.

The Hon. P.F. CONLON: No, it is not all you ask; it is what you are grandstanding with now, and I can understand—you are like a moth to the light ,and you have seen some cameras—

Ms CHAPMAN: You can diminish it, minister.

The CHAIR: Order! The minister is talking. Order, please!

The Hon. P.F. CONLON: I am not diminishing. Can I say this: our decisions affecting those people were taken with great consideration. No-one enjoys it: none of the staff enjoy it, no-one enjoys it. There has been no budget cut, despite the assertion. The assertions made by the member for Bragg are wrong. It is painful for all of us to do this, and it is, I think, a little distasteful, given that we deal with the local member and deal with someone else associated, for the member for Bragg to decide arc up when the cameras turn up on the backs of the people of Cadell. They may fall for it, but I tell you what, I'm not.

Ms CHAPMAN: The further question I have in relation to the ferry is this: your officers advised the meeting that the money that would be saved would be reapplied to the cost of other ferry services in the district, that is, the increased cost, which we expect on every service to be provided, would be allocated for that expense. That may be so, but it is not an acceptable explanation to the people of not just Cadell. You forget that it is not just the member for Stuart, but there is a whole district there who use this service.

The Hon. P.F. CONLON: What I do not understand, member for Bragg, is that your questioning on this and other matters seems to have become so much more strident and inflamed since cameras turned up.

Ms CHAPMAN: You refused to answer the question.

The Hon. P.F. CONLON: I didn't know this was a question.

Ms CHAPMAN: Prior to that you were actually doing quite well.

The Hon. P.F. CONLON: Thank you, member for Bragg; your good thoughts are what keep me going. I could not discern a question in your last short, inflammatory speech. I am quite happy to answer honestly all of your questions. What I am not prepared to do is try to argue your misstatement of facts, your misstatement of what actually occurred, your allegations of a budget cut that does not exist. We have been over and over this, and I say again: money has not been reduced from the ferry services. This was an attempt by decent, hardworking people to try to improve the overall sustainability and viability of ferry services without cutting a budget. It is not something anyone enjoys doing.

Cabinet looked at this and we considered it on its merits, and I knew there would be people who would be very unhappy and local members who would present strong arguments, as the member for Stuart has done for his people, and I knew there would be people who would use it as a political grandstand as soon as the cameras turned up, which you have done.

Ms CHAPMAN: Is that why you kept it a secret until they were told last week? Is that why you deliberately kept it a secret?

The Hon. P.F. CONLON: Again, here we are: the inflammatory allegations when the cameras turn up. It is just a little bit sad.

Ms CHAPMAN: We now know that you claim that, if a service is to be dumped, it is not a budget cut because you are using the money somewhere else. If that is the new definition, the new threshold, on which the government operates, that is, blow the people in this regional area because it is not a budget cut—

The Hon. P.F. CONLON: Can we have some modicum of courtesy in asking questions?

Mr WHETSTONE: Or in answering questions.

The Hon. P.F. CONLON: Sorry, do you want to ask a question too? We will come to you in a moment.

Ms CHAPMAN: Why did you keep it a secret?

The Hon. P.F. CONLON: It was not kept a secret; it was consulted. It was not kept a secret—there was a public meeting on it.

Ms CHAPMAN: Until a week ago.

The CHAIR: Hold on, please—let the minister finish.

The Hon. P.F. CONLON: The definition of a budget cut is when you reduce the amount of money you are paying towards a service.

Ms CHAPMAN: When you thrash a service, that is what it is, and you know it.

The CHAIR: Order!

The Hon. P.F. CONLON: So people understand, were that service to pay for itself, it would need a charge of about $30 per ride—right?

Ms CHAPMAN: Ten, they told us the other night.

The Hon. P.F. CONLON: That's not what I was told.

Ms CHAPMAN: Well, Andy, tell him—it was $10 the other night, you told us.

The CHAIR: Order!

The Hon. P.F. CONLON: Come back to the point: the reason that service was chosen, to go over the point coolly, was that it had the lowest frequency, combined with the highest number of the closest alternatives. It was last considered for closure in 1990 or something like that—1991. The reason it was not closed then was the existence of a business, which closed in 2008. These people have not sought to cut a budget: they have sought to take that money and make other services more sustainable. The member for Bragg herself points out that the service down the road is oversubscribed and that there are more people seeking to catch it than can catch it.

I have got to say that some people would say that is an argument for redirecting your effort to where more people want to catch the service; that is the logic that has been used. It is not a pleasant exercise to take away a service, it is not something we ever expected that the local people would like but, at the end of the day—and if they are ever in government they will find it—government simply cannot provide every service that everyone wants. It seeks to direct the effort to the best outcome for the most number of people.

The truth is that this money has not been cut from the budget: it has been directed to getting a better outcome for a larger number of people. I guarantee you that if, God forbid, the opposition ever does make the government, they will have to do things they do not enjoy or they will not be fit to be the government.

The CHAIR: We are due to go to road safety budget lines, so we should wind up these questions.

Ms CHAPMAN: Well, I can tell you the people at Cadell are very worried about road safety.

The Hon. P.F. CONLON: Here we go. Why do you only fire up when the cameras are here?

Ms CHAPMAN: My final question is: did you receive an assurance from the department of education, on the consultation of two that you did, that the school would not close or reduce the class services available? Did you?

The Hon. P.F. CONLON: It is not for us to determine when schools close or do not close.

Ms CHAPMAN: No; you don't care.

The Hon. P.F. CONLON: It is not for us. It is for us to consult with the education department to ask them what the impact of this would be, and we are quite prepared to tell you the answers of that consultation again, if you wish.

Ms CHAPMAN: Thank you, I would appreciate that. What was it?

Mr MILAZZO: We were told by the education department that schools will not close unless there is a vote in the community.

Ms CHAPMAN: That is the law.

The CHAIR: Please don't interrupt.

Mr MILAZZO: We were also told at the meeting that the Lyrup school, I understand, is continuing with a student population of five children.

The Hon. P.F. CONLON: Okay?

Ms CHAPMAN: My question was: was any assurance given?

The Hon. P.F. CONLON: No, because the answer does not suit the sort of strident case—

Ms CHAPMAN: I was just asking: was any assurance given?

The Hon. P.F. CONLON: The school has 21 students, the Lyrup school has five.

Ms CHAPMAN: Minister, you know the law.

The Hon. P.F. CONLON: The Lyrup school stays open. There are six students who travel a long way to go to the Cadell school, which we found surprising. They are the most likely ones to seek to go to the closer school, but I think the Lyrup school staying open with five answers your question. The truth is that the education department was properly consulted; that is the main point. You can try to dress it up with a speech from the stump, but the case is that they were consulted. That is the answer, and I think it is a perfectly reasonable one.

The CHAIR: This minister is due to leave us at 12:15 and we have got road safety budget lines scheduled from 11:45. Are people happy to move on to that now?

Ms CHAPMAN: Thank you.

Departmental Advisers:

Mr R. Hook, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr M. Small, Director, Road Safety, Department of Planning, Transport and Infrastructure.

Mr M. Palm, Director, Investment Strategy and Divisional Finance, Department of Planning, Transport and Infrastructure.

Mr M. Clemow, Chief of Staff.

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

The Hon. P.F. CONLON: I have got to hear this question again from the member for Chaffey. It has got a bit of Jean-Paul Sartre about it, I think. I have got Martin alongside me—they have just moved around—and some New Zealander down the end.

Ms CHAPMAN: No, we had a New Zealander—it was the premier. We got rid of him.

The Hon. P.F. CONLON: That is so uncharitable. The man is not here anymore. Suck in the good air, breathe out the bad—let us put all of this behind.

Ms CHAPMAN: If you could introduce me to your next new advisers, that would be great.

The Hon. P.F. CONLON: Martin Small and Martin Palm.

The CHAIR: Okay; let us commence on road safety budget lines. Member for Bragg.

The Hon. P.F. CONLON: I want to hear the question again from the member for Chaffey because it didn't make any sense to me. Would I close down a road because it has a pothole? No.

Mr WHETSTONE: You'd fix it or you would make budgetary savings or measures to fix it.

The Hon. P.F. CONLON: Well, we would fix a pothole, yes. Can you explain what the analogy is to me?

Ms CHAPMAN: I am pleased to hear that because I think the member for Reynell when I first got here described potholes as a tourist attraction, so I am really pleased we have had a change on that.

The Hon. P.F. CONLON: I am reliably advised from some people who have just returned to England that they have far more potholes than we have which I think is amazing given a pokey little place like that. The member for Chaffey asked his question apropos the Cadell ferry, and I am struggling to understand what analogy he is seeking to make.

Mr WHETSTONE: Haven't we moved on to road safety, minister?

Ms CHAPMAN: Page 36 of Budget Paper 5—

The Hon. P.F. CONLON: I hope you have some more questions.

Ms CHAPMAN: —which relates to the Port Augusta to Olympic Dam shoulder sealing project. This is referred to in the capital works but also a proposed road safety initiative. Does the road from Port Augusta to Olympic Dam require shoulder sealing regardless of whether the expansion of Olympic Dam occurs?

The Hon. P.F. CONLON: The shoulder sealing is for the overdimension loads from Olympic Dam.

Ms CHAPMAN: So, on the basis that there are bigger trucks with more dirt in them, you have to fix the shoulders. Is it the only reason it is being done?

The Hon. P.F. CONLON: There used to be a rule in cross-examination that if you got the answer you wanted you should stop. It is being done for the overdimension vehicles. That is why we are getting paid for it.

Ms CHAPMAN: That is my next question. The $25 million that BHP are going to be paying, when is it expected that you will receive that?

The Hon. P.F. CONLON: We will find out for you. We trust them. They have a bit of money.

Ms CHAPMAN: They haven't signed up yet, so let's not hold our breath.

The Hon. P.F. CONLON: For your other question, although I do not know that it is relevant to anything, it is overdimension vehicles, not for moving product.

Ms CHAPMAN: I understand that.

The Hon. P.F. CONLON: Not trucks full of dirt. It is overdimension vehicles.

Ms CHAPMAN: I just raised the question about that being in the road safety aspect as necessary for the purposes of road safety. It is recorded in your road safety section as well, that is all, and I am sure it will make it safer with these bigger trucks.

The Hon. P.F. CONLON: I am sure you regret that shoulder sealing does have a road safety outcome.

Ms CHAPMAN: I think that is quite offensive, minister. Of course, it is important, but if you tell me you do not need it unless you have bigger trucks, I am happy to accept that. My question then is why is it in the road safety section?

The Hon. P.F. CONLON: It is not something that I really address my mind to, but I can guarantee you that shoulder sealing has a good road safety outcome. What is your point?

Ms CHAPMAN: It is just that your other highway developments where there are aspects in relation to shoulder sealing are not necessarily identified in the road safety section.

The Hon. P.F. CONLON: I have to say that I do not really take an oversight of where they put things in columns. I will let them know that you think it should not have been in that column, okay? That will be fine. I'll probably make sure it is never in that column again.

Ms CHAPMAN: My next question on the portfolio is at page 138 on the activity indicators. Here, I think rather concerningly—while we are on road safety, which is a high priority I am sure—there is an increase in the number of crashes involving serious injury or death in urban areas this year from 163 to 188. That is from 2010-11 to 2011-12 respectively. How many of these crashes were at intersections that have received funding in the current budget to be upgraded? I put that question to you because I am advised that you are in charge of the upgrades.

The Hon. P.F. CONLON: Just so we understand, you are saying that there were—

Ms CHAPMAN: There were 163 in 2010-11 and 188 in 2011-12.

The Hon. P.F. CONLON: Of what?

Ms CHAPMAN: Of serious injuries; yes, a major increase.

The Hon. P.F. CONLON: I was just trying to find out what you said.

Ms CHAPMAN: Yes, it is at page 138.

The Hon. P.F. CONLON: And you want to know how many of them occurred at intersections that are going to be fixed up in the road safety program?

Ms CHAPMAN: Correct.

The Hon. P.F. CONLON: I am looking at some casualty crashes. The definition you used is casualty crash or—

Ms CHAPMAN: Serious injury; you will see they are separated there.

The Hon. P.F. CONLON: The information I have is on all casualty crashes. That is the only thing I can offer now. What we have (and we can provide you with some further information) is a list of the 10, if you like, worst intersections for casualty crashes, and a plan around what happens at present, what should happen in the future—

Ms CHAPMAN: Is the Britannia roundabout there?

The Hon. P.F. CONLON: No, it is not. The Britannia roundabout is a great boon to the panel beater.

Ms CHAPMAN: It sure is!

The Hon. P.F. CONLON: The casualty crashes are very low but the panel beating jobs are quite high.

Ms CHAPMAN: Indeed.

The Hon. P.F. CONLON: If you owned a panel beating shop, you would like the Britannia roundabout.

Ms CHAPMAN: It might be a good career for you post-politics, minister, but in the meantime, of the 10 that are identified as the worst, are they the 10 that on your list for—

The Hon. P.F. CONLON: Sorry, Britannia roundabout does have casualty crashes.

Ms CHAPMAN: Thank you. What number are we?

The Hon. P.F. CONLON: It is a signalised list and you are not on that list.

Ms CHAPMAN: Obviously, that is why we are a roundabout still. I have noted your undertaking promise to me. I always remember breaches of promise.

The Hon. P.F. CONLON: In another calling we could have been friends.

Ms CHAPMAN: For the benefit of the committee, we have sat on other groups together pre-politics—when you were normal.

The Hon. P.F. CONLON: And you didn't annoy me as much as that chair did!

Ms CHAPMAN: In any event, back to our list, if we may: of the intersections where there are serious crashes, which has an alarming increase—and I think you will agree that is concerning.

The Hon. P.F. CONLON: I am not going to agree because I do not know how those stats operate.

Ms CHAPMAN: How many of this year's budgeted upgrades are going to be where there have been these serious crashes?

The Hon. P.F. CONLON: I will get that information. Just so we understand this, while the budget line on road safety appears in my area of responsibility, the responsibility for policy and decision-making falls with the Minister for Road Safety. You would not expect me to run a commentary on it.

Ms CHAPMAN: I do, minister, only because you are in charge of program 4, according to the budget, which is transport safety.

The Hon. P.F. CONLON: What I am saying is that program 4 does fall under my responsibility as the minister in the sense that it is written up in the budget as being mine.

Ms CHAPMAN: But there is another program that minister Rankine has.

The Hon. P.F. CONLON: There are decisions of priorities around it, I assume, that would be greatly influenced by discussions on road safety with the minister. I will check that for you.

Ms CHAPMAN: Yes. Your office kindly provided us with a schedule of what she is responsible for and what you are responsible for, and my understanding, on reading that—

The Hon. P.F. CONLON: What I am saying to you is that no matter what the documents say, if a matter touches on road safety I would certainly want to know the views of the Minister for Road Safety.

Ms CHAPMAN: Yes, indeed. I am not asking what her views are; I am asking what you have decided to do in relation to that data which is collected. I look forward to receiving that with interest.

The Hon. P.F. CONLON: What I have already said to you is that, with regard to that data, I will get back to you with what the program will be. What I am trying to indicate to you is that whatever program we have would be influenced strongly by the views of the Minister for Road Safety.

Ms CHAPMAN: Yes, thank you.

The Hon. P.F. CONLON: Because I think that is the right way to do it.

Ms CHAPMAN: Indeed, and your renewed cooperative spirit is welcome, minister, thank you.

The Hon. P.F. CONLON: Member for Bragg, if you knew the real me you wouldn't be so mean.

Ms CHAPMAN: My question now refers to page 138.

The Hon. P.F. CONLON: It doesn't work when your colleagues laugh at you.

Ms CHAPMAN: I know, but they know you well, minister.

The Hon. P.F. CONLON: Yes, they do.

Ms CHAPMAN: At page 138, Targets, you are going to install the pedestrian refuges to improve pedestrian access and safety. Will any of these be installed on Portrush Road?

The Hon. P.F. CONLON: While they do that, having been the Minister for Transport for some time, can I explain to the member for Bragg, how priorities are set in the agency? I can probably do it by good example for you. I have never as a minister inserted my views as to what a priority should be. They are worked out by research within the department and they tell us what are the most important things to do. I have never sought to change that. I do not believe any other minister does. The great example I can give you is something called the Cliff Street lights, the lights on Cliff Street off Morphett Street, I think it is, down near my electorate.

Ms CHAPMAN: I drove down there the other day.

The Hon. P.F. CONLON: I first started writing to the Department of Transport about the Cliff Street lights in 1997, asking for a set of lights there. I think it was in about 2004 that I finally became the Minister for Transport and so I asked the guy in charge of the program, 'What about these Cliff Street lights?' He went away and he came back and showed me the departmental list of priorities. It was a really long list, with mine down about number 92.

He said, 'If you like, minister, we can take yours up the list, if that is what you really want us to do.' I said, 'No, I think that would probably be something people would criticise.' As a consequence, after eight years as the transport minister, I still do not have lights, as the local member, at Cliff Street. Just so you understand, that is the system we use when it comes to prioritising these sorts of works. The guys who are experts set the priorities.

Ms CHAPMAN: I am very pleased to hear that, minister, because, although you say that you do not interfere with that, you will recall the time that the Department of Transport had recommended to your predecessor, who had acted on a priority for Britannia roundabout, and as soon as you became minister you cancelled it. I have letters repeatedly from your department about how they are continuing to work on that. In fact, I hope I am helping in being able to send you further projects and different ideas that come forward.

The Hon. P.F. CONLON: You have. What you do not know is that we have looked at so many ideas on the Britannia roundabout, including yours, but let me tell you—

Ms CHAPMAN: But you did interfere with it, minister—

The Hon. P.F. CONLON: I did.

Ms CHAPMAN: —so let's not talk about accepting their advice about what you do.

The Hon. P.F. CONLON: That was certainly not an issue about prioritisation of road safety. What it was about—and I will say it again, having been down to see the proposed works and what would occur, having seen the photographs and actually been on site—was that the suggested project would have removed trees that were—you can say that we remove trees for other projects, but the trees in question—

Ms CHAPMAN: Port Road: hundreds.

The Hon. P.F. CONLON: —were of such dimension and stature that people would have been chained to them before we would have been allowed to do the works and even I—

Ms CHAPMAN: They weren't big on Port Road?

The Hon. P.F. CONLON: —would not have on my conscience taking them down. I am not going to talk about how the job was recommended up or down, or where it went. I think the minister at the time is not even in the parliament any more.

Ms CHAPMAN: No; she is not, more's the pity.

The Hon. P.F. CONLON: Trish. I am not going to comment on how that happened, but I will say that was not an issue about reprioritising road safety. That was an issue about a major piece of public works which I believed had dimensions to it which made it appropriate for a decision at that level, because they simply would have been dramatically changing the face of Adelaide. I think when you get to that level you do have a responsibility to take into account the broad public interest in it. I have to say, I do not think that you could get a properly informed current member for Adelaide to agree with that proposal were it re-enlivened, not once I showed the current member for Adelaide what it would do to that neighbourhood.

Ms CHAPMAN: In any event, when you develop your urban structure plans, inner plans and TOD developments, it might come back up again.

The Hon. P.F. CONLON: I am not saying you cannot remove trees, but you cannot dramatically change the face of Adelaide without a massive repercussion. We are doing Adelaide Oval.

Ms CHAPMAN: Trees are more important than public safety? There are 2½ accidents a week there.

The Hon. P.F. CONLON: Trees are not more important than public safety. No, they are not, but there is always a balance to be struck in projects that we do.

Ms CHAPMAN: If it is so important, minister, and the prioritising is there, why has the worst intersection for level crossings, namely at South Road, Croydon, not been advanced? Why is that dragging the chain?

The Hon. P.F. CONLON: I will find out for you because, as I said, they provide—

Ms CHAPMAN: I am sure the member for Croydon would like to know, too.

The Hon. P.F. CONLON: I am sure that, if he does want to know, he will ask me. The one thing I know about the member for Croydon is that he is not shy.

Ms CHAPMAN: The list, which we were rather sidelined from, for the installing of pedestrian refuges—

The Hon. P.F. CONLON: We do not have pedestrian refuges on Portrush Road.

Ms CHAPMAN: Will you provide a list of those that are to have pedestrian refuges in the forthcoming year?

The Hon. P.F. CONLON: Yes, we will do that for you.

Ms CHAPMAN: Thank you.

The Hon. P.F. CONLON: Don't be so cross; there is nothing to be cross about.

Ms CHAPMAN: I said thank you.

The Hon. P.F. CONLON: The cameras have gone.

Ms CHAPMAN: I said thank you. Is that enough, Your Holiness, Your Majesty, anything else you like?

The Hon. P.F. CONLON: It was a bit of an angry thank you, I thought.

Ms CHAPMAN: Thank you, sweet pea. Is that good enough?

The Hon. P.F. CONLON: I think we will go back to the other thank you.

Ms CHAPMAN: Let's not overindulge, for goodness sake! Okay, back to page 138. You are going to be trialling a pedestrian countdown timer, as Mr Hook identified the week after the budget that has savaged his capital program.

The Hon. P.F. CONLON: I have some good news for you; I might sit on it for a while.

Ms CHAPMAN: Great. On this question, though, can I ask—

The Hon. P.F. CONLON: What is your question about trialling the things?

Ms CHAPMAN: In relation to the trialling of the pedestrian countdown timer.

The Hon. P.F. CONLON: I have seen these in different places.

Ms CHAPMAN: Mr Hook, of course, has made some statements on this. What intersections will the timer be trialled at and at what cost?

The Hon. P.F. CONLON: It is two pedestrian crossing at the railway station, and the cost is in the tens of thousands, but we will have to get a more accurate figure for you.

Ms CHAPMAN: Where are they?

The Hon. P.F. CONLON: At the main railway station, there are two intersections there.

Ms CHAPMAN: Just at the railway station?

The Hon. P.F. CONLON: Yes. There are two big, very heavily used pedestrian crossing there. As to Gorge Road, it is on our resealing program.

Ms CHAPMAN: It is?

The Hon. P.F. CONLON: Yes. That will make you happy.

Ms CHAPMAN: I am sure the member for Morialta will be very pleased to hear that.

The Hon. P.F. CONLON: Now you can put out a press release saying what a good man I am.

Ms CHAPMAN: Well, I would not go that far.

The Hon. P.F. CONLON: No, I did not think you would.

Ms CHAPMAN: But I know that he will be appreciative.

The Hon. P.F. CONLON: He is a nice fellow; I quite like him.

Ms CHAPMAN: Going back to safer roads, I refer to page 137. There has been a significant transfer of safety upgrades, both for level crossings and blackspot programs and so on, which are identified in the financial commentary as being a change of classification in the expenditure as a capital works to an operating budget. Can you explain why that is the case? A number of these projects do have to go through Public Works if they are over a certain value, but is there some explanation as to why this should now be an operating budget and not a capital works?

The Hon. P.F. CONLON: Probably an accountant somewhere is responsible for it. It is council roads. Whenever we provide money to councils to upgrade, it is not capital; it becomes operating. These things about capital operating are decided by accountants, not by builders.

Ms CHAPMAN: I suppose that begs the question of why it was in the wrong column last year.

Mr PALM: That is an annual process.

Ms CHAPMAN: But we still have a number of annual programs in the capital works list.

The Hon. P.F. CONLON: I am not quite sure I understand the answer, either. It is because that, at the start of each year, money goes in there. Some of the money will then go out to state roads and some will go out to council roads, but it is not determined at the start of the year which roads it will be. So, then you go back at the end of the year and recalculate it as either operating or a capital on the basis of where it went. If the accountants left us alone, it would not be confusing.

Ms CHAPMAN: Just on another problem with accountants, perhaps, on page 131—this shows in some other portfolios as well so it may be across the board—there is a significant change in the departmental application of the depreciation under a new asset accounting policy, apparently. This has made significant changes in, presumably, how much you can depreciate or the rate at which you can depreciate. I am not sure what it is or why it is being implemented; it may well be something that has come from Treasury. Can you explain what it is and why it has been—

The Hon. P.F. CONLON: As soon as somebody explains it to me, I can.

Ms CHAPMAN: Indeed; I am happy to wait for the experts on that.

The Hon. P.F. CONLON: Do you want to cut out the middle man?

Mr PALM: It is a revaluation process that happens, I think, every three years. Within that revaluation process, depreciation associated with those revalued assets is re-established (if you like), so that is why there will be an increase in the depreciation from one year to the next. That

may happen halfway through the year, so it will happen throughout a Mid-Year Budget Review process. Again, that is why it may change from the budget to the estimated result.

Ms CHAPMAN: Yes; but, minister, I will put this through you—

The Hon. P.F. CONLON: I think Andy put the answer before, because they now include the residual value of the road when they do an upgrade.

Ms CHAPMAN: Who recommended that?

The Hon. P.F. CONLON: Who knows?

Ms CHAPMAN: Is it required by the commonwealth and is it consistent with the commonwealth?

Mr MILAZZO: Our asset valuations are done under accounting policies and they change from time to time; we asses them accordingly. What we have done recently is actually include the residual value of the roads when we come to depreciate them, so they are depreciated to a certain level of value before they are then rehabbed, so part of that process is including the residual value of the roads before they are rehabbed.

Ms CHAPMAN: Is this new way of accounting for the depreciable value of these assets consistent with what the commonwealth does?

The Hon. P.F. CONLON: I assume it is using the same accounting policy.

Mr MILAZZO: The commonwealth are not asset owners in terms of roads so they do not do it—we do it—but it is consistent with standards.

Ms CHAPMAN: Let me ask you this: do you apply the same rule to the roads which the commonwealth takes responsibility for; namely, the major highways?

Mr MILAZZO: The commonwealth does not own any roads. They simply provide funding for a land transport network. They are owned by the state.

Ms CHAPMAN: Let me ask you another way.

Mr MILAZZO: The answer is yes, in that case.

Ms CHAPMAN: You apply the same rule to all the roads irrespective of who provides the funding for them.

Mr MILAZZO: That is correct.

The Hon. P.F. CONLON: For Hansard, this is Martin Palm and that is Martin Small.

Ms CHAPMAN: Yes; we welcome Mr Small. I am sure he will make a valuable contribution to the department as well. Even though he has not had the opportunity to make any direct contribution today, I am sure he gives you wise advice.

The Hon. P.F. CONLON: He has told me a lot of things.

Ms CHAPMAN: I am sure lots of New Zealanders can add to—

The Hon. P.F. CONLON: Can I congratulate Mr Small: he has a citizenship test tomorrow, but that is not the way he said it!

Ms CHAPMAN: He could have come to ours last night; we had a citizenship ceremony yesterday.

Ms SANDERSON: Following on from Vicki's question, is it the same for local government roads?

The Hon. P.F. CONLON: They hold the assets, so I do not know how they account.

Ms SANDERSON: I just thought if it was a standard accounting principle then it should be standard for everybody.

The Hon. P.F. CONLON: I would have thought that local government, properly informed, would use the same accounting standards because they are pretty across-the-board; but they are their roads and they account for them according to whatever. We have an auditor-general who goes to the ends of the earth at the end of the financial year and one of the things that an auditor-general will always look at is whether you have used the appropriate accounting standard. I do not know what happens for the audit in local government and whether they do that.

Ms SANDERSON: It obviously changed recently if you have changed your procedure.

The Hon. P.F. CONLON: They are always changing them.

Ms SANDERSON: Yes; so it changes for everyone. I refer to Budget Paper 4, Volume 3, page 164 which states that $415 million of income came from fees, fines and penalties. That is roughly $19.5 million up from the budget and $55.5 million up from last year. Can you give me a more detailed breakdown as to what areas contributed to this budget being above the expected revenue? Where were the major increases?

The Hon. P.F. CONLON: You are going to have to ask the Minister for Road Safety. I do not have any information about that. They do not give any of it to me.

The CHAIR: Any more questions on this line?

Ms CHAPMAN: No, sir. Thank you very much and thank you to the minister and his advisers in that area.

The CHAIR: Thank you, minister, and I thank your advisers. You have finished for the day.

Membership:

Mr Gardner substituted for Mr Whetstone.

Witness:

Ms Fox, Minister for Transport Services.

Departmental Advisers:

Mr R. Hook, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr P. Doggett, Executive Director, Public Transport Services, Department of Planning, Transport and Infrastructure.

Ms J. Formston, Manager, Finance, Department of Planning, Transport and Infrastructure.

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

Mr P. Sparapani, Senior Consultant, Department of Planning, Transport and Infrastructure.

The CHAIR: I will quickly go through some of the protocol for the new minister who has joined us. The estimate committees are a relatively informal procedure. The committee will determine an approximate time for consideration, and I think that that has been done. Changes to committee membership will be notified as they occur, and that has been done. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 21 September.

There will be a flexible approach for asking questions, based on about three questions per member. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. All questions are to be directed to the minister, and not to the minister's advisers. The minister may refer questions to advisers for a response. Does the minister wish to make a brief opening statement?

The Hon. C.C. FOX: Given that we only have approximately 29 minutes, I think not.

The CHAIR: Okay, that sounds good.

Ms CHAPMAN: Minister, I refer to Budget Paper 4, Volume 3, page 162. Perhaps before I do, your predecessor in the committee, minister Conlon, has taken on notice the omnibus questions, which I am sure you will be familiar with from previous committees of this nature. Unless you want me to reread them for your portfolio.

The Hon. C.C. FOX: No, let us make use of the time we have.

Ms CHAPMAN: Thank you, and we will look forward to receiving the answers in relation to your areas of portfolio responsibility. At page 162, minister, you outline, under Passenger Services, your highlights. At this stage I would have to say that I can only express my condolences to you

that your No.1 highlight for the 2011-12 year has been the implementation of new contracts with bus operators for the provision of services here in Adelaide. How can this be justified as a highlight when, in the first three months alone, 7,500 complaints were received, the number of boardings decreased by over two million this financial year, and the timetables for services have now been rewritten as they were unworkable?

The Hon. C.C. FOX: First, thank you, member for Bragg, for your condolences: I do not think anyone has died, so they may be slightly misplaced. In relation to what we are doing in terms of these bus contracts, you would be well aware, member for Bragg, that the bus contracts, all of them, began in July or October. There have been some issues with them. That is not a mystery, that is not anything new to anyone in this room. Yes, people have been fined, and rightly so. I do not walk away from that whatsoever. In terms of your mention—

Ms CHAPMAN: How can it be a highlight?

The Hon. C.C. FOX: Would you like me to finish speaking, or do you just want to keep going?

The CHAIR: I am sure she wants you to finish—

Ms CHAPMAN: I would love the answer, that is all.

The CHAIR: — and she will not interrupt again.

The Hon. C.C. FOX: Well, of course the issue is that, having been interrupted, I may lose track of where I am. I believe you mentioned 7,000 complaints. We have 1,400 calls per day to the Adelaide Metro line—1,400 calls, member for Bragg. Now, 70 per cent of those calls are actually for information; 30 per cent are complaints and/or suggestions. I understand that you want to concentrate on the negative—I know that is what you are here to do today—but 70 per cent of those 1,400 calls per day are not complaints, so that is 70 per cent of people contacting us for information rather than complaints.

Ms CHAPMAN: So you have 350 a day complaining; is that right?

The Hon. C.C. FOX: I choose to concentrate on the 70 per cent.

Ms CHAPMAN: Well, in any event, it is a highlight—well done! Of this number of complaints you have had, the 30 per cent rate, in the whole 12 months how many complaints have you received?

The Hon. C.C. FOX: Sorry, are you referring to calls to the information line?

Ms CHAPMAN: Well, the 7,500 in the first three months.

The Hon. C.C. FOX: The one that I just mentioned—I just mentioned the 1,400 calls per day. I am assuming that your 7,000 figure is based entirely on that number?

Ms CHAPMAN: No, that 7,500 is what was FOI'd from your office—

The Hon. C.C. FOX: Then you need to make that clear.

Ms CHAPMAN: —that were complaints for the last three months of the quarter, October to December last year.

The Hon. C.C. FOX: Forgive me, member for Bragg, if I cannot see into your mind—you did not make that clear.

Ms CHAPMAN: It was on the front page of *The Advertiser*.

The Hon. C.C. FOX: And I believe there was actually an issue with that story on the front page of *The Advertiser*—

Ms CHAPMAN: There may have been, but on your documents—

The Hon. C.C. FOX: —and if we wish to revisit that, I am quite happy to do so. I believe there was a reporter who may have indeed erroneously added a zero, and that is an internal matter—

Ms CHAPMAN: So you say it is only 750.

The Hon. C.C. FOX: —which *The Advertiser* has dealt with. Should you choose to ask questions based on reports in a newspaper, so be it. I prefer, myself, to examine the budget lines.

Ms CHAPMAN: Of the complaints, how many have you received for the whole year?

The Hon. C.C. FOX: I have just informed you that, on average, we receive 1,400 calls per day; 70 per cent of those are not complaints, 30 per cent of them are complaints and/or suggestions.

Ms CHAPMAN: Of the complaints, can you tell me how many you have received in the whole year?

The Hon. C.C. FOX: I have just given you the maths—

Ms CHAPMAN: Given me the formula?

The Hon. C.C. FOX: I have just given you the maths based on that, so I am sure you can work that out.

Ms CHAPMAN: I can assume then that that percentage, on those calculations, is the total number of complaints you have received. Is that what you are telling us?

The Hon. C.C. FOX: I will just refer that to Mr Hook.

Mr HOOK: It would be around about 400 complaints or suggestions a day. Multiply it by 360 and you have the rough order of people who are commenting on services or complaining about services, but the vast majority, as the minister has already said, are people who are asking for information.

Ms CHAPMAN: That is why I asked the question about complaints. If, minister, the commenting on services, either adversely or indicating that there needs to be some improvement, is not taken as a complaint but as a comment, I am happy for that to be in the category, but I just want to know if those who have contacted you, for the whole year, with advice for improvement and complaint about an existing service are the 400 a day.

The Hon. C.C. FOX: That would be approximately 400 a day, as Mr Hook said.

Ms CHAPMAN: Thank you. Minister, we are at page 161 now under the portfolio. This is a summary of all the passenger service expense and income. For the total payment to bus contractors, under expenses, can you identify what the total payment was to the bus contractors for the provision of Adelaide Metro services in 2010-11, 2011-12 and will be paid in 2012-13?

The Hon. C.C. FOX: I will refer that question to Ms Formston.

Ms FORMSTON: The bus contracts were $161 million in 2010-11, $167 million in 2011-12 and are budgeted for $171 million in 2012-13. The 2011-12 year is an estimated result.

Ms CHAPMAN: Minister, under the 2010-11 year, when we were under the old contracts, that is $10 million less than what we are paying out for this forthcoming year. During the course of the briefings on the new contracts, we were advised by your chief executive that there was a saving on the new contracts of $10 million to $20 million a year. Can you explain then why it is $10 million more now?

The Hon. C.C. FOX: Given that you were briefed by Mr Hook, I will hand over to Mr Hook for that.

Mr HOOK: Every year we do bus contracts. There is an escalation factor which is worked into the contracts. In addition, over the last few years, we have been progressively adding services as we have put more buses into the system. For instance, now Adelaide Metro services are in the Gawler area, so there are additional services in the last year that were not there in the previous year.

Certainly, by going back to the market with the new bus contracts and changing some of the criteria—which we have explained previously—in the contracts, we got prices by going to the market which were significantly less than what we had allowed for in the budget. That is why we go back to the market and why, when we go to the market, we have to deal with the prices that we are given from the companies in a process that has full probity auditing, Treasury involvement and crown law involvement. We got a good outcome. As the minister said, we have to make it work and that is what we are still all focusing our efforts on.

Ms CHAPMAN: Did you want to add anything more?

The Hon. C.C. FOX: Yes, I think it is actually very important, at this point, to add that we are trying our very best. In fact, as far as I am concerned, we are going more than halfway to facilitating the execution of those contracts as they should be. We are introducing the new timetables (as we have talked about in detail), we are introducing the bus priority lanes, we are

introducing the GPS—all of those things should help us work with contractors to get the better result and to get the result that South Australians deserve.

It is now up to the contractors to do their bit. I have been in meetings with them quite frequently—as has Mr Hook, as has Mr Doggett, as has Mr Cagialis—to really facilitate an improvement there. No-one on this side of the room, no-one in this room, would begin to imagine that the performance certainly of one particular bus company in one particular area has been anything other than disappointing. We do not walk away from that.

Ms CHAPMAN: But minister, clearly on the figures just given, there is not a $10 million to $20 million saving being paid to the bus contractors under this new contract, is there?

Mr HOOK: I think if you are referring to the price of the bus contracts, we have provision in our work up to the budget process of what we think it might cost. When the contracts are set, we do not get to pocket the money or to work out what to do with it; we lose that money. It goes back to Treasury; it goes back into the Consolidated Account. What you see here is the actual cost reflected in the budget, not what we thought we might have to pay before we went to the market.

Ms CHAPMAN: Except, minister, that these are the amounts according to your financial adviser sitting on your right where the money is paid in those three years—one is a future payment as of a few days' time—which are significantly greater. They are not budgeted amounts other than the forthcoming year; they are actual payments. Just between this year and last year before there was any change in timetabling or any new system to remedy some of the defects, it is $10 million a year more that has been paid to the bus contractors than the previous year.

The Hon. C.C. FOX: Before I hand over to Ms Formston, I do not like giving this answer. I was not involved in the implementation of the previous contracts. The contracts that I currently deal with are the new ones. In terms of comparison, it is true that I am not particularly familiar with the contracts that were running from 2005 onwards, so I might hand over to Ms Formston to better explain that for you, or I can take it as a question on notice and put it to minister Conlon and his staff.

Ms CHAPMAN: It isn't minister Conlon I am asking about. I am really referring to the $10 million to $20 million a year saving that was proposed by your chief executive as being a benefit under the new contracts of saving of cost. In the information that has just been given to us, that has clearly not been the case. It actually cost more. Sure, we have added a service at Gawler, but that is not $10 million a year extra, surely.

The Hon. C.C. FOX: No.

Mr HOOK: I thought I had already answered the question but I will have another go. We have increased the amount in the budget for public transport services on what we pay the bus contractors because we have allowed for escalation and we have increased services. We have made a saving by going back to the market, which you do not see in the budget papers, but had we not gone back to the market and had we not got the new prices we could well have had significantly more costs to run those public transport services than what you see in the budget figures, because that is why we are required to go to the market and test the prices. Had we just simply escalated again a new round of contracts with the previous contractors, we knew we would have been asked for a lot more than we are actually paying. So, there are two separate parts. I thought I had explained that previously. Hopefully, that is understood. More services means we pay more but if we go to the market we are paying less than we could have been paying.

Ms CHAPMAN: What is the combined total cost of changing the bus timetables from 1 July, including the printing, advertising, internal department costs, increased payments to the contractors for the additional services and to lease the buses? I particularly ask you this question, minister, because at the briefing that was ultimately provided to MPs—

The Hon. C.C. FOX: Yes, I believe you were confused in that briefing.

Ms CHAPMAN: We were given two bits of information. One was that the cost of doing the reprint which we had been previously advised would be a $2 million to $3 million exercise was $3 million and that the recurrent extra costs for the bus contractors was $2.6 million a year. Later that day you advised the parliament that the cost of leasing the buses was the difference between the $3 million and $2.6 million a year, therefore—

The Hon. C.C. FOX: I think in that sum of $400,000 it was not just the leasing. I think that was made quite clear in the statement I made. In answer to your question—

Ms CHAPMAN: That is why I am asking you again—because it is not clear.

The Hon. C.C. FOX: In answer to your question, I am surprised it is not clear to you, member for Bragg, because you actually received a very detailed letter in answer to these same questions over a month ago. You have received a letter; you have received a number of briefings, individual briefings; you attended the briefing last week; you have already asked the questions in parliament. The answer does not change, and I am sorry if that upsets you.

Ms CHAPMAN: It does not upset me, I just want to know what is accurate.

The Hon. C.C. FOX: I have a copy of the—

Ms CHAPMAN: I have Mr Hook's letter—it was three months ago.

The Hon. C.C. FOX: I have a copy of the letters which have been sent to you. I understand that the date of your first briefing in relation to that matter was on 16 April. Since that—

Ms CHAPMAN: Correct.

The Hon. C.C. FOX: Good. I am glad the member for Bragg acknowledges that.

Ms CHAPMAN: You have done the timetabling since.

The Hon. C.C. FOX: I am sorry, member for Bragg, but I do not know which part of this you have not understood.

Ms CHAPMAN: How much?

The Hon. C.C. FOX: Would you like me to read out the letter that you received?

Ms CHAPMAN: I have that letter, but that is two months—

The Hon. C.C. FOX: You do have the letter?

Ms CHAPMAN: Minister, that is two months before you changed the timetables. I am now asking: how much did it cost?

The Hon. C.C. FOX: And the price, member for Bragg, remains the same.

Ms CHAPMAN: What is the breakdown?

The Hon. C.C. FOX: Mr Chairman, in answer to this question, I am quite happy to read out the contents of the letter that was sent to the member for Bragg. I think, with all due respect, that the member for Bragg wilfully chooses to ignore the information that she has been given by the Chief Executive in writing, by departmental staff and, indeed, by myself. The member for Bragg asks for a breakdown: if we are going to look at that, I am more than happy to go through page 2 of the letter that was sent to her in relation to this very question. Timetable costs, this is page 2 of the letter that the member for Bragg received from the Chief Executive—let that be extremely clear. It states:

> Timetable costs
>
> The cost of each service change depends on the amount of services required to be changed.
>
> Based on $10,000 per timetable plus an additional $1000 - $2000 for communications, the timetable change for July could be approximately $900,000 - $1 million. The cost of new timetables, whenever undertaken is allowed for in the Department for Transport, Energy and Infrastructure's budget and additional money is not being sought.

At the bottom of this letter, in the final paragraph (perhaps you did not get to that one), it states:

> In addition to these costs, timetable changes will result in adjustments to contract payments to account—

Mr Gardner interjecting:

Ms CHAPMAN: Two months old, I know. We just want to know, minister.

The Hon. C.C. FOX: I am sorry, perhaps the member for Morialta—

Ms CHAPMAN: You have given us the whole range—

The CHAIR: Order! The minister has the floor.

The Hon. C.C. FOX: Perhaps the member for Morialta can ask his question after I have—

Ms CHAPMAN: Was it $9,000—

The CHAIR: Member for Bragg, we are running out of time; it is your time.

The Hon. C.C. FOX: I am still responding to the member for Bragg. The member for Bragg has asked a question—

The CHAIR: You are in order, minister.

The Hon. C.C. FOX: She has indeed asked this question some seven times, possibly more; she has received the same answer every time. This is her time in these estimates. This is the time for the opposition to shine.

Ms CHAPMAN: You could have forgiven me.

The Hon. C.C. FOX: If the member for Bragg wishes to waste her time in this way—

Ms CHAPMAN: Mr Chairman, I have asked a simple question.

The Hon. C.C. FOX: —so she may.

The CHAIR: Order!

Ms CHAPMAN: I know what is in the letter; it is two months old.

The Hon. C.C. FOX: Which has an answer.

Ms CHAPMAN: I now want to know how much it is—

The Hon. C.C. FOX: Which has an answer.

Ms CHAPMAN: —not what the range is.

The Hon. C.C. FOX: Which has an answer.

Ms CHAPMAN: How much?

The CHAIR: Order! The minister has the floor.

The Hon. C.C. FOX: Which has an answer, which, as I said previously, the member for Bragg wilfully chooses to ignore.

Ms CHAPMAN: How much?

The Hon. C.C. FOX: She cannot continue to make up—

Ms CHAPMAN: How much?

The Hon. C.C. FOX: She cannot continue to make up figures—

Ms CHAPMAN: Just give us a figure.

The Hon. C.C. FOX: Mr Chairman, I do not think the member for Bragg can read. I will carry on reading from the letter she has received.

The CHAIR: Please continue.

Ms CHAPMAN: Mr Chairman, please direct the minister to—

The CHAIR: She is answering the question.

Ms CHAPMAN: She is referring to a letter which is two months old, before they had even changed the timetables, giving an estimate about what could happen. I am simply asking: now that it has happened, can you tell us how much? It is pretty simple.

The Hon. C.C. FOX: Yes, which is why I do not understand why the member for Bragg does not understand, but I will go back to the information that she has received from briefings.

Ms CHAPMAN: It gives me about which bucket or which letter, I just want to know how much—how much is in the budget?

The Hon. C.C. FOX: I shall tell you again, as the Chief Executive has, as departmental people have, as I have—

Ms CHAPMAN: They are shaking their heads, Chloe.

The CHAIR: Order!

Ms CHAPMAN: They are shaking their heads.

The CHAIR: Order! The member continues to interrupt the minister and time—

Ms CHAPMAN: We just want to know the answer.

The Hon. C.C. FOX: Should the member for Bragg wish to be a little bit quiet, I will attempt to go through the answers she has already been given.

Ms CHAPMAN: I just want one figure, that's all; one figure.

The CHAIR: Order! Let the minister continue.

The Hon. C.C. FOX: The one figure, member for Bragg, is in the answer, which you will not let me give. It is pretty tricky when you will not let me give the answer to your question.

Ms CHAPMAN: I am waiting. How many millions?

The CHAIR: Keep going, minister.

The Hon. C.C. FOX: Thank you. In addition to these costs, timetable changes will result in adjustments to contract payments to account for the longer running times. The adjustments envisaged in July 2012 could cost to the order of $3 million, as previously advised.

Ms CHAPMAN: And is that the cost?

The CHAIR: Order!

The Hon. C.C. FOX: I am going to hand over to Mr Hook at this point—

Ms CHAPMAN: Hooray!

The Hon. C.C. FOX: —because perhaps the member for Bragg will have improved hearing and comprehension.

Ms CHAPMAN: At least we will get a straight answer.

The CHAIR: Order! The minister has the floor.

Ms CHAPMAN: Come on, Rod, give us the answer, will you?

The CHAIR: Order!

The Hon. C.C. FOX: I think you may find it is a very similar answer, given that the letter came from him to you, but by all means.

Mr HOOK: On 1 May I wrote a letter saying the additional cost outside of us printing timetables, which we do internally, would be $3 million. I have advice now that the actual cost negotiated for the number of revenue hours is $2.592 million. We have some additional leasing costs which will bring that up towards $3 million, so the $3 million I predicted back on 1 May looks pretty good as the cost for the additional time allowed for in services, plus our in-house costs for timetable changes, which I said two months ago would be somewhere around $900,000 to $1 million. They are in that range. I think that is sufficient response.

Ms CHAPMAN: Thank you. Now let us move to 2012-13.

The Hon. C.C. FOX: Just in addition to what Mr Hook was saying, I would like to point out that that $3 million figure is a figure that has been given to the member for Bragg on more occasions than I can remember. It is a figure given to her by Mr Hook, it is a figure that should be made very clear in media reporting of this matter, because certain members of parliament on the opposition side have gone to the public, have gone to the media, with a completely separate and indeed inflated figure. That $3 million cost is one that has been put to the member for Bragg on a number of occasions. Whether she chooses to accept it or not is entirely, of course, up to her and her colleagues.

Ms CHAPMAN: Now that we are going to have a quarterly reassessment of the timetables, is there going to be any change, or will it continue to be $3 million a year extra?

The Hon. C.C. FOX: No.

Ms CHAPMAN: So the quarterly changes are not going to make any difference; is that correct?

The Hon. C.C. FOX: To the cost?

Ms CHAPMAN: To the cost.

The Hon. C.C. FOX: I think that it should be very clear this $3 million cost that we were talking about, this timetable change which is occurring on 1 July, was significant; the process was significant. We are looking at one of the biggest timetable changes in a generation, in 20 to

25 years. That is what I am advised. If you like, that particular shift is going to cost more than ongoing or subsequent changes, so my simple answer to your question would be no.

Ms CHAPMAN: Because, you see, one of the reasons, minister that you delayed agreeing to do the timetable changes—remember?

The Hon. C.C. FOX: Member for Bragg, I did not agree to delay. I would take issue with those particular words.

Ms CHAPMAN: Can I put this to you?

The Hon. C.C. FOX: You may.

Ms CHAPMAN: The reason why you did not proceed with a timetable change prior to 1 July, as advised by Mr Hook to us in briefings, was that it would be too expensive, that we would have to do it all again, and I am now advised in the briefings that you are going to be doing it quarterly. How has that changed?

The Hon. C.C. FOX: Let me explain to you. What we had, from October last year onwards, was—

Ms CHAPMAN: A disaster; yes, we know that.

The CHAIR: Order! Let the minister answer.

The Hon. C.C. FOX: What we had from October last year onwards was a set of circumstances which, if you like, did create the perfect storm, and that had to be examined very carefully. We had to go over input from new contractors, from old contractors and from the internal audits done by the department. It was an enormous amount of information. That is an amount of information that we have now collected and which we are building on. The initial collection of that information was not, as the member for Bragg would like us to suppose, something that we could have done overnight. I referred previously to a generational change. I referred previously to one of the largest changes we have ever had. That does not happen overnight. You do not want to do that sort of thing in a slipshod manner.

The member for Bragg has called, time and time again, for there to be changes to this timetable system. If we were to do anything, politically or departmentally, other than thoroughly and to the best of our ability, the member for Bragg and, indeed, her colleagues would have been the first people to jump up and down to say that not enough due diligence had taken place, that not enough research had taken place, etc.

We have worked very closely with the companies, and we have worked very closely with the internal auditors. Indeed, independent auditors have been employed to make sure that these particular changes will be as effective as possible. If you like, this is the larger change, the change upon which we will be basing the quarterly changes you referred to. Those quarterly changes will, of course, not be as massive as these July changes, and that, member for Bragg, is why they will cost less.

Ms CHAPMAN: My question is in relation to the Metrocard, which is at page 37. This is a new system which has increased from $30 million, under the Labor Party 2010 state election, to $42 million in the budget last year, and it is now $45.7 million in the current budget. Has anything changed in relation to the scope of this service or promised in this ticket system from 2010 until now, or have the costs just kept creeping up?

The Hon. C.C. FOX: That $30 million you referred to as the contract cost remains the contract cost, I am advised. Actually, I am going to hand over to Mr Hook, and he can tell you what he has just told me.

Mr HOOK: I think the figure you referred to is the cost to the external contractor on the acquisition of the product we have bought from France. We have additional costs in our budget for running the whole program, which includes the allocation of our staff against the capital program and the money we spend to put the program together. We have had a budget of $42 million but against an external contract price of somewhere around $30 million, which was the figure publicly announced.

We have increased that from $42 million to $45 million because we now have new rolling stock coming in during the course of next year. We have the latest delivery of the trams, and we have the new railcars coming in, and we continue to buy additional buses. We have allowed in the acquisition to have them prepared to accommodate our ticketing system, but we have moved some money out of the acquisition into the ticketing system budget to ensure that the new ticketing

system is delivered within the new rolling stock. So, the difference between the $42 million and the $45 million is just moving the money we have from one line to another, and we have put it with the ticketing system as we roll it out in the additional fleet we are acquiring.

Ms CHAPMAN: Minister, members of your department have provided us with a briefing on the new scheme, and it seems that the scheme you have bought for us is one which is a tag-on scheme and not a tag-on/tag-off scheme, which is the more expensive version—

The Hon. C.C. FOX: Are you referring to the myki version?

Ms CHAPMAN: —which currently applies in Brisbane, Perth, Melbourne and most likely Sydney.

The Hon. C.C. FOX: You are referring to the myki system. That has not been successful. I think our Victorian cousins would tell us that also.

Ms CHAPMAN: Can I put this to you: every other state has it, and it is a much more expensive one. So, your system is the cheaper option. But what I want to ask you about is, as a result of buying the cheaper option and not having a tag-off, under the project, it is our understanding that the government will then be limited to charging passengers the same ticket price regardless of whether they catch the train from Seaford to the city or from Clarence Park to the city. That is, you do not have available to you what we call a 'tiered' ticket system, which is available in the other states. That may be one of the casualties of signing up to the cheap option, but I would like to know whether it is the case that there will be the same charge for the passenger who is travelling from Seaford into the city as for the person who is travelling from Clarence Park?

The Hon. C.C. FOX: I thank the member for her question. I would like to address her assertion, her labelling of this system as the 'cheap option'. I suspect that if she were on the other side of this conversation, her definition of it would not be the cheapest option, it would be the most financially efficient option.

Ms CHAPMAN: It may be.

The Hon. C.C. FOX: However, that is splitting hairs. What we are doing here is taking advantage of proven technology. If you look, for example, to what occurred in Melbourne and to the infamous myki system that Ms Kosky enjoyed so very much, the shortfalls in undertaking investment in that system that was not proven technology were significant, not just financially (the cost that blew out there was phenomenal) but also in terms of commuters. The system we are buying is already in operation all around the world, and it seems to be working well. The experience we have had thus far has been extremely positive. In terms of your, if you like—

Ms CHAPMAN: Question?

The Hon. C.C. FOX: —verballing, I am referring—

Ms CHAPMAN: The question is: will the person from Seaford be paying the same price as the person from Clarence Park?

The CHAIR: This will be the last question. We are running over time.

The Hon. C.C. FOX: I am referring to your question, member for Bragg—

Ms CHAPMAN: And will they?

The Hon. C.C. FOX: And that was the issue. The first thing you raised was this concept of the cheap option. This was a sentence in your own question, and I am addressing it.

Ms CHAPMAN: Whether you think it is cheap or—

The CHAIR: Can I interrupt the member for Bragg and remind people of the time. We are now well over five minutes over time, so we will make this the last question.

Ms CHAPMAN: I think the minister is endeavouring to answer it, Mr Chairman.

The CHAIR: I am sure she is.

Ms CHAPMAN: We are talking about the same model. All we are asking is: will the person at Seaford have to pay the same ticket price under this scheme, good or bad, from Seaford to the city as from Clarence Park to the city? That is all I want to know.

The Hon. C.C. FOX: Yes.

Ms CHAPMAN: The answer is yes?

The Hon. C.C. FOX: Yes—I just said yes.

Ms CHAPMAN: Yes.

The CHAIR: Thank you, minister. I thank your advisers and members of the committee. There being no further questions, I now declare that the examination of the proposed payments is adjourned until Thursday 21 June.

[Sitting suspended from 12:52 to 13:45]

DEPARTMENT FOR HEALTH AND AGEING, $3,010,707,000

Membership:

Mr Hamilton Smith substituted for Ms Chapman.

Mr Griffiths substituted for Mr Gardner.

Mr Venning substituted for Ms Sanderson.

Witness:

Hon. J.D. Hill, Minister for Health and Ageing, Minister for Mental Health and Substance Abuse.

Departmental Advisers:

Mr D. Swan, Chief Executive, SA Health.

Mr J. Woolcock, Chief Finance Officer, SA Health.

Ms J. Richter, Executive Director, Health System Performance, SA Health.

Ms N. Dantalis, Director, Corporate Governance and Policy, SA Health.

The CHAIR: I need to go through the preliminaries so that people are familiar. The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of the proposed payments to facilitate changeover of departmental advisers. Changes to committee membership will be notified as they occur. If the minister undertakes to supply information at a later date, it must be submitted to the committee by no later than Friday 21 September. I propose to allow both the minister and the lead speaker of the opposition to make brief opening statements if they so wish.

There will be a flexible approach to giving the call for asking questions, based on about three questions per member. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the chair for distribution to the committee. All questions are to be directed to the minister, not to the minister's advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committees, television coverage will be allowed for filming from the areas clearly marked on the floor of the room.

I declare the proposed payments open for examination and refer members to the Portfolio Statements Volume 3. Minister, do you wish to make an opening statement?

The Hon. J.D. HILL: Thank you very much, chair, and members of the committee. Providing the best possible health care to all South Australians is a core and enduring priority of the Labor government. That is why this government has invested heavily in health services and in the construction of new health facilities. In 2012-13, $4.927 billion will be spent on health services and functions across government, a massive 129 per cent more, or $2.8 billion extra, than in 2001-02 when we came in government.

This increased investment has seen over 4,500 additional nurses working within the system and well over 1,000 extra doctors and 1,000 extra allied health workers. In addition to massively increasing the workforce, the government has systematically gone about rebuilding the state's hospitals which were the oldest on mainland Australia. SA Health's 2012-13 capital expenditure will be $489.3 million. This is the second year in a row that our capital expenditure will reach this unprecedented level of almost half a billion dollars.

In the north, $50 million will be spent on the $201.7 million stage C redevelopment of the Lyell McEwin Hospital which will add 96 new beds, improve emergency department access and flow through, the creation of an acute medical unit, as well as create a cancer centre increasing chemotherapy and radiotherapy services.

The Elizabeth GP Plus centre has opened and a GP Super Clinic has been built in close proximity to the Modbury Hospital. In the south, the $162.7 million redevelopment of the Flinders Medical Centre is now substantially complete and the Marion GP Plus centre has opened, as has the Noarlunga GP Super Clinic.

The budget also provides $15 million towards a $64.4 million upgrade of the Women's and Children's Hospital. In the country we are investing $20.8 million towards the $36 million redevelopment of the Berri Hospital and $8.5 million towards the construction of the Port Pirie GP Plus Health Care Centre. In conjunction with the commonwealth government we are also providing $12.7 million towards the $39.2 million Port Lincoln Health Service redevelopment, $8 million towards the $26.7 million redevelopment of the Mount Gambier Health Service, and $38.4 million towards the $69.3 million redevelopment of the Whyalla Hospital.

Capital projects worth $3 billion have been completed, are underway or have been funded across the health portfolio by the government. Of course, the centrepiece of our knew hospital infrastructure is the new Royal Adelaide Hospital, where site works are nearing completion and construction is underway.

As well as increasing the number of staff and rebuilding the state's health and hospital infrastructure, we are also providing our doctors and nurses with the tools they require to provide the best possible care to patients. The 2012-13 budget includes a $191.7 million investment in three major e-health initiatives that will move SA Health into the digital age of health care. These are EPAS (Enterprise Patient Administration System), EPLIS (Enterprise Pathology Laboratory Information System) and ESMI (Enterprise System for Medical Imaging).

Patient diagnostic information cannot currently be easily shared electronically between hospitals, making it difficult and time consuming for the results of pathology tests or scanning taken at one hospital to be shared with another hospital on a subsequent admission. These new systems will create one patient, one record, one system. This will give doctors faster access to the patient information they need to make life-saving decisions. It will transform health care in South Australia, improving the quality of care and saving time and money.

The government's mission has been to rebuild the health system. This has been a hard road and the task continues, but the investment in health is starting to reap results, as South Australia has steadily improved in all the key service and timeliness indicators over the past few years. In emergency departments the median wait time to service delivery was 20 minutes in 2010-11. That is down from 29 minutes four years earlier and means that on the latest available figures South Australia was second best performing in the nation in 2010-11 for this category.

The result for the year to date to April 2011-12 is 16 minutes, a figure which for the first time includes large country hospitals. Ninety per cent of people were seen by a doctor or nurse within 104 minutes in South Australia in 2010-11, making South Australia the best performing jurisdiction for this category in 2010-11. Seventy-one per cent of our patients were seen on time, according to clinical categories in SA emergency departments in 2010-11, making SA the equal second best in the country. This is up from 61 per cent four years ago. The year to date to April 2010-11, including seven country hospitals, is 76 per cent of patients seen, according to clinical categories.

It has been historically harder for small states to perform well in ED timeliness categories, making our performance even more meritorious. Doctors and nurses within our EDs should be proud of these results. These improvements in emergency department waiting times are partially a result of the success we have had in reducing the growth in presentations to EDs. SA had the best (or lowest) growth in ED presentations in the nation in 2010-11. The year-to-date figures to April 2011-12 show a very marginal acute reduction in ED presentations of 0.1 per cent. This is an

incredible difference from the annual 4-5 per cent growth we were experiencing before the introduction of the health care plan in 2007.

At the last election the government committed $111 million to back the introduction of a new ED target for 90 per cent of all patients to be seen, treated and discharged or admitted to a ward bed within four hours by June 2013. The most recent national comparative data for this was done in 2009-10 and showed that just under 60 per cent of patients met the target. This has improved to 64 per cent in the year to date to April 2011-12, including seven country hospitals. The government has recently focused its attention on the particular target and, for the actual month of April 2012, 68 per cent of patients were seen, treated and discharged or admitted within four hours. This is below the state target of 75 per cent by June 201 but is ahead of the national target of 67 per cent by the end of the 2012 calendar year.

Remarkably, improvements in emergency department performance have occurred while unprecedented levels of elective surgery performances have been undertaken. On average, from 2006-07 to 2010-11 SA recorded the second highest growth in elective surgery in Australia. In metropolitan hospitals alone, we undertook over 5,500 more procedures in 2010-11 than we did in 2006-07.

The direct result of these additional procedures has been to dramatically reduce the number of overdue patients. As at 30 June 2011, there were only five patients overdue for their elective surgery in South Australia in metropolitan hospitals, which was the third year in a row we finished with virtually no overdue patients. We anticipate a similar result this year.

The median wait time for elective surgery across South Australia for the year to date April 2012 was 33 days. This is down from 42 days in 2007-08. We have been improving while the national trend has been in the opposite direction. In 2010-11, 90 per cent of all patients in South Australia were admitted for elective surgery within 208 days, which is 17½ per cent better than the national average of 252 days. Waiting times for this measure have further improved to 187 days in the period to April 2012.

What these figures show is that South Australia has a world-class healthcare system. It is an excellent and improving system. Whilst there are always improvements to be made, it is worth reflecting on these achievements. The doctors, nurses and other clinical and support staff, as well as health managers, should be pleased with their achievements, and I thank them sincerely for their efforts.

Many of these improvements have been helped by our efforts to increase transparency of our health system, giving South Australians unprecedented access to internal dashboards that show the number of patients being treated in our metropolitan hospital wards and emergency departments at any one time. We are now taking this transparency even further, and I can announce today that more dashboard information will go live from this Friday. This includes a new ambulance dashboard to help further improve the flow of patients through hospital emergency departments.

When particular hospitals are busy, the ambulance service will be able to make a real-time decision about where to take patients, rather than hospitals going on ambulance diversion. The dashboard provides updates every five minutes of activity in emergency departments, bed occupancy and other useful information to assist ambulance staff to make decisions about where to best take the patient. The change will enable a faster response and better spread the demand across emergency departments.

In addition, people can now see the number of patients being treated at hospitals in Port Lincoln, Port Pirie, Whyalla and the Riverland. These hospitals join Port Augusta and Mount Gambier hospitals, which both went live last year. Residents can see information updated every 30 minutes about the bed occupancy, average length of stay and patient admissions and discharges at their local hospitals. There is also information about elective surgery, including waiting times, cancellations and the types and numbers of procedures.

The health system is the largest single part of government. During 2010-11, there were approximately 1.62 million hospital bed days throughout the public hospital system. In the 2011-13 financial year, we anticipate that SA Health will perform over 65,000 elective surgery procedures, make over 300,000 GP Plus appointments and undertake 83,000 breast and 154,000 cervical cancer screenings. The Ambulance Service will respond to over 335,000 callouts, and the Dental Service will undertake over 100,000 hours of dental services on children.

By any measure, this is a large system that interacts with many, many South Australians, each and every year. Often at times, and it is obvious to say, the health system interacts with people at times of great stress and these interactions do not always go as well as people might hope. The health system is always striving to perform better and learn from mistakes that do occur; however, it is wrong to draw universal conclusions about the system from these individual cases.

Over recent years, SA Health's performance has improved in key measurable categories. Our next challenge is to maintain this improvement while stabilising the growth in expenditure and services. This is a challenge that all other states and, indeed, all other Western jurisdictions are facing. I and the government look forward to this challenge.

The CHAIR: Does the shadow minister have an opening statement?

Mr HAMILTON-SMITH: Not really, Mr Chair, except to thank all the staff for the effort they have put into today; I know it is considerable. I will go straight into questions.

Minister, you have talked about and given selective examples of how our health system is working well in certain categories. The opposition appreciates and welcomes that, but I am interested in asking you some questions about where it is not working quite so well, particularly at the Lyell McEwin, since that is topical today. In doing so, I am referring to the Northern Adelaide Local Health Network in Budget Paper 4, Volume 3, starting on page 44. Doctors are meeting out there today to talk about the problems of overcrowding and the emergency department not coping very well. One of the measures that the minister did not mention in his opening remarks was the four-hour rule, which is the—

The Hon. J.D. HILL: Yes, I did mention it.

Mr HAMILTON-SMITH: —measure used by the commonwealth, which has been nationally agreed to, to assess the time taken from the moment a patient enters the ED until discharge either to home or to the hospital proper. My understanding is that our performance is at about 59 per cent. Perhaps the minister could clarify that for the committee across the hospital system, but my specific question is: how is the Lyell McEwin Hospital performing on the four-hour rule? What percentage of patients are meeting the requirement?

The Hon. J.D. HILL: I thank the member for the question. I did actually say that during my opening remarks, although I did not answer the question in relation to the four-hour rule generally. I think I said that we were at about 60 per cent earlier this year and the most recent figures show that we are now at about 64 per cent. In April 2012, 68 per cent of patients were seen, treated and discharged or admitted within four hours. To requote myself, the government has recently focused its attention on this particular target and for the actual month of April 2012 68 per cent of patients were seen, treated and discharged or admitted within four hours. So, there have been huge improvements.

The four-hour target was an election promise that we made at the last election. The data that the member is referring to, the 59 per cent or thereabouts, relates to the period before or at the time of that target being set, so it was not a target that we had at the time. Subsequent to our undertaking to move towards that target, the commonwealth picked up a similar measure, so we have morphed our target into their target because it just makes sense to have only one target. Whereas we had 95 per cent, the national target is 90 per cent, so we have agreed to that change; the doctors were supportive of that as well. Western Australia has had a target of 90 per cent for four hours for a couple of years longer than us and they are the best performing in Australia.

I think what that demonstrates to me—and it is true generally of health—when you set a target, you publish it, you work towards it and you will make improvements. We did not have it as a target. It is not something we measured, it is not something we knew about, particularly. We have now set it as a target, so we have moved from 59 per cent whenever it was and in April this year we were at 68 per cent. From memory—and I saw a stat today from Lyell McEwin—I think Lyell McEwin is at about 50 per cent, so it is fair to say that the hospitals which deal with the more complex cases and the hospitals which are the busiest—Flinders, Lyell and RAH—are not performing as well as some of the other hospitals. The Women's and Children's, Noarlunga and TQEH are performing better. The focus is quite rightly on the biggest and most complex hospital systems, and they are the three acute hospitals which form the spine of our system.

Mr HAMILTON-SMITH: I thank the minister for his answer. Of course, April is a warmer month, and I imagine what happens with these measures is that in warmer months and low demand months our performance is better than in colder months or high demand months. I wanted to confirm what I think I just heard. Lyell McEwin is meeting on an aggregate over the year about

an average of 50 per cent of people seen within the four hours. I think I heard the minister say that. Could you confirm for the last complete full year of recording, rather than month by month—and I think Mr Swan confirmed this at the Budget and Finance Committee—is it about 59 per cent or 59.3 per cent or something for the last complete year of measuring the four-hour rule?

The Hon. J.D. HILL: I think I gave that. I think it was 64 per cent, the figure I gave.

Mr HAMILTON-SMITH: That was for April; that was for one month, I think.

The Hon. J.D. HILL: No, it was 68 per cent for April. I will confirm it if I have got it wrong, but I think it was around 64 per cent for last calendar year.

Mr HAMILTON-SMITH: The commonwealth publication says 59.2 per cent.

The Hon. J.D. HILL: Yes, but I think you have an older publication. I am talking about the—

Mr HAMILTON-SMITH: Sorry?

The Hon. J.D. HILL: You may well have an older publication. I think the commonwealth figures, as I said, were based on the 2009-10 calendar year, but I will get that confirmed. We should be able to do it by the end of today.

Mr HAMILTON-SMITH: All right. Where does the last four full year of recording rank South Australia compared to other states on the four-hour rule system?

The Hon. J.D. HILL: The only figures we have are the 2009-10 figures, which you have already referred to. What we do not have are the most recent—and we have improved—so I cannot answer that question because those figures have yet to be published.

Mr HAMILTON-SMITH: Where does the 2009-10 ranking place us?

The Hon. J.D. HILL: As you know, the ACT was performing less well than us. We were at 59.4 per cent; New South Wales was at 61.8 per cent and the others were in the 60s, so we were the second performing at that time. However, as I said, this was before we set the target. We have now set the target and if we took the most recent figure we would be performing about fourth, I think, around Australia.

Mr HAMILTON-SMITH: So it is correct to say that we were, according to those figures, the worst performing of the states and you hope that we would be performing better but you do not know whether the other states have improved, do you?

The Hon. J.D. HILL: All I can tell you is what has happened in our state. We were at 59.4 per cent and we are now (in April) 68 per cent, so that is quite a considerable improvement. That is not a yearly figure; that is a monthly figure. The point I made is that once you identify an area and you put resources and effort behind it you get improvements. This was not an area which we had focused on in the past.

Mr HAMILTON-SMITH: At Lyell McEwin it is 50 per cent, so that is significantly below the rest in terms of performance to the four-hour rule, as you have just mentioned, and that should ring an alarm bell. I am now moving to page 46 of the same budget paper that I referred to earlier, where the performance indicators show that in the Northern Adelaide Local Health Network, we are achieving only 79 per cent of emergency patients being seen within the required 10 minutes and only 59 per cent of urgent emergency casualties being seen within the required 30 minutes. I note the target there is 75 per cent. That, read the other way around, means that 41 per cent of urgent casualties are not being seen on time. Does that figure give the minister some cause for concern, and is that one of the issues that doctors are discussing right now?

The Hon. J.D. HILL: I cannot tell you what the doctors are discussing right now, but I can tell you that we are committed to improving the performance of our emergency departments, and the figures I gave in my opening statement indicated that we have a higher percentage of patients seen in time in South Australia compared to the national average. That obviously varies from site to site.

The member raised the issue of the Lyell McEwin, so I will perhaps give a general overview: the Lyell McEwin, which services the northern suburbs had, I believe, been neglected for many years by government. The services provided at the Lyell McEwin were not much better than you would expect in a small country community, even though it was perhaps the most rapidly growing part of our metropolitan area.

Over recent years we have committed hundreds of millions of dollars to expand and rebuild the Lyell McEwin Hospital to make it a modern, acute service. There is still $200 million worth of building works going through at the moment. By the middle of next year, we will have an extra 48 beds available at the Lyell McEwin Hospital and then, six to 12 months later, we will have another 48 beds, which will give it extra capacity.

The emergency department at the Lyell McEwin has 41 bays and the hospital in year 2010-11 had approximately 57,706 presentations at the emergency department, which works out at around about 150 to 160 patients a day, so 40 cubicles ought to be enough to deal with that number of patients if the flow through the hospital is working as well as it should. The issue I imagine the doctors are working on today with my departmental officers is to make sure that the flow from the emergency department of patients who need to be admitted works purposefully.

There is a bit of a handicap at Lyell McEwin because the beds they require have yet to be opened, and you just cannot speed up those capital works any faster. There is a range of things that we can do to improve that flow, and the report that Stephen Christley prepared, which I tabled in parliament last week, highlighted a number of those issues. I imagine that is the subject of the discussion today, how to achieve those things. I will ask Mr Swan to just give some details of the kinds of measures that are being looked at to improve the flow.

Mr SWAN: There was a meeting this morning between all the clinicians and management, where they talked about access to beds and access to services, which was very productive. The clinical community out at Lyell McEwin and Modbury for the northern network is very committed to improving access to services. They discussed a range of initiatives that they will be moving forward with over the next few weeks, particularly the development of an acute medical unit for Lyell McEwin Hospital, which will fast-track acute medical patients into beds, improving access to diagnostic services early, both from the emergency department and inpatient units, which it will assist with, again, early admission.

Event-led discharge is really nurses having protocols prescribed by the doctors that allow them to discharge patients when they are ready to go home, which means that it fast-tracks people moving back to their own community. All those things are committed to by the clinical community and hospital management, and they will be undertaking them over the next few weeks.

Mr HAMILTON-SMITH: I thank the minister and the CEO for their answer. It is interesting that after such a long period in government, though, we are still facing a situation where, as a casualty, you have a 50 per cent chance at Lyell McEwin that you will not be out of there within four hours, to meet the four-hour rule, and if you are an urgent casualty there is a 41 per cent chance that you will not be seen on time. I appreciate the measures that are being taken to try to fix that, but it is an alarming figure for the people of the northern suburbs.

Since the minister has raised the issue of the report that was recently commissioned into Lyell McEwin Hospital, conducted by Dr Stephen Christley, could I just ask a question about that? I have read the statements made by SASMOA's Dr David Pope when he first raised this issue. He seems to use the language of doctors having been asked to see and assess patients on the floor, not claiming that they were laid out physically on the floor and seen on the floor, but they were asked to see patients on the floor. I note on page 5 the report itself gives a commentary of a nurse saying to a doctor that if he wished to examine this patient now he would need to do so on the floor because the hospital had run out of barouches.

Can I just check the minister's understanding of what Dr Pope from SASMOA actually said. I note the minister's comments claim that Dr Pope and SASMOA said doctors did see patients on the floor, when, looking at the letter of what was actually said, it appears he only said that they were asked to see patients on the floor. Perhaps you could clarify that for us.

The Hon. J.D. HILL: I will certainly do that. I read all of this into the *Hansard* last week. I quoted a number of claims that were made, and I will just find the quote from Dr Pope. It is worth pursuing. Dr Pope, on Friday the 18th, said:

> On Tuesday evening, the Lyell McEwin ran out of hospital beds and barouches, and the doctors were asked to see and assess patients on the floor because there didn't seem to be any other option available.

Then, he said, again on the 19th, on Channel 9:

> Medical staff were asked to see people on the floor because they needed to lie down for their conditions, and there was nothing to lie down on.

Then, on the 23rd, he said:

> We were expecting to find that the overcrowding is severe. The hospital regularly comes close to running out of barouches, and on last Tuesday evening actually did run out of barouches and beds, and it is that overcrowded patients, if there is no bed or barouche and they are still arriving, there is no other place but on the floor.

There are lots and lots of similar quotes to that, but there is one particular quote I am looking for; that is, on Wednesday 23rd May on ABC 891, he said:

> What happened was that the hospital emergency department ran out of beds and barouches. There were patients needing to lie down to be assessed for their condition. There was no option but for the people to use the floor, so medical staff were seriously asked if they would see, examine and treat people on the floor. Nobody was on the floor for any length of time, but that was the situation that was faced by medical staff at that time.

I read that to mean that they were seen on the floor but not for very long. The reality is that nobody was seen on the floor. There was one reference that the report found where a doctor said to a nurse, 'Where is the bed?' and the nurse said something along the lines of (and it could well have been a joke, that was the reference in the report), 'Well, you'll have to see them on the floor because there's no bed available.' Of course, that did not happen. A bed was found, and the patient was looked after properly.

So, what was hearsay was exaggerated by SASMOA in the media, and the impression was clearly given, and was reported repeatedly, that patients were seen on the floor. I was asked a number of times in the media, 'Isn't it outrageous that patients were seen on the floor, as alleged by the doctors' union?' and I said, 'This is yet to be proved.'

I organised a review, which the health department organised, and that has demonstrated that no patient was seen on the floor on the day that the allegation was made. I do not want to quibble about this; it was a very busy day. It was probably one of the busiest days we ever had. But it is simply not true what was reported repeatedly in the media in relation to the Lyell McEwin.

Mr HAMILTON-SMITH: But, minister, you have been unable to give a quote—

The Hon. J.D. HILL: Yes, I did. I just gave one.

Mr HAMILTON-SMITH: If I listened to you, you can listen to me. You have been unable to give a quote from Dr Pope that unequivocally states that patients were seen on the floor. In fact, you have supported the point I am making by giving numerous quotes from David Pope that doctors were asked to consider seeing patients on the floor, etc.

The only quote which you have been able to provide from Dr Pope which might suggest that patients were seen on the floor is one remark in an interview where it said, 'nobody was on the floor', and then he says, 'for any length time,' which you interpret as an unequivocal statement from him that they were seen on the floor.

The first point I am making is that you may have had questions put to you by the media, and you may have assumed that Dr Pope had said that, but when you check what SASMOA and Dr Pope actually said, and I think this comes out in the report that has been done by Dr Christley, it seems that just about every point that Dr Pope raised has been vindicated: the hospital ran out of barouches. The report says that they were unable to put on enough nurses that evening. In fact, I think the exact quote, on page 2 of the report, was:

> It was not possible to fill all of the nursing shifts in the ED on the evening...'

He also says in his report that a nurse told a senior doctor that if he needed to examine a patient now he would need to do so on the floor. He also confirms that patients were seen in chairs on the floor, raising questions as to what 'on the floor' means. I am wondering whether we are having a semantic argument here. If you are seen in the waiting area on the floor in a chair when you should be on a barouche in a waiting bay, what is 'on the floor'?

The point that Dr Pope, SASMOA and the doctors seem to be making is that this was an overcrowded, difficult and awkward situation and people were being seen in the waiting areas on the floor, whether some of them were sitting or not, and that nurses were seriously proposing to doctors that they might need to consider seeing them on the floor. I have your *Hansard* here. I wonder, when you said about 'this department', 'The investigation did not find any cases that matched the statements made by Dr Pope,' whether that was a completely accurate remark, because I think the investigation found a lot of what Dr Pope said to have been completely truthful and accurate.

The Hon. J.D. HILL: You can try to interpret it that way if you like, member for Waite, but I will read again from the transcript of the interview Dr Pope had with David Bevan on ABC radio from 8.00 to 9.00 am on Wednesday, 23 May. Bevan said this to Dr David Pope:

> ...can you confirm, you don't have any doubts, that this incident did occur...a patient or patients plural were forced to lie on the floor at the Lyell McEwin in the last week or so and that's where they were being treated?

David Pope in response:

> ...that's right. What happened was that the hospital and the Emergency Department ran out of beds and barouches. There were patients who needed to lie down to be assessed for their conditions and there was no option but for the people to use the floor. So medical staff were seriously asked if they would see and examine and treat people on the floor...nobody was on the floor for any length of time but that was the situation that was faced by medical staff at the time.

I think that is pretty unequivocal. He was asked: were people lying on the floor? He answered: that's right.

Mr HAMILTON-SMITH: I think you will find that doctors have a different view of that. The other thing I find surprising is that the report you are holding up as something to be proud of, claiming that it completely vindicates or somehow or other supports the argument that all is well there, is, in fact, quite damning when you read the detail of it. I gather you are looking at taking actions. What actions are you intending to take to fix the problems identified by Dr Christley in his report, because some of them are quite striking?

The Hon. J.D. HILL: I have not made any of the claims that the member just suggested that I made in relation to this report. I have said that Lyell McEwin had a very difficult day. It is true that there was a shortage of beds, barouches and the like. None of those things we have glossed over; they have all been printed and published in this report and the report goes through a number of recommendations to improve the situation. As Mr Swan said, they are being worked through.

The point is that a claim was made by a senior representative, the president of the doctors' union, that patients were being treated on the floor. He also said that the emergency department had run out of oxygen. Both those claims were reported in the media, which brought into disrepute the way that emergency department was running; both those claims are untrue. Steven Christley, who did the review very thoroughly without fear or favour, came to that conclusion.

It is absolutely proper that we have discussions in here and in the community about the level of resources and the issues around emergency departments, but those discussions have to be made on the basis of truth about claims. You cannot just make things up and use that to support your arguments. Particularly, I think, given the high regard that doctors have in our community, there is a special duty on them to make whatever claims they are making based on an accurate assessment of the issues.

To simply say that there were patients being treated on the floor, as he clearly does in that interview with David Bevan on 23 May, has subsequently found to be unsupported. There is nobody who has supported that claim—nobody. The best that can be drawn is that there was something said by a nurse to a doctor, which was possibly a joke, about how busy it was, but no patient was treated on the floor.

Mr HAMILTON-SMITH: Yes, but you do accept that they were treated out of the waiting area in chairs in the corridors? Do you accept that or not? The report says that happened, so is that right?

The Hon. J.D. HILL: The claim was—and that is the point you put to me—whether I was inaccurate when I reported to the parliament that Dr Pope was wrong when he said that there were patients treated on the floor. I said exactly what I should have said in the parliament, that that claim was incorrect. It was a busy time. A lot of patients who came in had to be dealt with.

As I said in the parliament at that time, and I have said in the media on multiple times, and I have said out at Lyell McEwin, I have great sympathy for Lyell McEwin because it is a hospital which is under enormous pressure while we are building the infrastructure that will support additional beds. Once we have that in place, it will take a lot of the pressure off, but there are other things that we can do in the meantime, which David Swan has outlined.

Mr HAMILTON-SMITH: We will not waste any more time of estimates on this point, but my view is that you have used a bit of licence as well in interpreting Dr Pope's remarks.

The Hon. J.D. HILL: Point of order, Mr Chairman: I am not sure if it is appropriate for the leader to make commentary like that and leave it hanging in the air, and I ask him to withdraw. I object to that completely.

Mr HAMILTON-SMITH: I do not think it is unparliamentary; I am just expressing a view. I think you have used a bit of licence in the interpretation you have put on Dr Pope's remarks, and you have made a political point.

The Hon. J.D. HILL: If that is what you feel, member for Waite, I will go through the remarks again. Dr Pope was asked:

> Can you confirm you don't have any doubts that the incident did occur: a patient or patients, plural, were forced to lie on the floor at Lyell McEwin in the last week or so, and that's where they were being treated?

He said, 'That's right.' If you think there is licence in my interpretation of that, I will leave it to others to judge who is correct.

Mr HAMILTON-SMITH: You said on radio this morning words to the effect that you completely refuted the doctor's views and positions on the situation at Lyell McEwin. I think you used that terminology. You were critical of Dr Pope on radio this morning, and then I think you said (I was taking notes at the time) something along the lines that you completely disputed the claims of the doctors in regard to concerns about Lyell McEwin, or words to that effect. I would have to get the transcript to be precise.

Are you in some sort of cold war with the doctors at Lyell McEwin, and why are you not talking to the doctors at Lyell McEwin instead of sitting here criticising Dr Pope and engaging in insults back and forward between the doctors and the minister? Is there a breakdown in the relationship between you and the doctors?

The Hon. J.D. HILL: There is lots of argument in that question. The reason I am sitting here is because it is estimates, and the reason we are talking about these issues is that you have raised them. I am not at war with any of the doctors. What I am trying to do is make sure that whatever discussion we have about the way our health system operates is based on the truth and on facts and not on exaggerated claims, whether they are made by politicians or by representatives of unions, doctors or other unions. The health system is hard enough to manage and to get right; to do it on the basis of claims which are made which are incorrect I just think is something I have a responsibility to challenge.

The interview I had on the radio this morning raised a number of issues. The particular issue being talked about, which I seem to recall the remarks I made related to, was the claim that the closure of some acute mental health beds was responsible for some of the pressures at Lyell McEwin. I simply made the point that those beds have yet to close so they could hardly be responsible for any pressures that might currently be felt at Lyell McEwin.

I did not go on to make this point because the interview did not go in that direction, but the beds which are to be closed in the southern suburbs, and a number at Glenside, I feel are unlikely to put very much pressure on Lyell McEwin. In any event, the number of mental health patients who were at Lyell McEwin on at least one of the days in question I have some figures on was about 4 per cent, so a relatively small number of the patients are mental health patients.

There is an issue around mental health beds, and I am happy to go through that with the member when we get to that part of the discussion later on this afternoon, or I can do it now if he wishes. We have opened up considerably more places for mental health patients in our state. Currently, I think around 74 additional places have been made, so there are more places for mental patients to be treated in South Australia.

The Stepping Up report, which made a series of recommendations to government and which were adopted, said that we had too many acute mental health beds and recommended that we transfer the resources from those acute beds into sub-acute and other services, which is exactly what we said we would do and we are now doing it. It is true that sometimes mental health patients do end up in emergency departments and stay there for a very long period of time, and that is one of the issues the CE is working on at the moment with Lyell McEwin and other hospitals.

I meet with doctors frequently. I met just recently with the head of Lyell McEwin emergency department and went through a number of the issues with her. The CE and I went out to the hospital about six weeks ago and addressed a meeting. We invited all the doctors and staff to attend and we talked about these issues. Dr Pope was in the audience and raised some issues in relation to mental health beds, which we addressed.

There is no war at all between doctors and me. I have enjoyed extremely good relations with the medical fraternity in the years I have been health minister, but during enterprise bargaining times—and that is what we are going through at the moment (there are enterprise bargaining discussions on the table at the moment between SASMOA (the doctors union), the health department and the government)—you get these kind of claims being made. We have to challenge some of those claims. It would be totally wrong for government to just swallow everything said. We have to go into a robust discussion with representatives of the union, but that is not to say we do not have good relations with them.

Mr HAMILTON-SMITH: Have I just heard the minister correctly that he is asserting that the concerns raised by SASMOA and the doctors about overcrowding and problems in emergency departments are being raised as a bargaining tool in industrial negotiations about remuneration, because that is just what you inferred? You inferred that the doctors are making false claims about emergency departments just to argue for more money. I find that quite offensive, and I think they will as well. I ask you to clarify the remarks.

The Hon. J.D. HILL: Certainly. It is interesting that you are inferring something from my remarks. When I tried to do that with you last week in question time, when I said that I thought you were implying something, you took exception and said that it was unparliamentary. I am saying that what is good for the goose is good for the gander.

I was saying that an enterprise bargaining discussion is going on at the moment, and sometimes some of the claims get a bit heated. One of the things we want to do in particular, which would take pressure off the emergency departments, is to have the capacity to have senior doctors rostered on duty 24 hours a day in parts of the hospital other than the emergency department and the ICU. Currently we have senior doctors rostered in the emergency department and the ICU around the clock, and that means that senior people can make critical decisions when patients need assistance, but we do not have the capacity to have rostered on physicians and radiologists in particular.

We would like to have those specialties rostered so that they are available to discharge more quickly, available to diagnose and to move patients through the hospital system. The doctors union has taken a particularly hard line against that, and this is an area of dispute. There are areas of dispute between the parties in relation to how to resolve issues which affect the emergency departments. That is a fact of life. I think doctors have some genuine concerns about a range of issues about patient flow through emergency into the rest of the hospital. We take them extremely seriously. They are not part of the enterprise bargaining arrangements. They are management issues and are about professional responsibilities that are taken on by various elements within the system.

So, it is not correct to draw the conclusion that the member did. All I am merely saying is that there are enterprise bargaining discussions occurring at the moment and, whenever those discussions occur, there is often a little heat around because the parties are wanting certain things out of the discussions.

Mr HAMILTON-SMITH: You have just repeated it. You have just virtually repeated it. You have said these issues arise when there are industrial negotiations going around. I just find that remarkable but, anyway, as you would have it.

The CHAIR: If you have finished that line of questioning, I want to go to the government. They have some questions and then I will come back to you.

Mr HAMILTON-SMITH: Thank you.

Ms THOMPSON: My question relates to Budget Paper 4, Volume 3, pages 37, 48 and 50. I doubt it will be a surprise to the minister, but I would like further information on the improvements and clinical service enhancements that have been completed at the Flinders Medical Centre.

The Hon. J.D. HILL: I am more than happy to report that the $162.7 million investment in the Flinders Medical Centre was virtually completed in May this year. It was within budget and four months ahead of schedule. In 2005, as part of our then election commitments, a major capital funding commitment was given to enable the redevelopment of the Flinders Medical Centre's critical clinical facilities, central engineering plant and hospital facilities. The project and associated funding commitments were subsequently confirmed by the government, with a total capital funding commitment of $162.7 million being approved for the project, which enabled construction works to begin in early 2008. That redevelopment has included:

- a new purpose-built 20-bed cardiac care unit on level 6;

- a new 30-bed acute medical unit, located adjacent to the emergency department and the intensive and critical care unit, which will assist clinicians to rapidly assess, plan and implement care for approximately 5,000 acutely unwell medical patients each year;
- expansion of the intensive and critical care unit from 24 to 32 beds, which will enable care to be provided to more than 2,100 patients each year;
- expansion and complete redevelopment of the emergency department in accordance with the latest models of care;
- expanding the facilities from 31 to 50 treatment cubicles;
- upgrade to the operating theatre suite, which includes 10 new operating theatres and space for two future theatres to be developed;
- an integrated recovery facility accommodating 22 stage 1 and 14 stage 2 recovery bays;
- a new centralised sterile store and a holding bay for patients waiting for surgery;
- a $50 million major upgrade of the central engineering plant and systems infrastructure;
- the new South Wing, which is a new three-level building accommodating new maternity and gynaecology inpatient services;
- a new berthing and assessment suite; and
- new medical clinics and administration areas.

It should also be noted that the new South Wing building has been awarded a 5 Star Green Star rating in the categories of design and also as built. These are the first such ratings to be awarded by the Green Building Council of Australia, since the introduction of its new hospital rating tool. This demonstrated the government's commitment to achieving high quality service delivery, while making sure we maintain excellence in the application of ecologically sustainable development principles. Some notable environmental features include:

- a 286-panel solar hot water system;
- a displacement air conditioning system that allows individual temperature control in patient rooms;
- the use of low volatile organic compound paints, adhesives and floor coverings; and
- highly efficient energy consumption, reducing energy costs by $400,000 each year, CO_2 emissions site wide by 4,160 tonnes and a water consumption reduction of 20 per cent.

The redevelopment of FMC is being facilitated by using Baulderstone as a building contractor and a design team led by Woodhead Architects. This has been a significant redevelopment for the southern metropolitan area and will certainly assist in meeting its ongoing growing needs. I just pay tribute to the people who managed that project. They have done a superb job, in my view.

Mr ODENWALDER: Minister, my question refers to the 2012-13 Agency Statements, Volume 13, Sub-program 1.3. I wonder if the minister can just provide some further information on the key dates for the design and construction of the new RAH and when it will be open to the community?

The Hon. J.D. HILL: I am happy to do that and I thank the member for his question. In December 2007, the government approved the construction of the new Royal Adelaide to be delivered under a public-private partnership procurement arrangement. We signed the contract on 20 May 2011. We reached financial close on 6 June that year with SA Health Partnership to design, build, finance, maintain and provide non-clinical support services for South Australia's new Royal Adelaide Hospital over a 35-year contract. All clinical services at the new RAH will continue to be provided by SA Health.

SA Health Partnership has subcontracted the design and construction responsibilities for the project to Hansen Yuncken and Leighton Contractors as a joint venture. The design and construction phase of the hospital project involves two key activities. The first activity is design development. This process commenced on 22 June 2011 and will be completed over an 18-month period. During this activity the builder is developing, refining and finalising the design documentation from the bid design documents to construction documents. This is a consultative process between the state, SA Health Partnership, the builder, the designers, the facility

management subcontractor (Spotless) and planning groups. Planning groups are made up of clinical representatives from the existing Royal Adelaide Hospital and SA Health as well as other stakeholders. It is anticipated the design development process will conclude by the end of 2012.

The second activity is construction during which the builder undertakes construction procurement activities, coordination of infrastructure enabling works and construction of the new RAH in accordance with the construction documents. Works commenced in 2011 to prepare the site for construction. This included the removal of old railway sleepers and ballast, remediation of the site and removal of over 200,000 cubic metres of material. In addition, piling for the retaining wall along North Terrace was carried out with the piles being bored to minimise disruption to neighbouring properties. Building platforms and access roads around the site for construction traffic were also formed, and sewer and stormwater pipes that traverse the site around the footprint of the new building were diverted.

Construction for the main building has now started with the piling/laying of the foundation commencing in June this year. It is anticipated that the building works will be completed by late 2015. During the construction period, the state will also undertake works to ensure the hospital is ready for use, and they include selection, procurement and installation of clinical equipment; development and installation of clinical ICT systems; training of staff in new work practices in the hospital.

At construction completion, extensive testing will be undertaken to make sure the hospital has been built in accordance with the construction documentation and performs in accordance with the technical expectations. It is anticipated that successful completion of the testing regime will mean that the hospital will achieve technical completion in January 2016 and, after technical completion, the state will undertake state operational commissioning work. Further testing will be undertaken to ensure that the hospital is capable of supporting clinical activity in accordance with the functional brief. It is anticipated that successful completion of this testing will mean that the hospital will achieve commercial acceptance in April 2016. At this point transition from the existing RAH can occur, and services will be transferred to the new facility. We expect it to be fully commissioned and operational in April 2016.

In June 2046, the contract with SA Health Partnership will end and the hospital will revert to the state at no additional cost. The hospital is required to meet strict handback condition requirements to make sure it will continue to deliver quality healthcare outcomes for the state for many years after the contract ends.

Dr CLOSE: Further to that answer, minister, could you provide some further information about the benefits of the new RAH, in particular the advantages associated with single rooms and how that will improve the health and wellbeing of patients?

The Hon. J.D. HILL: I thank the member for Port Adelaide for her question. Clinical planning for the new RAH has occurred in the context of our state's healthcare plan. The healthcare plan will be achieved through the development of new models of care. It will enhance current care provided within the hospital system and facilitate new ways of working. Our healthcare plan determined that 800 beds needed to be provided at the new RAH—a combination of 700 overnight and 100 same-day beds compared to the 680 at the existing hospital. The new RAH design comprises 100 per cent single inpatient bedrooms, each with ensuite, and facilities to allow a family member to stay overnight as appropriate.

Evidence suggests that in order to deliver the fundamental elements of the new models of care, there is a direct and critical relationship between the size of the space around the bed and direct adjacent access to the ensuite from the patient's bed. The new RAH's use of single rooms will offer numerous benefits. For example, maximum flexibility and efficiency will be achieved as there will be no restriction in bed availability and no need to regularly move patients to manage clinical issues such as gender mix, isolation requirements due to infection status, disruptive patients and dying patients. Patient falls will be reduced through a direct line of sight to the ensuite from each patient bed. Infection control measures will be supported through the appropriate separation of patients, individual patient ensuite access and improved hand washing provisions through the increased number of basins.

Single rooms would help create an environment that is much more supporting of a dignified, compassionate death. Improved communication between clinical staff and the patient will be facilitated and give patients greater opportunity for involvement in their own care. Patients will have greater control over their environment, including lighting, music, temperature control and fresh air. The provision of adequately sized bedrooms will allow treatment and therapy to be undertaken

in the patient's bedroom, thereby minimising the need for patient movement around the hospital. Patient privacy and dignity will also be maximised. Noise and exposure to treatments of other patients will be reduced, improving rest and recovery. All inpatient bedrooms will have access to views and natural light, and family and carers will be able to have greater involvement, including staying overnight where that is necessary.

Inevitably, there will be instances of surges in demand for services in the emergency department which is why the new hospital design provides for additional treatment cubicle capacity from 63 at the existing RAH to 78 at the new site, just on 25 per cent increase. This includes an increase in the current four resuscitation rooms to eight in the new hospital (doubling). One of the most significant impediments to managing emergency patient throughput is access to diagnostic imaging, therefore direct access to imaging has been designed into the emergency through the incorporation of two CTs, one MRI, two digital x-rays and two ultrasound rooms dedicated for emergency patient use.

Furthermore, the new RAH will have sophisticated and intuitive ICT systems and infrastructure to support patient identification and registration. In addition, it will have automated ordering systems for imaging and medications, as well as decision support systems that reduce patient queueing time and improve overall service efficiency and patient throughput across the hospital. The new RAH will be seen within the context of SA Health whole-of-system responses which will include transfer of appropriately lower complex patients to other hospitals to cope with any large surges in demand for inpatient services.

Mr PEGLER: When going through this, I noticed that all the local health networks have the performance indicators for percentage of patients attending emergency departments who were treated within accepted times, and also the percentage of visit times in emergency departments within four hours, yet the Country Health SA local network information does not seem to be in these statements. I apologise if I am wrong but I went right through it and I could not find them.

The Hon. J.D. HILL: I will see whether we can find them for you. It is true that we have only recently started measuring performance in country hospitals. I have just been advised that we do not have it in the reports but we do have some of that information available and I will happily obtain it for the member. In fact, by and large, it is very good. I might have some of the information here. ED presentations seen on time, for example, in country (month of April 2012) is 92.1 per cent, compared to metropolitan which was 76.6 per cent; year to date, April 2012 for country EDs was 91.9 per cent, compared to 72.8 per cent. That includes the seven large country hospitals from September 2011.

ED visits completed within four hours in the country (this is the seven largest country hospitals) was 91.1 per cent in April 2012, and the same percentage year to date. So the performance in country hospitals is very good. I guess that is, in part, due to the relatively small numbers; the crush of demand in the country is not as it is in the city. We do not have every country hospital included because there would be some country hospitals where they would be likely to see one patient a day. However, the ones which are the busiest are included, as I understand it. If you wanted particular information about the Mount Gambier Hospital, I can happily provide what we have to you.

Mr PEGLER: I think my point was that if we have those performance indicators for other areas—

The Hon. J.D. HILL: It should be in there, as well, I agree. We will make sure we fix that for next time.

Mr HAMILTON-SMITH: Getting back to the question of the emergency departments, we saw Dr Di King leave her post at Flinders after a meeting with hospital officials about ramping. We have had a number of doctors now come out and speak up publicly at Flinders and at the Royal Adelaide Hospital through their faculties and through SASMOA. That has met with a response from the government that has sometimes, in the view of doctors, been hostile.

Doctors have raised with me concerns about bullying and intimidation of doctors where they speak out, causing doctors to be cautious to use their associations. Are you aware of any incidents, complaints or concerns raised by doctors about bullying or intimidation following public remarks, and can you give us an assurance that doctors are free to speak up without fear of retribution, which is the concern they have raised with me?

The Hon. J.D. HILL: I am not sure who is talking with you, but I can assure you that there is no censorship on the medical fraternity. In fact, my experience in 6½ years of being health

minister is that they have never been shy about expressing their opinion, either directly to me or publicly, or in any other forum. I think the suggestion that somehow doctors are intimidated about speaking their minds is an absurd one.

I meet with doctors all the time and I have never, I think, in the time that I have been minister, knocked back a request by a group of doctors to come and see me, whatever hat they happen to be wearing. Recently I have met with representatives of the College of Emergency Department Doctors, all of whom, I think, had spoken out publicly at one stage or another. We had a couple of meetings. We have had very friendly chats and we are working on trying to make improvements. I think the feeling from that meeting was very positive. The CEO was there with me and can confirm that if he wishes.

Doctors speak their minds. If they get it wrong, I reserve the right to express my opinion too. If a doctor wants to put their hand up and say something publicly, I reserve the right to say something if I disagree with them, and I will, but I would have thought that it is drawing a long bow to say that is bullying. Nobody has ever been told not to speak what they believe. That is their right, as it is any citizen's right, to say how they view things. Obviously, we want to have constructive relationships with our employees, and I think by and large we do.

There are issues around emergency departments in the three largest hospitals. That is essentially where the issues are, at Lyell, Flinders and RAH. There are different issues in each of the hospitals. We have increased the capacity at Flinders Medical Centre. I think it was 35 and it is now up to around 50 cubicles. There are issues around ramping, so we have conducted a review into that. The review is yet to be finalised, but I am anticipating that will have some positive suggestions about how we can help that.

I made some announcements today about Ambulance Dashboard, which will give the ambulance service better capacity to know which hospitals are busy so that patients can be sent to less busy hospitals. That would help there. I have released a report into issues at Lyell McEwin. That has some positive suggestions which were being worked through, and the CEO talked about meetings today which went through that. I am optimistic about improvements there. We have had a similar discussion at Adelaide with the doctors there and a whole range of suggestions about improvements there. My understanding is that the doctors are pretty happy. If they have views they can come to me directly or use one of the various bodies they are members of—colleges, the AMA, SASMOA or, indeed, staff associations—to put points forward.

Mr HAMILTON-SMITH: I thank the minister for that. Just getting on to the question of ambulances, the doctors at Lyell McEwin have threatened to ramp if they feel arrangements at the emergency department are unprofessional. We have had ramping Flinders. Would you just confirm to the committee what it costs the government each day that the ambulance services impose no revenue industrial action as a result of ramping? What is the cost to the budget each day?

The Hon. J.D. HILL: The advice I have is that, if the ambos do not collect revenue from the customers, it is about $200,000 a day. A substantial amount of that, of course, is money that the insurance companies would be saving, so the insurance companies are probably the ones that do best out of that. Let me just talk about the issue of ramping. Ramping is not a policy that we have in this state. It is, in other states: Western Australia, New South Wales, Queensland and, I think, Victoria all have policies about ramping, where ramping is an approved health service policy. It is a legitimate policy, I suppose, in those jurisdictions, but it is not one that we want to have in our state. The legitimacy is based on the idea that the ambulance paramedics hold the patient and look after them until the emergency department has capacity. The problems with doing it, I think, relate to the ambulance service's capacity then to go out to look after other patients. That is the issue.

If you want to have ramping, you have to increase the number of paramedics you have so that you do not reduce the capacity of the paramedics to do their job and, if you are going to increase the number of paramedics, you may as well put the resources into the emergency department or into the back of hospital to create flow. I just do not see the benefit. It is a possible policy, but it is not one we would want here.

From time to time, and on occasions, the transfer of patients from an ambulance to the emergency department takes longer than the benchmark times. We generally try to do it within 30 minutes, although I understand that with more complex cases it can take up to about 40 minutes, and both sides of the service seem to accept that as being reasonable. When it gets beyond that, it becomes problematic.

It is a relatively rare event, but we will resist any attempt to introduce it as a policy. The health system develops policies. We cannot have individual bits of the health system developing

their own policies. You cannot run a system which has dissonance between the policy makers. I am always happy to talk to people, always happy to listen, and always happy to try to resolve problems, but we cannot have individual units making up their own policy lines.

Mr HAMILTON-SMITH: Moving on to the question of code black incidents of violent behaviour in hospitals. Can you tell us what is the most recent full year of reporting on code blacks, including Lyell McEwin?

The Hon. J.D. HILL: Are you referring to a particular budget line there that I can check?

Mr HAMILTON-SMITH: I am referring to the northern area health service. I know you have a contract which you pay out for security services which has to do with protecting hospitals from violence. I am happy to use the same one I used before, which is sub-program 2—

The Hon. J.D. HILL: I am not trying to be cute, but I was going to see whether there is any reference in there to code black because I do not think the budget papers refer to code black. Do you have a reference—

Mr HAMILTON-SMITH: No, but the budget papers refer extensively—

The Hon. J.D. HILL: I am happy to get the information for you if I can, but I was just hoping that you could point to the section which might assist us. We will have to take that on notice; it is not in the budget papers. I am happy to find out the information for the member.

Mr HAMILTON-SMITH: Well, hang on. You have come here today supposedly prepared to answer questions, minister. Budget Paper 4, Volume 3, page 64, Expenses.

The Hon. J.D. HILL: What is the question?

Mr HAMILTON-SMITH: Page 64 deals with payments made by you for a range of things. 'Other expenses' alone is $93,539,000. Buried in your expenses somewhere is a security contract.

The Hon. J.D. HILL: Okay. I am happy to get the answer for you.

Mr HAMILTON-SMITH: I am just asking you. You have come here today. Don't you know how much you are spending on security services because I understand that you have put that tender out?

The Hon. J.D. HILL: The member can get excited, but I am happy to find out the information. I was not trying to be cute. I was actually trying to find out what the member was referring so that I could get the information for him. I do not have the information here; I am happy to try to provide it. If I can get it by the end of today, I will.

Mr HAMILTON-SMITH: I would like to ask some questions about Jacqui Davies. I do not know whether you need your mental health people here for that, but I would like to know what is the current status of Jacqui Davies' position at Yatala in regard to her mental health care and whether she is likely to be readmitted to James Nash House and whether the minister is considering sending the patient to Victoria for treatment.

The Hon. J.D. HILL: In relation to the second matter, any decision about whether or not Ms Davies goes to Victoria would be a matter for her initially to request and for the Minister for Correctional Services to agree to and for the Victorian government to agree to. I do not control any of those elements, so I cannot answer that.

In relation to where we are at, it is fair to say that the Department for Health and Corrections have met on a number of occasions to try to provide a more co-ordinated approach to this person, and there has now been agreement between the two agencies to provide clinical support and modified accommodation to make sure that she is safely looked after. The care plan will also ensure the safety of the nurses and corrections staff who are responsible for her care.

She is currently being managed in D wing of the Adelaide Women's Prison, where her condition is regularly reviewed by a visiting consultant psychiatrist. The most recent clinical review was on Friday 15 June. Health SA and the Department for Correctional Services continue to work together to provide the best possible care regime for her, with admissions to forensic mental health services when necessary for treatment and respite.

I understand that DCS will undertake modifications to the small women's unit at Port Augusta Prison. This will provide flexibility to relax her current regime but maintaining a safe environment which reduces the opportunity for self-harm. I am advised that modifications to the common and outdoor areas near her cell in Port Augusta will also be undertaken. This prison

accommodation will be more conducive to her ongoing management. While the work is taking place, clinical support will be provided at James Nash House to try to make sure of a successful transition to her new placement.

It is expected that the transfer to James Nash will take place within the next fortnight, with the exact date to be determined by her clinicians. Next year, when upgrading works are completed on the Adelaide Women's Prison, including single rooms for inmates, the prisoner will likely return to Adelaide to complete her sentence. Of course, I understand there is a parole hearing which may change all of these matters. Throughout her sentence, regular reviews of her mental and physical health will continue, with episodic admissions to forensic mental health services provided whenever they are clinically indicated. Staff at Port Augusta Prison, I understand, will be extensively consulted prior to the prison transfer.

Mr HAMILTON-SMITH: I thank the minister for that. Does the minister agree with the Public Advocate that if Jacqui Davies had been given better mental health care earlier she may have been able to better present at the parole hearing yesterday, given that she is obviously going to be released at some point in the future?

The Hon. J.D. HILL: I am not aware of the Public Advocate's comments along those lines and I do not really want to comment on matters which are clinical; I am not a clinician. I accept that he may well have said that but I cannot respond, really, to that question.

Mr HAMILTON-SMITH: Are there any other patients in the prison system that the minister is aware of, or upon whom he has been briefed, with serious mental health issues, about whom he has concerns?

The Hon. J.D. HILL: I cannot recall any similar patients in the mental health system. It is true that there are a number of prisoners with mental illness. You would have to say that there is a high correlation between being in prison and mental illness: a number of people who are in prison are obviously depressed as result of the circumstances they are in. We have quite a large mental health service that supports prisoners in our institutions in South Australia but I am not aware of any other patient who is in a situation similar to the prisoner we are talking about.

Mr HAMILTON-SMITH: Is it a critique of our mental health capabilities that we might have to send—or that it is even being discussed that we might have to send—Jacqui Davies to Victoria for treatment? Why can't our mental health system meet her needs?

The Hon. J.D. HILL: This is an interesting question and I think it is worth exploring a little. As I understand it—I am no expert on this—borderline personality disorder (I am not talking about this particular person but just generally) is an issue that Corrections has to deal with frequently; a lot of prisoners are in that category. This particular prisoner seems to be at the more extreme end of it, I am advised. There are mental health issues associated with it and, as I have tried to explain on previous occasions, there is argument about whether it is a mental illness or not.

Putting all that to one side, it means that people who have extreme versions of borderline personality disorder are very difficult to manage. Not reflecting on the particular person, but somebody with borderline personality disorder is capable of doing extreme things and knowingly doing those extreme things. They have, to a certain degree, as I understand it, very strong control over what they do, so I guess a person who is willing to do extreme things can get outcomes for themselves that somebody who is more conservative in their behaviours would not get. So, that is an issue for a prison system. How do you manage somebody who is prepared to self harm in order to achieve certain outcomes?

The system in Victoria that the member refers to, as I understand it, is a unit that is part of the gaol system rather than the health system. I guess in a bigger jurisdiction you can probably justify creating such an institution. It may be something that prisons here could look after, for example, if the prison system here had a wing which was designed for prisoners who had borderline personality disorder or other behaviour issues and they could put into that wing prisoners who were difficult to manage from a behaviour point of view, and then treat them in a way which optimised the way that they were looked after, then mental health and other services could be put in to support them.

I think that that is the arrangement that they have in Victoria. That is not an arrangement we have here. We have a distinction between corrections and mental health. James Nash is a mental health facility; it is not a prisons facility. If a unit were created at Yatala, for example, which specialised in that kind of disorder, it might help the prison system better manage prisoners with those issues and I think that that is what they have done in Victoria. I am not 100 per cent certain,

but I think that is the way it is managed. So, it is an issue for us how we manage prisoners who have these conditions.

The interesting thing is that this particular prisoner was brought before the courts on three occasions and found fit to plead, so there was no defence of unfit to plead, which would have meant that she would have gone into James Nash on any of those occasions. So, she was found fit to plead and convicted and a court found that she should serve time in a prison. That is what the court found. All of us now are being put into the situation of second guessing whether or not that was the right decision but that is what the court found: she should be imprisoned. The prison system is now going to adapt some of its cells in Port Augusta to better manage her, and mental health will help in the transition to that and then of course help once she is there.

Mr HAMILTON-SMITH: Just moving on to Budget Paper 4, Volume 3, page 38, The Queen Elizabeth Hospital, will the government rule out closing the intensive care unit at The Queen Elizabeth Hospital.

The Hon. J.D. HILL: I advise that since 2009-10, SA Health, through the provision of state and commonwealth funds, has invested in the emergency department to develop a short stay unit for the emergency department, increase medical and nursing staff, implement a 'see and treat' clinic and develop a medical assessment unit to make sure that appropriate and effective care is provided in the ED at QEH. The redefinition of hospital-based service at TQEH which includes closure of the intensive care unit, reflects the vision outlined in the South Australian Healthcare Plan 2007-16. That is what we announced back then. Intensive care services will continue to be provided up until 2016.

As a general hospital, which is how we envisage The Queen Elizabeth Hospital, it will be a leader in the provision of specialist rehabilitation for older people, including stroke and orthopaedic focused care, expansion of aged care assessment and palliative care services as well as continuing to provide elective surgery, general medicine, mental health, medical education, training and research. In 2016, as a general hospital, patients will still have surgery at The Queen Elizabeth Hospital, with high dependency beds available at the hospital. There is some further discussion, I understand, at an area level, about something which I guess you could describe as between high dependency and intensive care. I think intensive care units can be ascribed in a category system, the same as a lot of other things in health, category one, two or three or thereabouts.

I think they are talking about high dependency plus, intensive care or whatever is the lowest of the categories (I am not sure what that category is called); three is the highest, so one would be the lowest. There may well be intensive care beds at level 1. That is still being talked through.

The overall plan, which was announced six years ago now, was that we would transfer the intensive care services to the three spine acute hospitals—Lyell McEwin in the north, Adelaide in the centre, Flinders in the south—and the other hospitals, which provide other services, would link in with them. Intensive care in the central Adelaide area would generally be done at Royal Adelaide. There is a question mark about whether the lower level intensive care would still continue, but generally we would expect there to be a high dependency service there.

Mr HAMILTON-SMITH: I thank the minister for that. If I am hearing correctly, 2016 is the key date. Are you suggesting that beyond that there will not be an ICU as we know it now but some sort of degraded, downgraded or lower categorised capacity?

The Hon. J.D. HILL: I am suggesting that we will have a level of service there that is appropriate to the kinds of patients we would expect the hospital to be treating. One of the things we have to do—and it really does not matter who is in government, it has to be done—is to ensure that we do not have overlap and duplication and that we use the resources in the best way we possibly can. We have had our strategy out on the table now for five years, namely, that Royal Adelaide, Lyell McEwin and Flinders are the hospitals which have the tertiary care (quaternary in the case of Royal Adelaide), and the other hospitals will look after less complex patients.

A lot of elective surgery you would want to have at QEH, but not for those who are likely to require intensive care—that would be the very sick, those with a whole lot of complex comorbidities, those who are grossly overweight and so on. That is the rationale behind it, and I think we have been pretty clear about it.

Mr HAMILTON-SMITH: There is a concern for stakeholders in the west that that will basically make the emergency department at Queen Elizabeth a triage centre for the Royal Adelaide Hospital because, without an ICU and the capacity to respond to more serious cases,

there is this concern that this downgrading will seriously degrade the capabilities of the hospital. Noting that the government has decided to postpone stage 3A, which included an upgrade of the emergency department, as per Budget Paper 6, page 66, how can there been any guarantee, since that is after the next election, that that stage 3A will proceed at all?

I suppose I am asking: what is your vision? You began the answer earlier, but what is the vision for the hospital? Will stage 3A ever proceed, or is there a risk that it may not proceed? If you are not going to have an ICU, why would you spend the $125 million upgrading the emergency department, extending the emergency care unit, imaging and nuclear medicine outpatient clinics and operating theatres, with their associated support services, if there will not be a full ICU function?

The Hon. J.D. HILL: You are leading with your chin there a bit. The only risk to its not proceeding would be a change of government because we are absolutely committed to going ahead with that plan. If it were not for the financial circumstances we are in currently, we would be continuing with the plans as in the budget papers from last year. Unfortunately, something has to give, but we are absolutely committed to continuing the upgrade of that hospital and to seeing a broad range of services provided for the western suburbs.

The vast majority of the emergency patients who would be seen there would continue to be seen there. I am not sure what percentage goes into ICU, but it would be a relatively small percentage. The relationship between QEH and RAH will be similar to the relationship between Modbury and Lyell McEwin, and the relationship between Repat and Noarlunga and Flinders. It is a cluster arrangement, which is part of the LHNs we have set up, where these hospitals will more and more be run as one hospital over two sites. So, the staff management and staff arrangements will be collective across those sites.

I think that, more and more in the future, you will see the Central Northern Adelaide Health Service and the Southern Adelaide Health Service operating as one hospital over multiple sites. The planning will appropriately distribute resources where they are needed.

Mr HAMILTON-SMITH: That is fine, minister, but, on that same budget line, if you are planning to upgrade operating theatres with associated support services without an ICU—because, as you have said, that is going to be degraded—does that not raise questions about what sort of operations might be possible in that stage 3A: the developed hospital?

Are we only going to see really basic, elementary, low-level grades of surgery at the hospital, and what implications might that have for the stroke unit or for other types of surgery going on there? Will those functions move off to Adelaide without an ICU? It all seems to hinge around an ICU.

The Hon. J.D. HILL: We certainly want to have the hospital focusing on rehabilitation and services for the elderly—for palliative care services. As a general hospital, TQEH will be a leader in the provision of a specialist rehabilitation role to people, including stroke and orthopaedic focused care, expansion of aged care assessment and, as I said, palliative care, as well as continuing to provide elective surgery, general medicine, mental health and medical education training and research.

All of those things will continue in the same way that we have a whole range of services at Modbury. In fact, what we want is there to be a lot more elective surgery at the Repat, Modbury and at TQEH. One of the difficulties around Lyell McEwin, Flinders and the Royal Adelaide is that they have a huge number of emergency department patients and, sometimes, when emergencies come in, it means elective surgery lists are cancelled.

You have this competition for resources between the emergency departments and the elective surgery. To the extent that you can separate those kinds of pressures, the system will work better. We would want to see a lot more elective surgical work done at TQEH, Modbury and the Repat, while still maintaining, in the case of Modbury and TQEH especially, the emergency services.

A broad range of quite complex elective surgery can continue but, where there is a higher likelihood of risk or comorbidities are great, then you would see those patients going to the tertiary hospitals—that is what I would want. If I needed something complex done, I would go to the hospital which had the greatest degree of complexity, but if you had something simple to be done—orthopaedic work or something—you would go to a hospital like that and you would get it done pretty quickly because of the other pressures not being there.

Mr HAMILTON-SMITH: It has been put to me at Modbury and Lyell McEwin that the closure of the ICU at Modbury has resulted in the need to retrieve patients by ambulance to Lyell McEwin, sometimes at short notice. As one doctor put it to me, it is only a matter of time before someone dies en route because Modbury could not deal with the crisis because of a lack of an ICU. Are we not putting other lives at risk at TQEH by downgrading or degrading their ICU, such that they have to be removed to Royal Adelaide, and how do we save those lives? Say, with suspected heart attacks, aren't ambulances just going to have to keep driving to Royal Adelaide—if in doubt, keep driving—and bypass TQEH because there is no ICU?

The Hon. J.D. HILL: The beginning of that question was talking about the Modbury ICU closing down. I am not sure if the member is aware, but the ICU at Modbury, I think had, from memory, one or two beds. It had only a part-time ICU doctor. It was not a fully operating ICU. It just made no sense to have a very small amount of resources there. If you only have a doctor on duty for half of the day, it is not really an ICU. So it was a very sensible decision to concentrate those resources at Lyell McEwin, and that will be the same with the other hospitals. Noarlunga Hospital does not have an ICU. I do not think the Repat does. The Repat is similar to TQEH.

These are the decisions you have to make when you are health minister. How do you ensure that we have a system in place that properly provides the services that people need? You cannot do everything in every hospital—you just cannot. It is not feasible. Five or six years ago we put out a plan which said what we would do and we are now moving to doing it. It is a rational plan. It is, I think, working extremely well. We have reduced the growth of and demand on our healthcare services. Performances are improving right across the board.

We have the longest living people in Australia in South Australia, so something must be going right. It is always possible to point to something and say that somebody is going to die if you do this, and that is a regular claim made around the health system, but the reality is that we have a very good health system which saves lives every day.

Mr HAMILTON-SMITH: I will move on to some financial questions. I refer to Budget Paper 2, page 5, which is about how health spending accounts for 31 per cent of the state budget. What is the current growth rate that the minister is working on per annum in health spending as a percentage of health spending? What is that growth rate as a percentage of total government outlays?

The Hon. J.D. HILL: The rate of acceleration in the health budget, is that what you are saying?

Mr HAMILTON-SMITH: Yes, both the health budget and its percentage of government outlays as a whole.

The Hon. J.D. HILL: From memory, and I will get my officers to correct me, health is currently about 31 per cent of the state budget. When I first became minister I think it was about 27 per cent or 28 per cent. The budget allocation this year increases by 5.6 per cent. When I first became minister it was growing at about 9 per cent per year, and the state revenue base was growing at about half that at 4.5 per cent which enabled me to calculate that by 2032 the entire state budget would be spent on health. So, one of the things we have been working on very hard is to reduce demand by making sure people get services before they end up in an acute hospital, which is the most expensive part of the hospital system.

So, getting that growth below 6 per cent in terms of budget is a remarkable achievement, in my opinion. I am pleased that we were able to do that and, if we could get it below that, that would be good too. In relation to code black, I am advised that at the end of February 2012 (the 2011-12 year), there have been 3,902 code blacks across all clinical areas in metropolitan hospitals. Lyell McEwin to February had 1,224. To improve the system, SA Health has a new SA Health protective security policy mandating and reporting on the Healthwatch database, and that will be implemented from the beginning of the next financial year.

Mr HAMILTON-SMITH: On that code black question, minister, were you able to get advice on what the total cost of the contracts are for security services?

The Hon. J.D. HILL: No, sorry. We will chase that up.

Mr HAMILTON-SMITH: Just going back to that question of growth in health spending, when talking about growth, how do you deal with the issue of borrowings or debt related to capital works? In particular, what impact will the commencement of payments for the new RAH have on the percentage of health spending? How is that going to be incorporated into the statistics and into the growth, or will that be put off to the side?

The Hon. J.D. HILL: You would probably need to ask Treasury how they will manage that. The Lyell McEwin, for example, is spending a couple of hundred million dollars to build the Lyell McEwin. The way that is managed through government is that Treasury grants a capital sum to health which is outside of the operating budget, so when I mentioned that 5.6 per cent growth I was talking about operating expenses not capital expenses, so Treasury will give us money over a period of time to do a particular capital work and then they manage how that is paid for. They either borrow it, which government does from time to time, and then pay that off over a period of time. That is a matter for Treasury. We just get to spend the money which has been allocated to us.

In the case of the PPP arrangement, there is a figure, which is an annual figure, which we will pay over the course of the PPP which includes the debt aspect of the project and the interest and repayment of the capital, and there is a component which relates to the provision of non-clinical services. I am not sure how Treasury will manage this but, if it was consistent with how we do things in relation to any other project, the debt aspects would become something which would be a central issue, and other services like electricity, water and so on, which you would expect to pay for in any hospital, would be a provision that would go to Health.

Treasury may determine that all of that will become an allocation to Health or they may separate the two elements. I do not know, but I can certainly seek advice from Treasury. They may well have not thought through the policy and no doubt there is a policy question there. Essentially, government will have to pay it, just as it pays the cost of the interest and the capital associated with the Lyell McEwin.

Mr HAMILTON-SMITH: On Budget Paper 3, page 107, you talk about a 1 per cent growth in hospital expenditure above the level incorporated in the 2012-13 budget increasing expenditure by approximately $40 million per annum. What core data did you use to assemble that figure?

The Hon. J.D. HILL: Just give me the page reference again, sorry?

Mr HAMILTON-SMITH: It is page 107, Budget Paper 3. It is a 1 per cent growth in hospital expenditure, rather than health budget expenditure. It means a $40 million increase per annum in the health budget.

The Hon. J.D. HILL: This is an example of what 1 per cent means. What they are really saying here is that if there is a growth in hospital expenditure of 1 per cent it equals $40 million a year. That is all it means. It is not saying that there has been a 1 per cent growth; it is just a—

Mr HAMILTON-SMITH: No, but if you follow that through it is deducing that it costs you $4 billion a year to run the hospitals alone. How have you assembled that?

The Hon. J.D. HILL: What is the statistical basis of it?

Mr HAMILTON-SMITH: How have you based that figure?

The Hon. J.D. HILL: Yes, I understand. We will get that checked, but I think you are right. We have a budget of $4.9 billion; I am not sure precisely what proportion of that is spent on hospitals. We do have out-of-hospital expenditure, and we do prevention and primary health care and a whole range of things.

If I refer you to page 37 of Volume 3, the health services figure shows that the 2011-12 budget is $4,096,841,000 so 1 per cent of that is $40 million. That is to cover health services, and the sub-programs are: Central Adelaide, Central Northern, Southern Adelaide, Women's and Children's, Country Health and SA Ambulance—essentially, the health services as distinct from the head office and all the other services we provide.

Ms THOMPSON: My question relates to Budget Paper 4, Volume 3, pages 37, 48 and 50. I am interested in the new developments at the Repatriation General Hospital in conjunction with aged care and health group. Minister, can you advise of the benefits of this new development, please?

The Hon. J.D. HILL: Thank you, member for Reynell. As you would know, and I am sure the member for Waite knows, the Repatriation General Hospital was established in the middle of the war in 1942 and has developed into a 280-bed acute care public hospital, specialising in the care and rehabilitation of veterans and also older people generally. It has forged a very strong set of affiliations with a number of research facilities and teaching and education institutions, including and especially the Flinders University. The Repat is acknowledged in South Australia's healthcare plan as a specialist general hospital, and this government is currently contributing $32.3 million to ensure it retains its specialist services and strengthens its focus on being a centre of excellence for rehabilitation.

In addition, it is working with the private sector, and particularly the Aged Care and Health group (the ACH group as it is known), to collaboratively expand existing facilities at the hospital. ACH is a significant and well-established non-government provider of aged-care services throughout South Australia and it is undertaking a collaborative venture with the government to develop a teaching, aged-care and rehab facility at the Repat that combines teaching, research in aged care, and rehabilitation services on that site.

The facility will provide the physical infrastructure and capacity to support the future role of the hospital and provide enhanced access to aged-care beds for the southern metropolitan community. It will enable Southern Adelaide Local Health Network and the Aged Care and Health group to better manage aged patients and their transition from acute care to the home or residential care in an environment consistent with the commonwealth aged care reforms.

The facility will provide a new 120-bed integrated teaching, aged-care and rehabilitation facility, with 60 commonwealth licensed residential aged-care beds, 24 transition care beds, 16 flexible care beds, 20 rehabilitation beds, and the establishment of an aged-care teaching facility. While the government will be contributing $20.3 million for its component of the facility, ACH will be contributing about $15 million, and Flinders University another $2 million. Together, we will jointly deliver the teaching, aged-care and rehab facility.

It really shows our desire to maximise the benefits to the community by working together with the private sector and the university sector. Construction is expected to start in the second half of this year and be completed by the end of the following year. In addition to the facility, we are also investing $6.2 million in the construction of a new ambulatory rehab facility to be completed early next year as well, $2.8 million in infrastructure works and the relocation of car parks completed in May 2012, and $3 million to refurbish the ward 20 rehabilitation building as the last part of this project, which will be completed in May 2014.

Mr ODENWALDER: Some of these issues have been touched on in response to earlier questions from the member for Waite. Can the minister provide further information on the improvements that have been completed and those planned for the Lyell McEwin?

The Hon. J.D. HILL: The Lyell McEwin hospital provides a comprehensive range of specialist and diagnostic treatment services to a population of about 196,000 people living in the northern suburbs. As you know, as the local member, it is a population that is growing and likely to grow quite dramatically. In May 2005, our then premier, Mike Rann, opened the $92.4 million Lyell McEwin Hospital redevelopment stage A, announcing at the time the ongoing commitment to the $43.5 million stage B development.

Stage A works replace much of the core clinical and support infrastructure, with the provision of two new wards, new emergency medical imaging, intensive care, high dependency, coronary care, operating theatres and women's healthcare centre, as well as administrative, education and other support services. Stage B includes the establishment of an emergency extended care unit, significant upgrades to ward 1A, palliative care and medical care beds, enhanced day surgery and oncology facilities, the extension of SA pathology and hospital pharmacy, delivery of a 50-bed mental health facility, and the creation of administrative and research space. The final component of stage B, being the mental health facility, was completed in November 2009.

To enable work to be undertaken under stage C redevelopment, the government brought forward the construction of a multideck car park which was completed in February 2010 at a cost of $25 million. We have now undertaken the initiative to commit a further investment of $201.6 million, which includes the money for the car park for stage C of the continued redevelopment of Lyell. This stage C is well underway to provide for a new inpatient building, with a helipad on the upper level to support the expansion of clinical services, construction of a new support services building to accommodate expanded women's health centre facilities, a maternal assessment unit, fit-out of two operating theatres and administration, research, education and clinical offices, relocated and expanded back of house services and a range of internal reconfigurations which will generate efficiencies to suit the expanded functional requirement.

In addition, an new ambulatory care building is being constructed to accommodate the expansion of outpatient and allied health functions. Of the stage C redevelopment, the refurbishment at Muna Paiendi Aboriginal health building was completed in October last year and the 98-bed inpatient building, which I have referred to, with an elevated helipad, is currently under construction and is due to be completed in June next year. A women's health centre facility is also under construction, and it is expected to be completed in October next year. The work currently

occurring to create further space for medical imaging and theatre stores will be completed, we hope, by the end of this year.

In addition to that amount of money ($201.6 million), the government has also initiated a development to provide a second linear accelerator, an integrated 12-chair oncology service and associated areas, including a CT simulator room. This is being delivered as part of the improvements being made across the state to the state cancer services, and it will be completed by September 2013. This significant initiative, I think, demonstrates our commitment to both the northern suburbs and this hospital. It is not that we have not done anything at the hospital over the last 10 years. There has been a hell of lot done, and there is more to be done to build this hospital up so that it can take its place as one of the three leading acute health services in our state.

Dr CLOSE: My question relates to new COAG initiatives, and the reference is Portfolio Statement, page 9. Can the minister provide further information about South Australia's success in securing commonwealth funding for new COAG initiatives?

The Hon. J.D. HILL: South Australia signed the National Health Reform Agreement in August 2011, and funding for the first two years of the agreement will reflect existing base funding under the National Health Agreement. However, over the period 2014-15 to 2019-20, states and territories are guaranteed an additional $16.4 billion nationally ($1.1 billion for South Australia).

In addition to the National Health Reform Agreement, SA Health has successfully negotiated 13 COAG national partnership agreements, project agreements and implementation plans over the 2011-12 financial year, bringing around $388 million into South Australia over the next five years. New agreements over this period include two project agreements which were successfully negotiated under round three of the commonwealth's Health and Hospital Fund.

These will bring $72.7 million into South Australia to enable significant redevelopment of the Port Lincoln and Mount Gambier health services, construction of a new ambulance station in Mount Gambier and a community dental clinic in Wallaroo. In addition, South Australia will receive $47 million over three years under a new national partnership agreement on financial assistance for long-stay older patients.

South Australia will receive a further $20.3 million, through a range of other new COAG agreements, which will provide essential health services across the state. Many of these initiatives will benefit people living in rural, regional and remote areas, and the renegotiation of both the National Partnership Agreement and improving public hospital services and the Whyalla Regional Cancer Centre implementation plan, will bring $202.1 million and $60.26 million respectively into South Australia.

SA Health has a clear strategic framework in place for negotiating these agreements with the commonwealth and monitoring progress towards the objectives, outputs and performance measures of each agreement. South Australia has overall performed well nationally with existing COAG agreements. Most notably, South Australia's performance has improved significantly against both elective surgery and emergency department targets.

In relation to elective surgery, South Australia was the only jurisdiction to achieve all components of the National Partnership Agreement on elective surgery and therefore be deemed eligible for the maximum reward funding. In relation to emergency departments, the proportion of South Australian patients seen with the national benchmarks, as I have said before, has increased to 71 per cent over the period 2007 to 2010, and we are regarded as one of the best performing jurisdictions in the nation.

Mr HAMILTON-SMITH: Sticking to financial questions at present, I refer to Budget Paper 6, page 63. In the Budget and Finance Committee on 7 May, Mr Swan, when asked a question by the chairman about a potential $410 million savings task, said the following:

> We are talking about $125 million plus $86 million of increasing growth. We are talking around $210 million, $215 million. About $74 million of savings that have not been realised are in train for 2010-11 and previous years...

Has the budget changed these figures, and what is the cumulative savings task as of this budget for 2012-13?

The Hon. J.D. HILL: The savings targets, as I understand it, for 2012-13 (and I will just get them corrected) are exactly $116.79 million. That is the amount we need to save next year out of the budget—just under $117 million.

Mr HAMILTON-SMITH: That is the savings task set for that year?

The Hon. J.D. HILL: Yes, 2012-13.

Mr HAMILTON-SMITH: The point I am getting at (and I think this relates to the questions asked in Budget and Finance) is that you are $125 million under budget this year, that carries over and there are some further carryovers from previous years where savings targets have not been achieved, and this was explored in some detail in Budget and Finance.

There is a cumulative carryover of savings targets. Mr Swan talked about the $125 million plus $86 million of increasing growth, and then he talked about $74 million of savings that have not yet been realised, etc., offsetting that. This new savings target you just mentioned of $117 million for next year, as I understand it, needs to be taken in the context of the carryover.

The Hon. J.D. HILL: The $125 million the member referred to has been provided in the budget for 2012-13, so our savings target is $116.79 million for 2012-13. That increases for the following years, but I think I might get the CFO to go through these figures.

Mr WOOLCOCK: In relation to the question of the cumulative impact of all savings for the 2012-13 year (that includes savings that we have already implemented and achieved), the total number is $324.5 million, which is consistent with the number that was discussed in the Budget and Finance Committee. The growth component in 2012-13, above 2011-12, is in total around $117 million, as the minister said, that we need to identify and implement strategies to achieve.

The Hon. J.D. HILL: To clarify that, in other words the other savings have already been made, but we have to continue making them.

Mr HAMILTON-SMITH: Are you telling the committee that the $125 million overspend this year has now been provided for in the budget; it has been paid out, so we have written off that $125 million? Is that what you are saying?

The Hon. J.D. HILL: Yes.

Mr HAMILTON-SMITH: And you are starting with a blank sheet of paper, if you like, on 1 July?

The Hon. J.D. HILL: I might get the CFO to explain that again. That is true: the $125 million has been provided. It has been provided on the basis that we pay it back over the next few years, so it is managed over a period of time. I will ask the CFO to explain how that is to work.

Mr WOOLCOCK: In relation to the budget page reference you identified, cost pressure on funding of additional resources is identified that shows a contribution in 2012-13 that decreases in 2013-14, so Health has a requirement to implement strategies to manage those as that funding reduces over the forward estimates.

The Hon. J.D. HILL: While the member is finding his place I can advise that, in relation to the security contract, it is currently out for tender, it is being evaluated at the moment and the pricing has already been fixed as submitted, so until it has been accepted I will have to take it on notice. We obviously do not want to give away our commercial position at this stage until the tender has been completed, but when it is I will provide the information to the member.

Mr HAMILTON-SMITH: The $125 million has been carried forward and will be, if you like, required of you; is that right?

The Hon. J.D. HILL: Let me explain it as I understand it, and if I am wrong I will get these guys to explain it. I am a simple man, the son of an accountant, but I did not take on too many of his genes. The $125 million has been provided in the 2012-13 budget, so you were right when you said we start with a blank sheet; it is $117 million we have to find next year. Then, in subsequent years, if we achieve all of that $117 million next year, the amount we have to achieve the following year includes the component of the $125 million, plus other forward savings that we have, and I will tell you what that is. The $125 million is in this year's budget, we have a savings target of $160 million. We finish next year with $117 million saved and no further pressures. Then, in the subsequent year, 2013-14, if nothing else has changed, we would have a component of that $125 million that we would have to find, plus some other savings. I will get the CFO to tell you what that amount is.

Mr WOOLCOCK: In 2013-14, the requirement would be around $90 million in terms of managing the $125 million that is being referred to; and there is growth in savings in the 2013-14 year of around another $79 million. So $79 million plus $90 million. So it is around $160 million.

Mr HAMILTON-SMITH: What is the savings target then for each year going through until 2015-16? Could you just run—

The Hon. J.D. HILL: What I find a bit complex about this is whether you are talking about the savings targets that are added each year, or the cumulative effect of the savings targets. Once we have actually found the savings, they are ongoing savings, so in one sense they slip off the page because once they are found, they are found. If you stop doing something, you have stopped doing it, so there is an additional amount of money for each year. I think the CFO has just said that in 2012-13 we have to find just under $117 million. Then, on top of that, we have to find the difference between $117 million and $165 million. Then, the next year (2014-15), we have to find the difference between $181 million and $165 million. Then in 2015-16 it is the difference between $188.9 million and $181.8 million; plus then we would have to find new savings that have come in which is $29.25 million, $60.81 million, $93.67 million, plus a couple of other million below the line.

Mr HAMILTON-SMITH: What page were you reading off then?

The Hon. J.D. HILL: I am reading off my notes. It is a mixture of things. It is the new saving initiatives, the $125 million paid back over time, and any other initiatives which have yet to be sorted. The key target for us for this year is $117 million and that is all we can focus on.

Mr HAMILTON-SMITH: I will read the *Hansard* and try to reconcile those figures with what Mr Swan said.

The Hon. J.D. HILL: We will read it too and if we have some clarification, we will get that for you.

Mr HAMILTON-SMITH: If I could explain the issue because, in October 2011, the Budget and Finance Committee was advised that the savings target in 2012-13 was around $330 million and that was raised again—

The Hon. J.D. HILL: Yes, but that is cumulative—

Mr HAMILTON-SMITH: That is the point.

The Hon. J.D. HILL: That includes savings that have already been made.

Mr HAMILTON-SMITH: Made and achieved?

The Hon. J.D. HILL: Yes, made and achieved. The point is that we have to find $117 million worth of savings—

Mr HAMILTON-SMITH: Of additional savings.

The Hon. J.D. HILL: —in this budget, yes. We will have a look. I agree, I find it as complex as you. If I can find a simple way of expressing it, I will get it for you.

Mr HAMILTON-SMITH: You were set certain savings targets. What did you achieve, what did you not achieve, and what happened with the shortfall? With the savings that were not achieved, for example, in 2011-12, what was the target and what did you achieve? In fact, you went over $125 million, so just clarify that for the committee.

The Hon. J.D. HILL: As of March 2012 we are projecting to achieve $67 million in savings growth associated with the following initiatives: public sector long service leave arrangements, $9.1 million; corporate service reform, $6.8 million; private hospital subsidies, $1.2 million; and SA Ambulance Service administrative efficiencies, $288,000. Partly achieved targets for 2011-12 included: efficiencies in prior savings, $17.9 million; service efficiencies, $15.6 million; 2008-09 mid-year budget review FTE reductions, $4.6 million; efficient price reform, $6.3 million; medical imaging, $1.7 million; pharmacy services, $1.3 million; hospital car parks—revised arrangements, $1 million; fleet savings, $676,000; advertising savings initiatives $501,000; and supply chain reforms, $274,000.

The following outlines the underachievement of savings initiatives of $74.3 million, which had been allocated as part of the prior state budget: outpatient service reforms, $21.7 million (a lot of work has been done on that, but we will not achieve those savings in this current financial year); hospital car park (as you know, there were industrial issues and changes to create two-hour free parking; we were hoping to raise more; Mid-Year Budget Review full-time reductions: we had a target of $10.7 million, and we have not achieved that. There is an expected achievement of $4.6 million against that, so it was a shortfall of $6.1 million.

Service efficiencies of $20.5 million were part of the target. We underachieved there by about $4.9 million. For pharmacy services we had a target of $2.7 million, which was partly achieved ($1.3 million) and $1.4 million not achieved. For medical imaging we had a target of $6.1 million; we achieved only $1.7 million. With efficient price reform we had a target of $17.1 million and we achieved $6.3 million. With fleet savings we had a target of $1 million, but we underachieved that by $335,000.

For subleasing of office accommodation we had a target of $1.7 million, which was not achieved. For advertising we had an under achievement of $604,000. For supply chain we had a target of $1 million and we achieved about a quarter of that. Efficiencies of price savings had a target of $39.1 million, and we achieved about $18 million of that, and that covers most of them.

Mr HAMILTON-SMITH: It is all a little bit muddy. On this budget line there is a provision of $132 million in additional spending in 2012-13 and another $35 million in 2013 to provide for the department to develop what it calls 'a more even annual build-up of savings'. How will that figure impact on the 2014-15 and 2015-16 budgets, because it looks as though the government is putting in an injection of extra funding to ease your efficiency and savings targets in the lead-up to the election. Will there not be a carry forward after the election of those imposed savings requirements that will bob up again in 2015-16?

The Hon. J.D. HILL: I think that is a political interpretation of it but, since we have been in government, when health is overspent or there are underachieved savings, the government has put in the resources necessary to balance the books. I am not sure what happened under previous Labor governments, but certainly under the previous Liberal government that was then carried as a debt on the books of the individual hospital. That was an artifice to make the Treasury figures look better, and then the hospitals were suppose to somehow or other pay back that money. Of course it never happened, so it was just hanging there. We got rid of that approach. Treasury I think has recognised that it sets targets; some of them are very ambitious. I have said repeatedly that just about every single one of these savings initiatives is contested, often in the Industrial Relations Commission, which slows down the ability to achieve.

Sometimes the ambitions are so great that they are unable to be achieved in the time frame which is set for them, so Treasury has made the adjustments as they have. It is not trying to get them past any election date; that is consistently what they have done, I think, in the past.

Mr HAMILTON-SMITH: What effect will the increased efficiency dividend spelt out in the budget line and the FTE reductions have on your annual savings target? They have come in in this budget as additional measures, haven't they? In dollar terms, how does that alter the figure?

The Hon. J.D. HILL: Are you talking about beyond the forward estimates?

Mr HAMILTON-SMITH: Yes.

The Hon. J.D. HILL: I was just trying to clarify that. We obviously have to work through how we can do that. There is enormous pressure to find ways of doing things more efficiently, and that involves work practices, how you procure, management of the fleet, temporary staff and contract staff—right across the board. That is why we have had some outside consultants come in to have a really close look at how we do things at a hospital level.

Through the new national arrangements, the independent pricing authority will benchmark our performance against other states and that will help us see which elements are more expensive than other states. It is very difficult, I have to say, but it is the challenge that we have, and we have set up some mechanisms to try to do it.

Mr HAMILTON-SMITH: Just to summarise, if we can, with the savings task for each of the years in the estimates period, could you just go over for me what you expect that to be in each year between now and 2015-16? Could you recap on what you expect it to be and the cumulative savings target each year?

The Hon. J.D. HILL: The difficulty I have is I that can give it to you on a cumulative basis, but that includes savings that have already been made, or I can give you the new targets for each—

Mr HAMILTON-SMITH: I would appreciate your giving me both.

The Hon. J.D. HILL: I will try to give you everything I can. In 2012-13, which is the next financial year, we have some savings targets growth, which is 85.99, and some savings targets from 2010-11 of 30.8, which are carried forward—that comes to 116.79. We have some savings

from CHRIS, which is the payroll system, of 0.88, so it is nothing terribly much, and then we have the cost pressure of the $125 million, which over time we have to manage.

In 2013-14, we have 134.24, which is the costing savings target growth, and 30.8, which is the forward savings from 2010-11, but if we are successful in achieving the 116.79 in 2012-13 that, of course, comes off the 165.04 we have to save in 2013-14, so the 2013-14 of 165 is cumulative. In addition to that, the 2012-13 budget decisions give us another 29.25 for 2013-14 and 1.95 through the savings associated with the payroll service, and we still have that underlying cost pressure clawback of 128 in that year.

In 2014-15, we have 151.06, which is the costing savings target growth and the 30.8, again, from the 2010-11 savings targets. That gives us 181.86 but, if we have achieved everything in the previous two years, the net there is about $26 million. We have budget decisions from 2012-13 of 60.81 we have to add, then 3.109 from the CHRIS savings and, on top of that, we have the underlying cost pressures, which accumulate to be about 131 I suppose, with inflation added to it.

For the 2015-16 year, we have 158 in costing savings target growth, and 30.8 again, which is the 2010-11 savings targets, which gives us 188.89, but if we have achieved everything from the previous three years the net savings there are about $7 million. We have the 2012-13 budget decisions, which will give us $93.67 million for 2015-16 in addition, and then 3.17, which are the payroll savings. We still have the underlying cost pressure from the 125 which, at that stage, will be 134.67.

That is a mixture of additional savings and ongoing savings that have to be accounted for. The 125, in fact, in 2011-12 is 122 because $3 million was for activity growth, and that 122 has to be managed somehow or other over the forward estimates. We have some savings targets from 2010-11 which have to be managed, and then we have got individual savings targets for each of the four years, which come from the current budget allocations, and some savings targets which have come from the past. If we manage all of those, there is relatively little extra that we have to do each year. There is still a lot, but there is relatively little.

The CHAIR: Thank you. We can now break and come back at 4.15, please.

[Sitting suspended from 16:01 to 16:16]

Departmental Advisers:

Mr D. Swan, Chief Executive, SA Health.

Mr J. Woolcock, Chief Finance Officer, SA Health.

Ms J. Richter, Executive Director, Health System Performance, SA Health.

Ms N. Dantalis, Director, Corporate Governance and Policy, SA Health.

Dr P. Tyllis, Chief Psychiatrist, Acting Executive Director, Mental Health and Substance Abuse.

The CHAIR: I will put forward what my understanding is so that the minister is reasonably happy with this. We are going to Mental Health and Substance Abuse but we still have Health and Ageing open, so there may be questions on either. If the minister would like to make any statement in regard to Mental Health and Substance Abuse, now is the time.

The Hon. J.D. HILL: Yes, I would. The state government recognised in 2005 that significant reform was necessary to improve services to South Australians with mental illness and we elevated it as a top priority. The work started with the 2007 release of the Social Inclusion Board's 'Stepping up' report which gave us a roadmap to rebuild the mental health system in this state. Today, five years on, I am very pleased to say that we have made quite significant progress.

The government has invested more than $300 million to rebuild Glenside Hospital, as well as build new steps of mental health care in locations across the state. In addition, the commonwealth has provided $79.4 million over four years, along with $14.2 million over five years, to fund extra mental health services in this state, and we thank them for that.

I can announce today that these investments will deliver 251 extra mental health beds and places in South Australia by late 2014. By early July this year, 74 of those extra beds and places

will have been delivered as part of the massive building program that is underway and continues in the 2012-13 state budget. Back in 2006-07 South Australia had a system of inpatient mental health care available at Glenside and metropolitan hospitals but very little else. The new steps being introduced will better care for people when they are becoming unwell and as they are recovering. These new steps include intermediate care, community rehabilitation centres, supported accommodation, secure care, crisis respite, and youth subacute care.

The upgrade of existing acute care beds and wards in numerous metropolitan hospitals has also been supported through this investment and, while some acute care beds will close to make way for these new services, in total there is a net gain of 251 beds and places, increasing from 513 in 2006-07 to 764 in 2014-15, which is almost a 50 per cent increase. This means people with a mental illness can be appropriately placed with the right service rather than an acute care bed when they may not be acutely unwell.

In addition, 262 social houses with NGO support packages are being developed across the state for people with a mental illness, with federal economic stimulus funds. To date, 243 have been built and tenanted. We are also building six community mental health centres and, with federal funds, establishing a seven day walk-in mental health service in northern Adelaide.

From 2012-13 the Assessment and Crisis Intervention Service (ACIS) will be expanded to operate 24 hours a day, seven days a week, and these services will help take pressure off busy emergency departments. The first time, dedicated mental health services are being introduced into country South Australia so that people can access services closer to their homes. The needs in forensic mental health care have been highlighted in the media in recent months. The need to increase the number of forensic mental health beds is acknowledged.

South Australia, like other Australian states, has experienced considerable growth in the number of prisoners and, hence, the growth in offenders with mental health disorders. In addition, pursuant to the Criminal Law Consolidation Act 1935, people found to be mentally impaired at the time they committed an offence can be released on licence and if they breach their licence conditions, they can be sent back into forensic mental health care even if they are no longer mentally unwell.

The state government has allocated $19 million to consolidate 10 beds from Glenside to the James Nash House site. The department is exploring whether there is an alternative way to create 20 beds rather than the 10 within the existing budget framework. With $6.1 million in commonwealth funds for 10 extra forensic step-down beds adjacent to James Nash, if we could achieve this it would increase the number of available forensic and forensic step-down beds from 40 to 60, an increase of 50 per cent.

Further to this major building program, South Australia reviewed its investment in NGO services and developed new models of care and contractual arrangements. South Australia's investment in NGO services has increased by a staggering 900 per cent since 2002-03. The new Mental Health Act 2009 is now in place, and a campaign is running to raise awareness and reduce the stigma faced by those with a mental illness. A draft suicide prevention strategy has been developed and is now being finalised following community feedback for lease this year.

In Drug and Alcohol Services the new inpatient unit at Glenside is due to be operational in mid-2013, and a new day centre opened at Ceduna in May providing a culturally appropriate service to minimise harm to Aboriginal people from substance abuse issues. A total of $6.3 million, excluding enforcement costs, is estimated to be spent in 2011-12 on tobacco control activities.

I have been delighted with figures that show a significant decline in smoking prevalence among South Australians following concerted campaigns to cut tobacco use. Data shows that 17.6 per cent of South Australians aged 15 or over smoke, down from 20.5 per cent in 2010; and 15.2 per cent smoke daily compared to 17.2 per cent in 2010. I would like to thank all of the departmental officers for the dedicated work in the area of mental health reform and drug and alcohol abuse reform, as well.

Mr HAMILTON-SMITH: This is a really important area, and I have quite a few questions on mental health, the aged and alcohol and substance abuse, but I still have broader questions that affect all of those portfolios, if I may. I see we still have two and a quarter hours. I would not want to give up the valuable time with the minister and his staff, being a great fan of budget estimates that I am. I will go to the question of the Office for Business Review which I know is—

The Hon. J.D. HILL: Sorry?

Mr HAMILTON-SMITH: The Office for Business Review, addressed in Budget Paper 6, page 65. I know this cuts across all parts of the health portfolio in looking for efficiencies. This budget line says the new Office for Business Review and Implementation will be funded from within the additional resources, from the $389 million of health services and additional resources that are funded on this page. Could the minister outline what the current exact cost of that unit is over the estimates period? I think the figure we were working to previously, from media reports, was $10 million over four years.

The Hon. J.D. HILL: That is roughly correct; $9.8 million over four years.

Mr HAMILTON-SMITH: That is still correct; $10 million over four years?

The Hon. J.D. HILL: Yes, approximately.

Mr HAMILTON-SMITH: There is, I think, a figure given on page 18 of Budget Paper 4, Volume 3, for an additional $0.7 million of new funding. That raised concerns with me as to whether this had identified an additional amount.

The Hon. J.D. HILL: Which year was that?

Mr HAMILTON-SMITH: It is in Budget Paper 4, Volume 3, page 18. The budget says there will be $0.07 million of additional funding.

The Hon. J.D. HILL: Are you talking about the Nationally Funded Centres Program, the $0.7 million? I am not sure what you are referring to. It is on page 18 of Volume 3?

Mr HAMILTON-SMITH: The Mid-Year Budget Review mentions the $10 million over four years figure.

The Hon. J.D. HILL: The line where it says 'partially offset by additional expenditure in 2012-13'. Sorry, we got the wrong line.

Mr HAMILTON-SMITH: You will see it there just above, under Estimated Result.

The Hon. J.D. HILL: I will ask the CFO to explain it.

Mr WOOLCOCK: That line is referring to explaining the movement in expenditure between the years, between the 2011-12 estimated result and the 2012-13 budget. What it is highlighting is that there is a difference between those two years because it would have been a part-year impact in 2011-12, and the group just started halfway through the year; you will see a full-year impact in 2012-13.

Mr HAMILTON-SMITH: So there is no net increase there?

Mr WOOLCOCK: No.

Mr HAMILTON-SMITH: Has the number of people in the unit and remuneration levels changed at all? I think Mr Archer is running that unit. Can we just clarify whether that unit and Mr Archer are reporting to the Treasurer, to the health minister or to both? Who in fact has control over that unit and its functions?

The Hon. J.D. HILL: I think I have said this before: the unit reports to the CE of Health, Mr Swan, who reports to me, and of course Mr Swan also reports ultimately to the Premier, if the Premier chooses to have him do that. We have also set up a mechanism, a cross-agency body, which Mr Swan chairs, that goes through the work; that is a joint Health and Treasury body. On a regular basis, the unit, through the CE and through me, reports to the sustainable budget committee of cabinet. There is a range of mechanisms, but the administrative arrangements are that the unit is a responsibility of the CE of Health. The reporting arrangements are traditional, I guess you would say.

Mr VENNING: Where is David Davies in all that? Where does he fit in?

The Hon. J.D. HILL: David Davies, are you talking about the new head of the mental health directorate? He certainly does not fit in to the financial unit. He takes the place of Derek Wright, who has recently returned to New Zealand. David Davies will be the Director of the Mental Health and Substance Abuse Division.

Mr VENNING: Has he commenced in the job?

The Hon. J.D. HILL: On 16 July.

Mr HAMILTON-SMITH: Just moving on to the health transition, Budget Paper 6, page 66, I see $4.9 million is allocated over two years for this transition to the national e-health. I also note that doctors nationally have expressed some concern about this e-health initiative from the commonwealth. Could you update the house on how that money is going to be spent? I assume it is the PCEHR program that picks up most of this money, so could you tell us how that investment is going to unfold?

The Hon. J.D. HILL: When the decision was made on a cooperative basis, I guess through COAG, some years ago, all the jurisdictions agreed to contribute to the administrative arrangements that were being put in place, and so that is our share of the costs of running NEHTA, that is the authority. It is not for the development or rollout of the e-health processes, as I understand it, but I might ask the chief executive to amplify on that.

Mr SWAN: The funding over the next two years of $4.9 million is South Australia's contribution to running the authority, the National E-Health Transition Authority. All jurisdictions, including the commonwealth, make a contribution to that authority to actually set up the body that governs the development of e-health. The person who controls the electronic healthcare record is probably what you are referring to. The comments back from the clinicians is the initiative that is really being run by the commonwealth, through NEHTA, to move towards a personally controlled electronic healthcare record. So, it is a commonwealth initiative, but we are running the office because of the need for integration with healthcare systems we want to run. Obviously, it is the interests of all jurisdictions to try to move to a digital age of clinical information and to make sure that the patients have access to information.

Mr HAMILTON-SMITH: Is it foreseen that NEHTA will manage not only PCEHR but other e-health initiatives as they roll out, or is it there principally to manage PCEHR?

The Hon. J.D. HILL: I will ask Mr Swan to answer that again.

Mr SWAN: No. It is mainly to roll out the personally controlled electronic healthcare record. Obviously, we have responsibility for our ICT systems, particularly moving to the ones the minister's raised about moving to enterprise-wide clinical information systems, but there needs to be close collaboration about setting standards and protocols about the interface of systems, the standards that industry needs to comply with to make sure that there are integrated clinical systems that do move between primary health care, the acute care sector and other aspects of other healthcare needs.

Mr HAMILTON-SMITH: I will now move on to Budget Paper 5, page 28, which talks about the enterprise patient administration system (EPAS). Will NEHTA, this national entity, have any role in coordinating the rollout of state-based initiatives, such as EPAS, to make sure that one state can talk to the other and that the systems are compatible across jurisdictions, or is PCEHR going to be the only program or initiative within the ambit of NEHTA?

The Hon. J.D. HILL: That is a good question, I think. This whole issue of e-health is something that all jurisdictions are working through. We have seen some disasters in other countries. I think Britain went through an attempt to create one system which was going to apply to everyone everywhere. Fortunately, they did it before we started looking at ours, and we have learnt from their experience. They had to junk what I think may have been even billions of dollars worth of work, and it completely fell to pieces, and it took years to do it.

I might be using language incorrectly but, as I understand it, the approach that is taken here is that the national scheme will create an individual health record, which every citizen will be able to voluntarily take up, and that system will then be able to be accessed by the individual state systems. The EPAS system we are creating will be a hospital-based system, which will allow every patient who has contact in the public health system over time will have all their data accumulated to one site and updated and have a protocol-driven delivery system particular to them.

There will be trials later this year. In fact, I had a meeting yesterday with Allscripts, which is the body responsible for providing the software to us. There will be a trial this year to make sure that we can link GP systems in with the hospital system. That will be, I understand, if not the first, one of the very first, such trials in the world and certainly in Australia. It is a pretty remarkable thing they are doing.

Then, once that kind of connectivity happens and the commonwealth then brings in its personalised individually-controlled health record system, all of those elements should be able to talk to each, with the appropriate safeguards for the individuals. I assume that cloud technology

comes into all of this. The various elements are created, and then in the cloud, they talk to each other. I am not an IT expert, but that is as I understand it.

Mr VENNING: I refer to the same line in Budget Paper 5, page 28, in relation to EPAS. I have been around for a while and I am very concerned, because we had XLCare, then we had CPS and now we have EPAS. I understand that, at the moment, you are training people in both CPS and EPAS at the same time and that is causing a fair bit of confusion. Look at the amount of money we have invested here: $408 million until 2031. Minister, I ask you, is it necessary to keep changing and are you confident that EPAS is the answer until 2021?

The Hon. J.D. HILL: They are different systems. XLCare is a system that has been around for a very long time.

Mr VENNING: Is it still in use?

The Hon. J.D. HILL: Yes, it is. It is a system that has been used to work out how many nurses are used to provide clinical care to patients on a ward; that is, effectively, what it does. EPAS will have the clinical information which will feed into the nursing requirements, but EPAS does something quite substantially different.

Mr VENNING: Do you understand it?

The Hon. J.D. HILL: Yes, I do. Without confusing both of us, I am trying to find ways to explain it. There will be a screen next to every bed which will be like an iPad, so it will be touch screen technology, which will allow every clinician who deals with a patient—say, if you are in bed at some time in the future in the new Barossa Hospital—

Mr VENNING: I will be a much older person.

The Hon. J.D. HILL: —and you are an elderly person who needs a whole range of complex care, your records will come up on that screen and they might know, for example, that you are allergic to peanuts; that is one simple example. When you go to order your breakfast cereal and you type in what you want for breakfast, if you order something that has peanuts in it, it will not let you have it.

Equally, if you come into the emergency department unconscious and they can work out that it is you, they will look on the screen and they might find you are allergic to penicillin so they will not give you penicillin. They will also know that you have particular conditions which require certain medication, so they will have your whole history which will allow immediate treatment to be much more responsive.

As they go through the treatment protocols when you are in hospital, say, for the first time, the doctor will put in whatever they think you require and the screen will make sure that the medication doses and the timing of those doses are properly monitored. If a nurse tries to give you an overdose (not deliberately but by accident), the protocols in the screen will tell the clinician what is going on.

We have been working with hundreds of people over recent months to train them up, and the clinicians have been very much engaged in developing the protocols for each of the clinical areas that is being used, so this is something far different from the XLCare system, which was really about measuring units of labour in a particular ward setting. The other system you mentioned—the CPS—I think we were trialling that at a couple of sites.

Mr VENNING: Apparently you still are.

The Hon. J.D. HILL: Lyell McEwin and Port Augusta; yes.

Ms THOMPSON: My question relates to mental health infrastructure and the improvements that are currently underway. How will these improvements provide people with the services to manage their illness closer to where they live in the community? This is Policy, Clinical Services and Administration, Budget Paper 4, Volume 3, page 17, 1.6 'Mental Health and Substance Abuse', Portfolio Statement page 32.

The Hon. J.D. HILL: Would you mind repeating the first part of the question?

Ms THOMPSON: Could you outline the mental health infrastructure improvements that will provide people with services to manage their illness closer to where they live in the community?

The Hon. J.D. HILL: I am happy to do that. As I said in my opening remarks, we are undergoing major reform to modernise and improve our mental health services. Historically, in

South Australia and internationally, the solution to mental illness before sophisticated drugs and treatment measures came into place—institutionalisation was the name of the game. If somebody had a mental illness, they were locked away. Even people without mental illness who got pregnant or were a bit odd were locked away, and institutionalisation was what we used to do to people. There was a reaction to that, I guess, once new psychotic drugs were developed and new techniques were developed to look after people with mental illness and the civil liberties campaigning happened.

In the seventies and eighties, we went through a deinstitutionalised phase, and we opened the doors and put a lot of people out. I think what we are now going through could be described as the new institutionalised phase—new and appropriate contemporary institutions which best meet the needs of people so that every hospital in the metropolitan area has a mental health ward. In the past, there used to be two great big institutions where people had to go.

Mental illness is something you should be able to go to your local hospital to get help for if you need an acute bed, not to some great big institution which is scary and away from ordinary citizens. It also means that we need a variety of other subacute places where patients who are beginning to feel unwell, or who coming out of a critical episode, can go and be supported, and that is largely what the Stepping Up report is about.

In terms of our facilities, we have built and operate three 20-bed community rehabilitation centres. I think there is one community rehabilitation centre in the southern area, although I know it is not in your electorate, as well as commencing services at three new 15-bed intermediate care centres, one at Glenside, one at Noarlunga and one at Queenstown. The rehabilitation centres are places where people go for relatively long periods of time to help them rehabilitate and become used to using transport systems, shopping systems, getting jobs, looking after themselves, washing and doing all the things that are a part of everyday life, but once you have been institutionalised for a while, if you have had an acute mental illness, it is often difficult to get back into those norms of society, so that is what they are about.

The intermediate care centres are places where people can go when they are starting to feel unwell, where they can get some intensive help that may help them avoid an acute hospital setting, or it may be a place they go after they have left an acute setting such as Glenside but they are not quite ready to go home, so they can get extra help.

We also have plans to open six new community mental health services which bring together a whole range of services in the metropolitan area. The most recent one was in Tranmere in May this year—and I think the member for Waite was there at the opening by the Premier—and planning and construction is underway for two centres, both in the west and the north. We hope we will have all of them up by 2014.

There was also a gap in supported accommodation identified by the Social Inclusion Board, and that has been addressed with the construction of 59 supported accommodation dwellings across the metropolitan area. These have been developed and constructed by NGO community houses. In addition, 20 supported accommodation units were constructed and opened in Glenside in August 2011.

These are units for people who have been institutionalised for, often, very long periods of time, and for the first time they have a street address, they have their own bathroom, their own laundry, their own kitchen, and they have their own porch they can sit on in the afternoon sun and read a book or a magazine. I think it is extraordinary to see the change in the circumstances of some of these people who were treated in this highly institutionalised way, where their personality and their capacity to make decisions were considerably diminished.

Furthermore, we have completed and tenanted 243 new homes out of 262 social houses funded by the commonwealth government through the Economic Stimulus Package. When that stimulus package came up, mental health put up its hand and said, 'Let's have some of those,' and we got a lot of them. All of those consumers now have a package of support in their own homes which is transformative for them.

This is not institutionalised care: this is de-institutionalised care, but it is not just saying, 'Go out and live in the community.' It is giving support for these people so that they can do that. There is a lot more I could say about new beds in all our hospitals and a whole range of other services, including an aged care unit at The Queen Elizabeth Hospital which will be opened late this year and a whole range of services for other patients as well.

Dr CLOSE: I refer to Budget Paper 4, Volume 3, pages 48-52, on the subject of tobacco reforms. What are the latest tobacco reforms announced by the government and can you provide information minister?

The Hon. J.D. HILL: I thank the member for Port Adelaide and also the member for Waite, who has offered pretty strong bipartisan support on behalf of his party for these reforms. We know that three South Australians die every day from tobacco-related illness, and an estimated $2.39 billion is lost to our economy each year in health costs and lost productivity relating to smoking. So everyone who gives up potentially saves years of their own life as well as the cost to our community.

The prevalence of smoking in our state has reduced significantly over the past year. The smoking rate in 2011 for people aged 15 years and older is now 17.6 per cent, which is down from 20.5 per cent in 2010, and for daily smoking the rate is now 15.2 per cent. Young people, that is 15 to 29 year olds, have also registered a significant downward trend, going from to 22.9 per cent in 2010 to 17.6 per cent in 2011, and their daily smoking rate is now 13.6 per cent, down from 17.3 per cent in 2010. That is a huge reduction.

A lot of people are giving up and a lot of people are not taking up smoking. The social norms are now very much against taking up smoking amongst young people, and that is something about which we should be very pleased. The reduction in the number of smokers aged 15 years and over is approximately 40,000 people over that period of time. This is the largest reduction observed in the past 10 years. The reduction in young smokers between 15 and 29 years is approximately 18,000, and that is the biggest reduction in the past six years.

As members would know, a range of factors contribute to this: the increase in the excise tax has made cigarettes more expensive, and we know that has a positive effect on smoking. We have also introduced new regulations under the Tobacco Products Regulation Act 1997, and this restricts smoking in a range of areas, including near children's playgrounds and in covered public transport areas. Now local councils and other incorporated bodies can apply to have areas or events smoke free. I understand the Royal Show will do that this year, which I think is a great thing.

Of course we have also banned the display of tobacco products from general retailers from the beginning of this year. Specialists will have the same applied from the end of December 2014, and we have increased the amount of government advertising. We will increase advertising in 2012-13 with a budget of $1.9 million. There are three things you can really do to reduce tobacco use, I am advised: first, put up the price; secondly, make it as unglamorous as you can (which is where all those restrictions come into place); and, thirdly, advertise like crazy to get the message across to people that smoking is not a cool thing to do.

Mr ODENWALDER: I refer to the same budget line as referred to by the member for Reynell (sub-program 1.6, Budget Paper 4, Volume 3, page 32). Will the minister expand on recent cooperative initiatives with the commonwealth to implement new infrastructure and services to address the needs of people in South Australia with a mental illness?

The Hon. J.D. HILL: I am pleased to do that and I thank the member for his question. I outlined a range of things we have done. I am very pleased that the commonwealth has allocated I think $94 million over the next five years for service improvements. I will tell the committee what that is providing to us. It is providing $79.4 million over four years to develop six service projects that will deliver an additional 159 beds and bed equivalents by the middle of next year, and that is on top of the 92 adult beds and places we are generating.

The provision of supported accommodation services is still a gap, and the new 80 support packages under the sub-acute care initiative will provide much needed support to our metro and country consumers after they leave acute care. The commonwealth will fund 24 beds in three centres that will be developed across the metro area. These will provide early intervention care and ease pressure on families caring for a person with a mental illness, and they will be supported by 10 bed equivalents across the community to provide in-reach service to people's homes.

The commonwealth funding allows South Australia to develop two new 10-bed community rehab centres in country South Australia—one at Whyalla and one at Mount Gambier. The commonwealth funding will also enable the establishment of a 15-bed youth sub-acute facility for adolescents and young adults aged 16 to 24 years. This, together with the already operating Early Psychosis Intervention Service, will form the foundation for a new service response to mental illness needs of young people. The commonwealth is also funding a new 10-bed subacute facility near James Nash House, which will be open by mid-2013. So, we are very grateful to the commonwealth and it is good to see the two levels of government working together.

Mr HAMILTON-SMITH: Just on EPAS, before we leave that—Budget Paper 5, page 28—my understanding is it is $408 million until 2020-21. Could the minister just confirm the split of that funding between state and federal, and could he just tell us how exactly is the $42.5 million of state money scheduled to be spent in 2012-13?

The Hon. J.D. HILL: Sorry, Martin, what was that last part?

Mr HAMILTON-SMITH: There is $42.5 million of state money being spent in 2012-13. It is listed on that budget line. So, I just really want to know what the split is between state and federal. How is the $42 million we are spending going to be deployed but, most importantly, can you tell me: are you confident you can keep this project on budget? Given the problems we had with the Oracle system, there are always dangers and risks with new IT systems.

The Hon. J.D. HILL: The commonwealth has given us $90 million towards this project, so the remainder is a state program. I get a briefing on, I think, a monthly basis on how this project is going. I have got to say it is going according to the planning and is on target to get to where we need to be.

I am advised that the planning phase of the program was completed on 31 December last year with a favourable variance of $241,000. This phase resulted in a business case and a fully costed total cost of ownership developed and presented to cabinet. The design and build phase of the program has now commenced and is projecting a spend total of $28.4 million during 2011-12. The activities undertaken during 2011-12 include:

- procurement of the once-off vendor licence and annual support charges for the year—approximately $19.6 million;
- procurement of the infrastructure required to host and support the enterprise patient admin system—approximately $4.7 million; and
- engagement of a number of SA Health staff and contractors to design, build and support the enterprise patient admin system—approximately $4.1 million.

During 2012-13, the EPAS implementation phase will commence with an estimated investing expenditure of $42.6 million, which is the figure you have referred to, noting that an additional $0.5 million of contingency is required to be reclassified from operating expenditure for authority to invest in new expenditure authority in 2012-13. I guess that is just a financial technical matter. This phase will involve training and site preparation, rolling out the EPAS into the Mount Gambier and Port Augusta hospitals, the Noarlunga Health Service, the Repat General Hospital, the Lyell McEwin Hospital and The Queen Elizabeth Hospital.

It is an ambitious project, but there is huge enthusiasm in the health system for it. The clinicians are very much engaged. I have been to a couple of meetings where there have been hundreds of people present who voluntarily turned up to be there. There is a network of training that is going on in anticipation of the rollout to the various sites. A whole range of clinicians is involved in planning the clinical aspects of the trial, as well as all of the technical work that is going on, under very strong leadership from the Chief Medical Officer, Paddy Phillips, and Pam Zervas, who is the project director, both of whom are very committed and are providing, I think, outstanding leadership.

Mr HAMILTON-SMITH: So, you are fairly confident that it is on time and on budget?

The Hon. J.D. HILL: Yes, indeed.

Mr HAMILTON-SMITH: Just moving to Budget Paper 4, Volume 3, page 38: Shared Services, that budget line talks about Health's participation in Shared Services and signals $6.8 million in regard to an expenditure increase. What is the arrangement at present between Health and Shared Services? I know there has been a level of participation but not full involvement, as I understand it, so can you just clarify how it is all going with Shared Services?

The Hon. J.D. HILL: Can I just clarify, are you talking about the working relationship or the nature of the services that Shared Services provide?

Mr HAMILTON-SMITH: What functions have been handed over to Shared Services and what functions have been retained? Of those functions that have been handed over to Shared Services—I know we had some issues with payroll recently—how effective has that handover of functions been and how was this $6.8 million of additional expenditure incurred?

The Hon. J.D. HILL: The $6.8 million, I am advised, is really centralising into the department the cost of providing the services. Shared Services is a government service but it is kind of an outsourcing from the department, if you like, so we have to pay for it; that is what we pay. I think in the past those figures were spread across the local health networks of the hospitals. They are now being brought together in one sum, so Health allocates that sum as a central line.

There have been no additional services provided by Shared Services in the past 12 months, so it is the payroll services essentially—accounts receivable and accounts payable. There obviously have been some issues around the delivery of those services according to the expectations that we have had. The member for Waite highlighted the issue around ambulance payroll. That was particularly complex. It was probably the worst time for Shared Services to take over the responsibility because the enterprise bargaining arrangements with the ambulance service included the decision to recalibrate the pay rates for a whole range of paramedic qualifications and then back pay that over a very long period of time.

We are talking about people who work shift work and who have taken leave and so you could not think of a more complex and more difficult task to do. A new agency was asked to do it, and I guess that was frustratingly difficult for them. However, I think those issues have pretty well been resolved. My colleague minister O'Brien, who is responsible for it, jumped in to try to make all that work, and I understand that it is working okay now. I certainly haven't heard anything too contrary. I understand that some administrative changes have been made with Shared Services to give it a sharper focus. We have regular meetings with them, as I understand it. Whatever issues there were, I think they are being addressed.

Mr HAMILTON-SMITH: So this $6.8 million is a contribution you have made to Shared Services—

The Hon. J.D. HILL: That is our charge.

Mr HAMILTON-SMITH: Right. But have there been corresponding savings within Health as you have offloaded those functions, or have you had to develop new systems to interact with Shared Services that have negated against the savings measures? In other words, has it been a productive exercise or a counterproductive exercise?

The Hon. J.D. HILL: No, I am advised we have not duplicated any service or created a new service. We obviously kept working with Shared Services to get it right, but over time as they take on these functions the amount of the participation by Health will decline. As to the savings in relation to Shared Services, those savings are in their budget. Our charge covers the cost that we have to pay them for doing whatever it is they are doing, so whatever the savings are they are allocated at that level. I guess minister O'Brien could give a better indication of what those savings are.

Mr HAMILTON-SMITH: While we are on that subject of financial management, I will move to Budget Paper 4, Volume 3, page 33 on the Oracle Corporate System (OCS). What is the present status of the OCS rollout, because we have had all of those issues? In particular, can you clarify for us the exact situation today in regard to unreconciled accounts and double payment of bills and any other corresponding problem which resulted from the introduction of the Oracle Corporate System over Legacy systems?

The Hon. J.D. HILL: These are issues which flow from the Auditor-General's Report. I will ask Mr Swan and Mr Woolcock to perhaps add. I will get them to go through those issues.

Mr SWAN: SA Health is the first South Australian government entity to fully implement Oracle financial systems across the enterprise. It is in many other health systems across Australia. We are trying to move from what are currently 18 separate and outdated legacy systems into an enterprise-wide financial and procurement system—which is the Oracle system—and trying to get compatibility across our system.

We have implemented the financial module across the enterprise, right across SA Health. We started with the procurement arm of it. We have actually completed about four or five sites, including the department, Modbury Hospital, the ambulance service and Mount Barker. We are now working through phase 2, which will be the balance of the rollout of the procurement arm of the software. Importantly, we are developing the business plan to facilitate that which will include not only the rollout of the procurement but also the training, education and change management that is really required to make sure that success in implementation is quite effective. That is where we are at, at the moment.

Mr HAMILTON-SMITH: I might have missed this, but what is the situation with unreconciled accounts?

Mr SWAN: As at 19 June 2012 all outstanding amounts have now been recovered.

Mr HAMILTON-SMITH: The double payment of bills?

Mr SWAN: That is correct.

Mr HAMILTON-SMITH: What about unreconciled accounts? Did you mention that in your—

Mr SWAN: Yes. The specific area of concern raised by the Auditor-General related to bank reconciliations. SA Health started the consolidation of bank accounts in 2010, following the implementation of the Oracle corporate system. From October 2011, all payroll and accounts payable runs were transitioned across the integrated bank account structure. It is no longer being paid within site-based accounts. However, as at March 2012 there still remained about 100 transaction and investment accounts across the metropolitan hospitals with financial institutions that SA Health is progressing to close. Around 20 metropolitan accounts have now been closed.

The issues relating to reconciliation of bank accounts are accounting and process related. The reconciliation issues arose following the transition of financial function from legacy financial systems to the new Oracle corporate system. The project team led by SA Health executive, principally staffed by SA Health staff, including additional contract support was put in place to deal with the specific issues that arose out of the implementation of the system and the integration of the financial function.

The residual reconciliation items that relate to the 2010-11 financial year have been addressed and cleared and the finalisation of the 2011-12 reconciliations are continuing. It is worth noting that throughout this process SA Health has identified no inappropriate transactions; the bank accounts for SA Health entities are being reconciled monthly and in a timely manner for 2011-12.

Mr HAMILTON-SMITH: Is there a dollar value of unreconciled accounts that you can give us?

The Hon. J.D. HILL: Which year are you referring to? Sorry, I will just go back. There were issues around the reconciliation in 2010-11 which the Auditor-General referred to, and the reconciliation process had not completed by the time the Auditor-General reports came through. However, in terms of 2011-12, the reconciliation process is now going according to standard processes on a monthly basis, so I guess in the middle of any month there will be some unreconciled amounts but the 2010-11 accounts have now been settled.

Mr HAMILTON-SMITH: Fully dealt with, okay. Before we leave that subject, can you tell the committee, at the end of the process what was the total amount we had to spend on consultants of one form or another to help sort through the problems? I know there were a number of different consultancies with a number of different accounting companies. Can you give us how much we spent on each consultancy linked to that problem?

The Hon. J.D. HILL: We may have to take that on notice. I think some of the information I have already provided to the committee but I am not sure. In fact, I am pretty certain that I have given most of it but, if we have not, we will check and get you a consolidated statement.

Mr HAMILTON-SMITH: You just mentioned—and I guess it relates to the accounts generally on Budget Paper 4, Volume 3—the issue that no incidence of fraud was detected in this respect. Have there been any reports of theft or fraud within the health portfolio more broadly in 2011-12 and, if so, what are the details?

The Hon. J.D. HILL: Obviously, there are the issues around the toner cartridges and the food laundering programs which the member would be aware of, and there might be one other case in relation to the management of what is called an SPF fund, which is a trust account managed by medicos. There is an investigation I understand that might be occurring, but my offices are not aware of any other issue. If we become aware of it, we will certainly provide some further advice.

Mr HAMILTON-SMITH: Did you say a trust account run by medicos, or medical officers?

The Hon. J.D. HILL: Yes. I might just ask David to explain.

Mr SWAN: These trust accounts are called special purpose funds that every hospital has that deal with a range of non-operating funds. They could be research funds, they could be university funds, they could be donation funds that are there for a specific purpose and hence the name of the type of trust. Each hospital would have many of these funds. In fact, each specialty would have their own funds for a range of purposes. They may have commonwealth grants, they may have grants or donations from third parties that may be undertaking research in certain areas, so they are used to keep out of the main operating budget list there for services. Of course, that is what we are really referring to, one of these accounts where there is something that we are working through.

Mr HAMILTON-SMITH: Are you able to tell us which hospital that matter relates to?

The Hon. J.D. HILL: Under investigation we do not give too much more detail.

Mr HAMILTON-SMITH: So apart from the cartridgegate issues, there have been no matters that have required a referral to police at this stage?

The Hon. J.D. HILL: I will have to take that on notice. It is a big organisation with lots of people working in it. I personally am not aware of any matters that have been reported to the police, but I cannot say with my hand on my heart that at every hospital site somebody has not referred somebody to the police. It certainly has not come to our attention.

Mr HAMILTON-SMITH: Just moving to the Royal Adelaide Hospital, if I may, for a moment, and hospitals more generally, but particularly that one. Are you able to say what the total costs are for running the existing Royal Adelaide Hospital, and therefore are you able to say once we close this hospital we will save that amount of money per year, which can offset the expense of the new hospital? Are you able to put a figure on what it costs you each year to run the Royal Adelaide Hospital as it stands? That is Budget Paper 4, Volume 3, page 38.

The Hon. J.D. HILL: I will just give you some rough figures and perhaps ask the department to provide some extra figures. The non-clinical service at the existing RAH in 2010-11 is estimated to be about $171,000 per day, which is less than 10 per cent of the total running cost of the hospital. If you index that to 2016-17, it is about $212,000 each day. The existing Royal Adelaide Hospital was to be scaled up to the capacity of the new Royal Adelaide Hospital.

If we scale it up to the capacity of the existing hospital, it works out about $0.25 million a day for the non-clinical services. Under the new Royal Adelaide Hospital contract, the actual figure to be paid to SA Health Partnership consortia in the first year of operation as part of the service payment for non-clinical services is $198,000 a day. If you compare like with like, it is cheaper to run the non-clinical services at the new RAH than it is at the existing RAH.

Based upon the figures above, the annual savings in non-clinical services is approximately $21 million each year, including approximately $2.5 million saving in gas and electricity costs. That is because the new hospital will have about 30 per cent more capacity. That is why you have to inflate those figures. Then, of course, we have the costs of paying off the capital, and as I have said, we are yet to know how Treasury wants to allocate those costs. If you build a new hospital, you have to pay the capital and the interest on that capital. The running costs, as I have said, work out at about a quarter of a million dollars a day at the existing hospital, using 2016-17 figures, based on an increase to the same capacity, and about $198 per day at the new hospital.

Mr HAMILTON-SMITH: Minister, I think you mentioned that the new hospital would be about 30 per cent more capacity than the existing hospital; is that right?

The Hon. J.D. HILL: That is right.

Mr HAMILTON-SMITH: Were you talking about the total number of beds and ED capacity there, and can you elaborate on that? One of the issues I will ask you to explain is whether we have built enough capacity in the new RAH to cater for growth over its life, because we are talking about 30 to 40 years from now.

The Hon. J.D. HILL: It is 30 per cent more capacity. I do not have the chart with me, but I have certainly seen it. There is a chart that goes through and compares all of the spaces in the hospital, and that creates 30 per cent more capacity.

Mr HAMILTON-SMITH: Is that beds or space?

The Hon. J.D. HILL: No. It is emergency department spaces, recovery spaces. One of the pressures in the current hospital is that there are not a lot of recovery spaces, so it stops the

amount of surgery you can do, for example. All of those things, if you put them together, create 30 per cent more capacity. Also, there will be better throughput in the hospital as a result of the design changes. Staff will not have to walk long distances to get from one place to another or to take patients around.

One figure that sticks in my head is that the average patient at the current RAH would spend six or seven days in the hospital and, during that time, they would probably be moved from their bed to another place for a service, on average, somewhere between eight and nine times. At the new hospital, that will be reduced to two and a bit times because we will bring the services to the patients. They will be in their own rooms, there is more privacy and there is more space, and that creates efficiencies.

All the planning we did was based on forward growth. We know that in South Australia the demand for health services will continue to grow until about 2040, and then after that it will taper off; in fact, the demand for health services will decline. The key issue for us, from a clinical management and financial management point of view, is getting us and our children through to 2040 when, sadly, our generation, the baby boomer generation, will cease to form part of the—

Mr HAMILTON-SMITH: See you in the old folks home, John.

The Hon. J.D. HILL: Well, we would have shuffled off this mortal coil. Increasingly large numbers of us—

Mr HAMILTON-SMITH: We will probably be in adjacent wards.

The Hon. J.D. HILL: Yes, that is right. The baby boomer generation, which is the huge pressure in the health system, as it was in the 1960s and 1970s on the education system, will come to an end, and it will start coming to an end in about 2040. The predictions are that it will peak at around about that time, it will taper and then start to decline. Our planning is based on making sure that we have sufficient capacity in our system and that we can afford to pay for it; that is the other aspect.

The solution which is offered up often, I think simplistically, is that the answer to every problem is to create more hospital beds. If we were to take that as the only way of dealing with these pressures, we would have a gigantic number of beds and no staff to look after patients. Reform really has to be about keeping people out of hospitals by keeping them well and by reducing the length of stay in hospitals by a whole lot of reforms and managing the process. We are pretty confident that the healthcare plan of 2007, which is a 10-year plan, of which we are now halfway through the development, will provide capacity through to that period.

The advantage we have on the new RAH site is that there is capacity there to increase the size of that hospital by another 30 per cent. It is essentially being built in three pods, which are stacked against each other, and we would be able to build relatively easily a fourth pod adjacent to the three existing pods. If we get to 2020 or 2025 and something has changed in the modelling or the growth of our population, or some wonder drug means that people will live for another 20 years or something—let's hope—and we need more hospital beds, we have capacity there to do that. I am pretty confident that the best modelling we can do has been applied to this service.

Mr VENNING: You referred earlier to a question of mine about how Dr Derek White of New Zealand has gone back to New Zealand and now another New Zealander has taken his place. I am reliably informed that the last seven senior appointments in this mental health unit are all from the same New Zealand facility at Waitemata. Are these appointments jobs for the boys or girls? Do we not have Australians who are qualified?

The Hon. J.D. HILL: I am not too sure who has been informing you. Dr Peter Tyllis, I can assure you, is not from New Zealand. He has been living in South Australia for quite a number of years, so I do not know who is doing the informing. Can I say that we are very lucky to be an attractive place for New Zealanders to come and work because I think they have probably one of the best worked-out mental health systems in the world and we have learnt a lot from New Zealand.

To go back to an earlier remark I made, in South Australia we had a tendency until the fifties and sixties to put everybody in a big institution, then we de-institutionalised and we thought we were doing pretty well. In the eighties we were considered to be the best-performing mental health service in Australia, and then we did not really do much for another 20 or 30 years. We are now starting to make the reforms that jurisdictions like New Zealand made a number of years ago. Before you make these criticisms, I would invite you, on one of your parliamentary trips, to visit New Zealand, and I would certainly help arrange for you to go and have a look at what they—

Mr Venning interjecting:

The Hon. J.D. HILL: We have certainly had a number of New Zealanders but I am not aware of the—

Mr VENNING: It looks like jobs for the boys, doesn't it?

The Hon. J.D. HILL: It doesn't, to me, at all. It looks like we are getting the very best people to run our health service.

Mr VENNING: Derek White was a New Zealander and he did most of the appointments.

The Hon. J.D. HILL: Derek Wright is his name; he is actually a Scot and he went to New Zealand a number of years ago. He was an outstanding leader and I was very disappointed that he left; he went back to New Zealand for family reasons. I am not too sure who is informing you—it may be people who have been unsuccessful in obtaining a job, I do not know—but we are lucky to be able to attract New Zealanders to our state. In fact, I would like to create a stronger partnership with New Zealand because I think the way they have delivered mental health services provides a very good indicator of where we need to go in South Australia.

Mr VENNING: Shouldn't we be training some of our own, though, minister? These people go home and leave us without anybody.

The Hon. J.D. HILL: I am not sure that they have left us without anybody; we have some very—

Mr VENNING: They all go home, eventually.

The Hon. J.D. HILL: Some people go and some people stay; that is the nature of the international job market. We have people from England, Africa, India and from all over the world working in our healthcare system and we are lucky to have them. I think this narrow-minded, parochial kind of view that South Australians are the only people who should ever do anything is something that we really need to challenge. Where would the Barossa be now if not for migration from Germany over decades in the 19th century? It would not be growing grapes, that is for sure.

If I may continue, I advise the member for Waite that, in the past 12 months, we have not referred any employee to the police, I am advised. Secondly, in relation to a matter he raised about the intensive care unit at The Queen Elizabeth Hospital, only 2 per cent of total admissions who go through the emergency department need intensive care beds, so the claims that we would somehow downgrade it into a triage centre are incorrect. For comparison, I am advised that at Flinders and Royal Adelaide it is about double that, 4 per cent.

Mr HAMILTON-SMITH: I would love to go on about the ICU requirement, because I suspect there might only be 2 per cent admissions but there would be another percentage who could have been in the ICU and would not have been at The Queen Elizabeth Hospital had there not been one, arguably, but that is another point. Getting back to the Royal Adelaide, has the government decided what it will do with the old RAH site? What options are on the table?

The Hon. J.D. HILL: No, the government is yet to decide. I have certainly made public my views and the matter is now something which the Deputy Premier as Minister for Planning is responsible for managing. There are certain parts of the site which Health will hold onto, at least in the short term. The IMVS services, or SA Pathology as it is now called, will continue at the site. We are going through a business case to look at what we need to do there—upgrade the site, move it elsewhere—so that is being thought through.

The dental hospital continues to be there and we are obviously thinking through that with the university. I think that there is the option to say, broadly, without committing anybody to anything, that the sixties and seventies Playford buildings which were constructed, and modernised the Royal Adelaide Hospital in his term, by and large have fulfilled their useful purposes and will be pulled down. That will create a capacity to create extra open space; whether it is used by the Botanic Gardens or some other purpose is yet to be determined.

The heritage style buildings—though not necessarily heritage listed at this stage, and I am thinking particularly of the McEwin Building, the Bice Building on North Terrace and the buildings on Frome Road, including the old nurses' quarters, the Margaret Graham Building and so on—all have the capacity to be used for a range of purposes. The universities are certainly interested. We have some arts facilities which we could put in there which would be consistent with the North Terrace arts cultural precinct and there may well be other administrative functions that could be placed in there by Health if it was so inclined.

Then you have the buildings which go from the medical school right through to where SA Pathology is. It seems to me that there is a bold opportunity there to redevelop that entire section—relatively old buildings, not particularly functional—and the university and the government, or the university by itself, or several universities together might be able to do something really dramatic on that site if we were just to get rid of the buildings that are there.

All of those things need to be thought through and, certainly, we have no specific plans at this stage, just a selection of ideas. One thing I will say, though: I certainly will oppose the proposal by the National Trust to keep as a heritage listed building the aptly named East Wing of the hospital which shadows over the Botanic Gardens, and I was very pleased to see your leader agree with me at least in relation to that particular aspect of that development.

Mr HAMILTON-SMITH: Well, you could make Parliament House 'West Wing', couldn't you? Just a joke. Arguably, it probably already is. Still on the RAH issue, because I know this will be important not only for mental health but also for health more broadly, the $397 million payment per annum that we are going to be up for: can you explain to the house whether that is a fixed amount or whether it is variable each year, and what proportion of that annual payment is for capital, and what proportion of that annual payment is for the operating costs at the hospital that you talked about earlier in your answer?

The Hon. J.D. HILL: For the first full budget year 2016-17, the annual service payment is anticipated to be $395 million and, of course, that will be offset by whatever we are currently paying for non-clinical services at the RAH. The average full year service payment is anticipated to be $397 million in nominal terms. This is made up of both the cost to build and finance the hospital and also to maintain it and provide non-clinical services to be delivered by SA Health partnership. Total annual payments are fairly constant, again, in nominal terms over the life of the project, varying slightly with life cycle payments for significant asset maintenance and replacement works.

There is a cycle of extra activity that occurs when certain things need to be replaced. The anticipated annual service payment will only be above $400 million in eight financial years out of 30, and only once right at the end will it be above $440 million. It is anticipated that in the last year it will be $479 million. Over time, the real value of the payments, taking into consideration the impact of inflation, will reduce significantly over the course of the project, so it will halve, assuming an inflation rate of 2.5 per cent.

In terms of the proportion that goes to interest, the proportion that goes to capital and the proportion that goes to services, that will obviously vary over time. A bit like a house mortgage, you pay more interest at the beginning and, as the contract comes to a conclusion, you are paying more capital; I understand that is the way it works: there is a schedule over time, and some adjustments can occur in the course of it.

Essentially, at the beginning it is the most burdensome and at the end it is relatively low impact. Of course the service payments will have to inflate according to cost pressures, and they are the costs of cleaning and all those kinds of things—non-clinical services that would rise in the existing RAH. Those elements will go up and the other elements are fixed and will go down.

Mr HAMILTON-SMITH: Minister, did I hear correctly: did you mention a figure of $497 million?

The Hon. J.D. HILL: You asked whether it changed, and I said that is roughly around $397 million on average each year.

Mr HAMILTON-SMITH: On average over the 30 years?

The Hon. J.D. HILL: The average full-year service payment is anticipated to be $397 million in nominal terms. There are eight years when it will go over that, and they are the years when there is a peak in capital works that need to be done. There is a schedule I suppose when the carpets need to be replaced.

Mr HAMILTON-SMITH: Will they be the first eight years generally?

The Hon. J.D. HILL: No. If you imagine a 30-year cycle (I have no idea whether this is the case), the air conditioning might need to have a major upgrade in the 15th year, so there is a spike in capital works. Soft furnishings will have to be replaced probably after 10 years. That is all considered in the contract. That is part of the average of $397 million, but sometimes it is above that and sometimes it is below.

Mr HAMILTON-SMITH: So in other years it will be well below $397 million?

The Hon. J.D. HILL: That's right.

Mr HAMILTON-SMITH: In terms of how you are going to pay for that, I notice that the budget line, page 71 of Budget Paper 3, talks about $70.6 million being spent in 2015-16. How will the cost transfer of this liability be managed between Health and Treasury? Will that money be allocated to Health and paid to the consortia by Health, either through Treasury or directly, or will Treasury manage that outside Health's budget purview?

The Hon. J.D. HILL: That was the question you asked earlier, and I think I said that as far as I am aware that is yet to be determined. My sense of it is that the service arrangements—the cost of cleaning and all those elements, I assume—would be health-style budgets, whereas the capital costs and the interest payments could be something Treasury will deal with directly, or they may decide just to make a provision to Health.

One of the options, I am just advised, is that the asset would be placed on our books—that would probably be the logical and most straightforward way for them to do it. It is similar, but different. When we get money from Treasury to build a new hospital or to extend a hospital, such as Lyell McEwin or Flinders, we get money appropriated from Treasury for that, and it just comes in in a lump. This is less lumpy, I guess—that is the way you would have to describe it. Treasury will have to give money to us to do it, whatever way it works.

Mr HAMILTON-SMITH: It is more than likely that the transparency with regard to all of these movements will be through the health component.

The Hon. J.D. HILL: I cannot answer that. Treasury will have to make that determination. I am just rethinking aloud now, but it does seem logical to me that they will do it that way. They may have a better way or a different way of doing it. There may be some financial benefits from doing it a different way. I am just not aware of that.

Mr HAMILTON-SMITH: No worries. Budget Paper 4, Volume 3, page 17—just the program 1 in general, which must pick up the IMVS. Has there been a change of senior management at IMVS recently and, in particular, is Professor Ruth Salom to remain in the position? Has there been a budget blowout in the IMVS recently?

The Hon. J.D. HILL: Unfortunately, Ruth Salom, who is not a New Zealander but a Victorian, has returned to Victoria to be with her family.

Mr VENNING: Not from New Zealand?

The Hon. J.D. HILL: No, she is not from New Zealand. She was a great loss actually, and I know the CE of Health tried to persuade her not to go, but she had been here with us, I think, for about five years which was, essentially, her contract. She did a great job bringing the elements to create SA Health. The business has grown dramatically in that time. The amount of commercial work that the business does is phenomenal, so she did an extraordinary job. I think the recruiting process has been completed and we are about to offer somebody the job.

Mr HAMILTON-SMITH: Has there been a budget blowout in IMVS and is there any concern about IMVS having overpaid for a computer program or some related issue?

The Hon. J.D. HILL: There is no budget blowout that I am aware of. They have spent some money planning for a new computing system called EPLIS, which is referred to in the budget papers. If the member has any information, I am happy to get it checked out.

Mr HAMILTON-SMITH: Okay. The minister has no concerns about management or the conduct of business in IMVS at all at present?

The Hon. J.D. HILL: I am not aware of any reasons to be concerned. There were issues in the past which caused some concern but that is going back several years now.

Mr HAMILTON-SMITH: Just before we get onto mental health, the GP Plus system is dealt with in Budget Paper 4, Volume 3, page 45. Can you just give us an update on progress with the GP Plus clinics? There was an issue with at least one of them with regard to GP services. Are we on budget and on target with what we wanted to achieve from the GP Plus network?

The Hon. J.D. HILL: Yes. As I understand it, it is going well. There were issues around the GP Plus Super Clinic at Modbury. The service provider that was contracted to provide the service decided they no longer wanted to provide the service, so we put in some locum doctors. The amount of patients they have been seeing is growing.

We put in a locum service to support the GP Plus while the recruiting was going forward. I understand there are a number of groups of doctors who are wanting to take on the role and I think we are pretty close to finalising that. Just for the benefit of the members, a key indicator of the effectiveness of GP Plus programs and services overall is the trend in the number of hospital admissions that are considered to be preventable, given adequate community-based care. The number of these types of admissions to acute hospitals is continuing to decrease with 1 per cent fewer compared with the same period last year. The hospital avoidance program for residential aged care facilities has achieved a 14 per cent reduction in the number of ambulance transfers from participating facilities to hospital emergency departments.

We, in fact, had the lowest number in the most recent stats of the GP-type presentations going to the emergency departments. It is still high—it is 30-something per cent—but it is lower than any of the other states. Our GP Plus strategy, which is not just about the centres but about a whole range of other things, has worked. Prior to the strategy, the average number of separations in the metropolitan hospitals was 4.6. In the 2010-11 year the metro growth was 1.1, despite increasing numbers of older citizens and also the growth in lifestyle illnesses and the increases in elective surgery. This is a very good strategy. Some of the teething issues, I guess we will sort through, but the overall strategy is working very well.

Mr VENNING: I refer to Budget Paper 5, the Capital Investment Statement, page 28. Don't look because it is not there, under a heading of 'new projects'; I note that the Barossa hospital is not there. Minister, what do I tell the people of the Barossa in relation to the current facility we have there? Would you agree in the short term to do some minor works to at least get the facility so that we deal with the serious shortfalls that are there because of the ageing facility? Are you suggesting that the facility becomes unworkable and that the Barossa people will then seek their medical care at the Lyell McEwin and further then overload that system?

The Hon. J.D. HILL: I would have thought that the Gawler hospital was closer than the Lyell McEwin to them.

Mr VENNING: It's just not big enough to cater for it all.

The Hon. J.D. HILL: I am just saying that I would have thought Gawler hospital was closer. Application was made to the commonwealth Health and Hospitals Fund in the last round of funding for a new Barossa hospital, so we have kept it on the agenda, I can assure the member for Schubert. I should not make jokes about it. We understand that it is an important initiative for his community and, if we could get the funds for it, we would love to rebuild a new hospital in the Barossa.

We were advised in May this year unfortunately that the application had been unsuccessful. The Department for Health and Ageing, in conjunction with Country Health SA Local Health Network, is preparing a strategic asset infrastructure plan to complement its strategic healthcare plan, so we will have a look at the key infrastructure issues in relation to those hospitals amongst all the others. We are also looking at the requirements for upgrading at Angaston and Tanunda as part of the minor works program. I do not want to create too great a sense of expectation because there are a lot of other priorities that fall under funding in that category. It will be looked at and, if it has needs which are greater than the needs of other hospitals, it will get some attention but it will not be specially favoured.

Mr VENNING: That's a given.

The Hon. J.D. HILL: Nor will it be ignored.

Mr HAMILTON-SMITH: I will move on to the patient assisted transport scheme (PATS) which is dealt with in Budget Paper 4, Volume 3, page 61. What complaints has the government received about the PATS scheme? By way of explanation, a number of country members—the members for Flinders, Schubert, Chaffey and Goyder, for instance—have raised with me concerns. I note on this budget line that the number of claimants fell short from 22,300 to 19,400 in 2011-12 and that the number of payments reduced from 50,000 to 43,000. On the budget line, the budget claims that that was done without reducing service delivery, but the feedback I am getting from country members is that that is not the case. What complaints are you getting about the PATS scheme, and have we got a problem with underfunding of that scheme?

The Hon. J.D. HILL: The problem is really the reverse. It is the overfunding of the scheme which has occurred over recent years. This is a scheme which was established initially by the commonwealth government and then it was transferred to the state without growth funding. I am not sure when it was transferred over. It was in the 1990s, I think—a long time ago. The call on that

scheme has continued to grow, so we have had to manage it. I will get to the issue of complaints in a second.

The way of managing it is essentially twofold: one is to make sure that we have more services available to country residents, so we have dramatically increased the amount of elective surgery in country South Australia so fewer people have to travel to the city. We have increased the amount of renal dialysis that happens in country locations so that fewer people have to travel to the city for that; and we are in the process of increasing the amount of chemotherapy. I think that is the biggest thing we can do.

It is appalling that people had to travel to the city when they could quite easily have had services in country areas for chemotherapy. We are talking about people who feel absolutely sick and they have to come back and repeat a level. We have a network of 10 or 12 country hospitals which will be linked to Whyalla, the Lyell McEwin and the Royal Adelaide Hospital where a lot of chemotherapy can be given in the city. Port Pirie has been doing it for a long time very well.

Putting more services on so that fewer people have to travel is one strategy. I think some people feel a bit aggrieved, and I had one complaint from somebody at Port Lincoln who objected because we were not funding them to come to the city because we had provided a doctor in their town. I think it was at Port Lincoln. They objected because they could no longer travel to the city. Sometimes we are not allowing everybody to take somebody with them unless they absolutely need to have somebody travelling with them.

We are just making sure that the rules are followed appropriately and that we are not lax about them, and that has perhaps reduced the number of trips and the cost. That is part of having to manage a budget. It is just one of the lines in a very big budget that we are trying to manage appropriately. However, I am absolutely certain that those who need services and who need to travel are getting support. There are a few complaints about whether or not people get services (and I have just given an example), but most people would like to see a huge increase in the subsidy that is available.

I would love to be able to increase the subsidy that is available, but I just do not have the budget allocation that will allow me to do it. As I say to people, if I had an extra million dollars, $2 million, $5 million, $10 million, or whatever it would be to increase dramatically the PAT scheme, and if the choice were that or putting extra services in the country, I would rather put the extra services in the country, as tough as that might appear.

Mr Venning: Hear, hear!

The Hon. J.D. HILL: The member for Schubert says. 'Hear, hear!' and I thank him for that.

Mr HAMILTON-SMITH: I will move on to the issue of mental health and ask a few questions about beds, but that does not necessarily mean I will not have some more questions for Mr Swan. The Public Works Committee was recently advised that at any one time there were around 30 people needing a forensic bed who could not find one, and it was further advised that around 10 people needing forensic beds were in acute beds either in closed wards or elsewhere, where rightly they should have been in a forensic bed. Is that information correct, or can the minister clarify the actual situation?

The Hon. J.D. HILL: I think that is roughly correct. The Stepping Up report, which I have referred to, did many good things, but one thing it did not do was address the issues around forensic mental health beds: it simply allocated resources from the Glenside site to the James Nash site but did not increase the number of beds. There were 10 at Glenside and 30 at James Nash, and the idea was to put another 10 at James Nash and close down Glenside, so there would be 40 beds in all.

We do need more forensic mental health beds, in my view, and the best advice I have had around the place is that we probably need about 60 to cover the demand. There are three kinds of people who end up in a forensic mental health facility. There are those who are not fit to plead, and they are determined to go there by the courts for a term usually equivalent to the term they would have been convicted had they been fit to plead. If it was murder, it would be a fairly long time and if it was a less serious matter it would be a shorter period of time. After they have served that term, or during that term, they can be released on licence and that is supervised through the staff at James Nash.

The second class of patients, or clients, I suppose you would call them, are those who are in a correction facility and who develop a mental illness, or whose mental illness becomes so acute that they need to be placed in a mental health bed. They are the second class who go to

James Nash. The third class are those who have an intellectual disability which renders them incapable of pleading. They are not mentally ill, they are just not competent. This is a difficult group. I guess you would call them disability clients, really. They go to James Nash and there are usually half a dozen or so or thereabouts of that group.

Then there is a fourth group. They are the ones whom I referred to in an earlier remark who are released on licence and who commit an offence while on licence. They are taken to court, and even though they are no longer suffering a mental illness, the court returns them, as it is obliged to do, to James Nash. That is an area that we need to reform. It seems to me that if a person is no longer mentally ill and commits an offence, then the safe haven, if you call it that, of James Nash should no longer be available to them. They should suffer the consequences of anybody else who commits an offence. The ongoing use of a mental health facility for somebody who no longer has a mental illness is somewhat strange. That would take some of the pressure off if we could do that.

So what we are doing is that we want to create extra capacity. As I mentioned before in an earlier remark, the commonwealth government has granted us some money which has allowed us to create 10 sub-acute beds on the James Nash site. These are for people who are in James Nash who are not quite ready to be out on licence. This will create a halfway house; that will take some of the pressure off.

As I have also said on previous occasions, we have $19 million to build 10 extra beds at James Nash. What we are doing is looking to see whether those $19 million can be used to create 20 beds rather than 10 beds. That would require a few changes to the way we are thinking about how we deliver those beds, but I am confident that we can do that. If we were able to do those things, that would give us 60 beds, so a 50 per cent increase. That would go a long way to redressing the backlog or the waiting list, and if we can change the rules about the readmission to James Nash of people who breach licence that would, I think, probably make it disappear completely.

We are working through all those things and I hope I shall be able to make some announcements about how we have progressed that shortly. I do agree that there is insufficient capacity in our forensic mental health facilities, and as a result of that a number of acute beds in the non-forensic area are being used to hold forensic style patients—or consumers or whatever language you use—and that creates pressures elsewhere.

Mr HAMILTON-SMITH: I did hear you on the *7.30 Report* talking about the production of 20 beds from funding for 10, which I note has been through the Public Works Committee, and I was thinking that the only other occasion I have seen that happen was a gentleman standing on a mountain turning loaves and fishes into multiples of loaves and fishes.

The Hon. J.D. HILL: I will accept the comparison; that is all I can say.

Mr HAMILTON-SMITH: There were some stark contrasts, I might add, between the two, but I am just trying to work out, since this has already been through Public Works, how you are going to get 20 beds out of 10. I am familiar with the project; I have had the briefing and have been out and had a look at the site. It does seem to me to be a wistful claim, unless we are talking about an ATCO hut style new prison.

The Hon. J.D. HILL: No, I am not talking about that.

Mr HAMILTON-SMITH: You are not going to get the shipping containers in?

The Hon. J.D. HILL: No. We are thinking it through and after we have thought it through, which we hope to do pretty shortly, in the next few weeks, I will certainly make public announcements. I am putting a bit of pressure on the department. I mean, it seems to me that $19 million is a hell of a lot of money to build 10 beds. There are other ways that we can approach this and that is what we are looking at. Some of that money needs to rehabilitate parts of the existing James Nash, too, so it is not just for the building of beds, to be fair.

The CHAIR: I remind the committee that, technically, we are now into the time for the Office for the Ageing. I do not know whether you have any other advisers you want to bring down for that.

The Hon. J.D. HILL: It depends whether—

The CHAIR: I think the shadow will get to it at some stage, so as long as they are ready.

The Hon. J.D. HILL: Can I say that we will be joined at some stage shortly by Mr Greg Mackie, who is the Executive Director of the Office for the Ageing within the Department for Health and Ageing.

Mr HAMILTON-SMITH: Minister, I refer to Budget Paper 4, Volume 3, page 15. Getting back to the Stepping Up report, which the minister has referred to on a number of occasions, I have seen in the report a discussion about the number of acute mental health beds we have in South Australia compared with other states, and I have a copy of the report here. Can you point out to me the page and the recommendation that says in that report that we should cut the number of acute beds we have in South Australia and redirect the funding from that cut to other beds? Where is the specific recommendation that we should cut? You have made that claim on a number of occasions.

The Hon. J.D. HILL: I do not have the report in front of me, but I remember that at the time when we received this report, the government's response was that we recognised that the resources we were putting into acute mental health were far greater than the national average and that we needed to create additional steps, and the way we would fund those would be by transferring some of the resources from the acute sector to the sub-acute sector.

Mr HAMILTON-SMITH: While recognising that is what you have done, I will check the *Hansard* both of today and your other statements to see whether that is exactly what you have said, because I think the language you have used is that the Stepping Up report recommended that we cut the number of acute beds and redirect the funding into other beds.

The Hon. J.D. HILL: If I have made an error, I will correct the record myself. Can I say that it was the government's response to the Stepping Up report which adopted that approach. I have considered the report and our response really to be part of the same process.

Mr HAMILTON-SMITH: I just think this is an important thing to clarify. My reading of the report—and correct me if I am wrong—is that there is no such recommendation in the report. There may be reasons we have more acute beds in South Australia than in other states, and you mentioned one of them a moment ago, and that is that we have some forensic patients occupying acute beds.

There may be a greater demand here, there may be certain local circumstances that necessitate that we have more acute beds. I am questioning the very fundamental proposition that you have put publicly and to the parliament that the reason we are cutting the acute beds—and I note that the doctors and the ambulance service have raised this as a concern—is because the Stepping Up report said that we should do so, and I cannot see in the Stepping Up report any claim that we should do so. So, it seems rather to be a conclusion the government has reached.

The Hon. J.D. HILL: If I have incorrectly stated the report, I will apologise. The point I make, which is the key point, is that the report recommended a number of steps and, if it did not say explicitly, it certainly said it implicitly that we had put all of our eggs in the one basket and that basket was acute mental health beds, and what the report was recommending is that we create a series of steps so that patients had places to go other than acute services.

The way in which we have gone about doing it, as I have said repeatedly, is to transfer some of the budget from acute beds into sub-acute beds, and that is what we said at the time the Stepping Up report was put up. If it does not explicitly say it in the Stepping Up report, I can assure you that it was implicit in the thinking behind the Stepping Up report, and it was certainly part of the government's response to that report. I am not sure what you are really saying about our citizens to say that we need more acute mental health beds than other states. The reality is that we have more acute mental health beds than in other states, and I think that, even with the changes we are making, that would still largely be the case.

We also now have 72 or 74 additional places over and above the number of places we had when the report was produced, so we have created greater capacity to help people who have mental illness including (which I have not included in that 72) another 240-odd supported accommodation units where people who have mental illness can live; those units did not exist in the past.

The end result will be that by 2014 we will have created another 250-plus beds or bed equivalents for mental health patients. If you add the supported accommodation and the extra beds, there are about 500 new places in South Australia for people with mental illness. When we started we had 512, so we will have almost doubled the number of places where people who are mentally ill can get care, and I think that is a huge achievement.

We do not need all the acute beds to be maintained when we have that growth in non-acute provision. The issue around forensic is an issue, but it is not the only issue. The capacity has increased quite dramatically in the provision of services through subacute, and we do not need to keep all the existing beds just because of the forensic issue.

Mr HAMILTON-SMITH: Your decision is to cut 10 mental health beds at Margaret Tobin and another eight at Glenside; is that correct? Is it 18?

The Hon. J.D. HILL: The word 'cut' is kind of—

Mr HAMILTON-SMITH: Well, 'close'.

The Hon. J.D. HILL: I have just been given figure 13, which I refer you to, of the Stepping Up report, which has the—

Mr HAMILTON-SMITH: Recommendation 13, or figure 13?

The Hon. J.D. HILL: Figure 13, and it has the steps. It has 24-hour supported accommodation as the bottom step: current is 49 and proposed is 120 to 150; community rehabilitation centres, current zero, proposed 60 to 80; intermediate care, current zero, proposed 80 to 92; acute inpatient beds, current 252, proposed 190 to 220; and secure rehabilitation, zero proposed 30 to 40. I think that is pretty explicit: it is suggesting that we should close somewhere between 30 and 60 acute inpatient beds, so it is very much in the report. That is what we are doing—we are transitioning those beds from acute services into subacute services because that is where the growth is.

Patients do not want to wait until they get really ill. I have seen lots of parents who have come to see me in my electorate over the years who have adult children who are mentally unwell. They get so frustrated that the only sort of service for them has been an acute service. What we now have is a range of services, which is what Stepping Up said, and that figure that has just been brought to my attention demonstrates that that was foreseen in that report.

Mr HAMILTON-SMITH: You say the acute inpatient beds are the beds to which we are referring at Margaret Tobin and Glenside?

The Hon. J.D. HILL: Yes.

Mr HAMILTON-SMITH: How many acute beds do we have as of today? How many acute inpatient beds do we have right now?

The Hon. J.D. HILL: Total adult acute beds, 2011-12, estimated 220.

Mr HAMILTON-SMITH: That is 220?

The Hon. J.D. HILL: Yes.

Mr HAMILTON-SMITH: Right now?

The Hon. J.D. HILL: Yes, right now.

Mr HAMILTON-SMITH: What that very table you have just pointed out to me says is that we should have 220.

The Hon. J.D. HILL: It says 190 to 220.

Mr HAMILTON-SMITH: Well, 190—

The Hon. J.D. HILL: That is what it says: 190 to 220, and expected—

Mr HAMILTON-SMITH: What does it say? Which—190 or 220?

The Hon. J.D. HILL: It is in that range, and it is expected that by late 2014 it will be 214, so that is the maximum.

Mr HAMILTON-SMITH: So you are tending to take it down to $190 million?

The Hon. J.D. HILL: No, $214 million.

Mr HAMILTON-SMITH: But the $18 million that you are cutting—the $10 million at Margaret Tobin and the $8 million at Glenside—presumably, will come off the $220 million and make it $204 million, is that right?

The Hon. J.D. HILL: No, I am saying that in the 2011-12 year we have estimated $220 million and the adult acute beds are expected to be 214 because we are growing some others in the country, for example.

Mr HAMILTON-SMITH: We will have 214 at the end of the process, is that right?

The Hon. J.D. HILL: So, 214, which is absolutely in line, at the upper end, in fact, of the recommendations of the Stepping Up report.

Mr HAMILTON-SMITH: With respect, I do not think that that table is a recommendation.

The Hon. J.D. HILL: Okay. Let us just agree to differ.

Mr HAMILTON-SMITH: I think it is part of a discussion.

The Hon. J.D. HILL: Let us just agree to differ but that is what that report suggested we should have, and that is what we will have. In addition to that, we have all these other facilities. With total state and COAG funded places, excluding aged extended care which is a different category, we had 513 in 2006-07 and, by the end of 2014, we will have 764 places right across the board for people with mental illness. That is a huge increase—251 extra places—and a minor reduction in the number of adult acute beds.

Mr HAMILTON-SMITH: On the same budget line, how much do we save with each acute inpatient bed that we cut and, therefore, how much will we save by closing the 10 at Margaret Tobin and the eight at Glenside combined?

The Hon. J.D. HILL: It is not for saving, it is so that we can transfer the resources to the other facilities which we have already—

Mr HAMILTON-SMITH: Yes, but you must have measured that in dollar terms and know how much you can transfer, so I am wondering what that figure would be?

The Hon. J.D. HILL: This is a model of care which we have been working on. It is about creating the right number of beds in the right kind of categories, so we are in the process of doing that. As to the average cost of an acute bed, I can find out, I imagine, and I will happily let the member know.

Mr HAMILTON-SMITH: But would you not know that for today's purposes, in the sense that the saving you hope to make from cutting those 18 beds is obviously—

The Hon. J.D. HILL: Your word is 'savings', it is not mine.

Mr HAMILTON-SMITH: You are looking to transfer resources from one area of care, acute beds, to another area of care. Surely you have measured that in dollar terms.

The Hon. J.D. HILL: I have not got the information here. I will get it for you.

Mr HAMILTON-SMITH: Just on beds. You might have already said this in your answer to an earlier question. If you have, please excuse me and do not bother repeating it, but in each of the categories mentioned on page 32 of the Stepping Up report, can you tell us what the current number of beds is? Just to be clear, we have forensic beds, we have acute inpatient beds, then we have the other various beds that are mentioned on page 32 of the Stepping Up report. Can you just update the information on that? How many have we got? For example, 24-hour supported accommodation, community rehab, intermediate care—acute inpatient you have given us—and secure rehab, which I assume means forensic.

The Hon. J.D. HILL: Yes, well the forensic ones are included within the acute adult bed target.

Mr HAMILTON-SMITH: So, the forensic beds are included in the acute inpatient bed figure?

The Hon. J.D. HILL: Yes, and that has always been the case so we are comparing apples with apples there. Women's and Children's Hospital had 12 beds in 2006-07, we now have 12 beds at Women's and Children's Hospital; intermediate adult beds in 2006-07, we had zero, we now have 65 in 2011-12 and expect it to be 90 by the end of 2014-15 when the program is rolled out; community rehabilitation centre beds, we had zero in 2006-07, we now have 60, which is the total number planned; secure care, we had zero at Glenside in 2006-07, we will have 40 at Glenside; supported accommodation at Glenside in the metropolitan area, we had zero in 2006-07, we have 79 now and that is the figure we will get to. I am sorry the forensic beds are not included, my apologies; that is an addition.

The forensic beds were 40 in 2006-07, they are 40 now and, unless I find these extra 10, they will still be 40. The COAG sub-acute places, which include supported accommodation places, are 80; forensic step-down, 10; crisis respite facility, 24; crisis respite non-facility, 10; community rehabilitation centres, country, 20; and, youth inpatient, 15. That totals 159. There were none of those in any of the years, but they will all be in place by 2014-15. If we go across the board: there were 513 in 2006-07, it is 587 total places now and, by 2014-15, there will be 764 places, a growth of 251 across all those sectors in that period of time. I have further information (somebody did know): the cost of 10 acute beds is roughly equivalent to the cost of 15 intermediate care beds.

Mr HAMILTON-SMITH: It would be nice to know the dollar amount at a later time.

The Hon. J.D. HILL: I will get that.

Mr HAMILTON-SMITH: The Eating Disorders Unit, Budget Paper 4, Volume 3, pages 14 to 16: how many beds, if any, do we have that might be dedicated to eating disorders, and what is the cost per bed of providing those services?

The Hon. J.D. HILL: I will ask Dr Tyllis to come to the table.

Dr TYLLIS: Can I have the question again?

Mr HAMILTON-SMITH: How many beds do we have that might be dedicated to eating disorders? We had, I think, Ward 4G.

Dr TYLLIS: There are six beds currently in Ward 4G that are dedicated to eating disorders.

Mr HAMILTON-SMITH: And there are still six dedicated to that?

Dr TYLLIS: Yes.

Mr HAMILTON-SMITH: Do you have a cost per bed of providing that?

The Hon. J.D. HILL: I am not sure that we have an individual ward cost system in place. We know roughly the cost of providing an in-hospital bed: it is about $1,000 or $1,200 on average—it would vary a little. One of the benefits of the Oracle system eventually is that we will know all that.

Mr HAMILTON-SMITH: Regarding the involvement of NGOs in mental health, I refer to Budget Paper 4, Volume 3, page 43, which touches on this. To take the Central Adelaide Local Health Network, there seems to have been lower than anticipated revenue and associated expenditure from non-government sources—I think it is about $20 million. Are we fully optimising the capacity of the NGO sector in the mental health area? I note that you have opened a lot of beds in some of the categories you mentioned earlier. Would it have been more cost effective to have engaged more fully with the NGO sector with regard to the provision of some of those services, or have we fully reached out in that regard and brought NGOs into the network?

The Hon. J.D. HILL: It is a bit hard to answer that, because you are asking to make a value judgment. The NGOs would always say they could do more and some would say that the government should do everything. The principal approach is that government really should provide the clinical services and that is our responsibility, but there are other services that can be provided by not-for-profit NGOs. For example, NGOs are funded to provide rehabilitation support, accommodation, respite, education and counselling and information services to people with mental illness and their carers and families.

The Social Inclusion Board's Stepping Up report included recommendations regarding the review of investments in non-government services, and the 2007-08 budget allocated new funding of $36.8 million to the NGO sector over four years. The Social Inclusion Board in 2007 included recommendations to build the capacity of the non-government sector to deliver psycho-social rehabilitation and support services using a partnership approach and to reassess the investment in non-government service provision to implement a more rigorous contracting process that builds on the stepped system of care. Funding to non-government providers has increased from $3.43 million in 2002-03 to $44.5 million in 2011-12, which I think in anybody's book is a substantial increase. The majority of the funding provided to the NGO sector is allocated through detailed procurement processes.

During 2012, over 1,000 South Australians were receiving support services from the non-government sector in partnership with the government mental health services. These are 2011-12 outcomes. Funding for mental health services provided through NGOs during the 2011-12 original budget was 44.5. Services delivered through NGO partnerships are aligned with

the State Strategic Plan target 2.7, improved psychological wellbeing, and the SA Health Strategic Plan, strategic direction 3, reform mental health care.

The mental health division of the department introduced an activity reporting and monitoring system in 2008 that requires non-government organisations to regularly provide aggregated data on program activities, duration of contact and the nature of services to allow compliance with requirements of the service agreement to be monitored. This allows us to be satisfied with what they are doing. So, there are a lot of things.

The 2012-13 target might be of interest. In addition to the 2011-12 funding to non-government programs, new service programs arising from recent COAG funding for subacute care, the degree of services to be provided by the NGO sector is currently being assessed, but the funding will be significant, so this will be extra funding. These services will be provided across the following programs:

- 80 places across the state for intensive home-based community support. I think we find the NGO sector generally is better at doing that kind of work;
- support for consumers of forensic mental health services who are returning to the community—once again;
- in-homes psychosocial crisis respite services in the metro area; and
- community transition support services for young people going home after inpatient treatment.

A range of issues there can be addressed through good cooperation with the NGOs. For example, I know that on the Glenside campus we opened up 20 supported accommodation units, which I think are run by Mind, a not-for-profit organisation which manages that set of units for us, provides support to the people who live there and makes sure their wellbeing is looked after. I guess they are better at doing that than government instrumentalities.

Mr HAMILTON-SMITH: Could I ask a couple of questions on the related issue of drug and alcohol abuse because, as we all know, the two are very closely connected. Looking at Budget Paper 4, Volume 3, page 30, sub-program 1.6, there does not seem to be much detail there about how the money is being spent. It is two lines: income and expenses. For example, how much of that is being spent by Drug and Alcohol Services SA (DASSA), and how does DASSA spend its funding? It is just very short on detail.

The Hon. J.D. HILL: I am advised that Drug and Alcohol Services operates a statewide service. It is managed through the Southern Adelaide Local Health Network for a whole range of reasons. The net budget allocation for Drug and Alcohol Services in 2011-12 is $32.6 million and will be fully expended. It provides a range of effective prevention and intervention treatment programs, including:

- detoxification for safe withdrawal processes, estimated result 4.5;
- psychological counselling and social support rehabilitation interventions, including substitution treatment for opioid dependence, estimated expenditure 7.7;
- the residential rehab program, the Woolshed, about 950;
- an outreach service in the APY lands, 380;
- targeted alcohol and other drug intervention programs for Aboriginal people, the Aboriginal Connection Program at the Port Augusta and Ceduna day centres, estimated at 1.4;
- specific population of the programs, such as the Clean Needle program and the police drug diversion initiative, about $3 million; and
- a 24-hour, seven day a week confidential alcohol and drug information service, about $910,000. In 2012-13 expenditure will increase for the prevention and intervention program at Ceduna day centre with the completion of the facility and increase in staff, including the running of the facility. The increase in the projected budget is 660 which increases from 445 this year. It is anticipated that the transition of Drug and Alcohol Services' withdrawal services to the new Glenside Health Service will occur within the 2012-13 financial year as well.

Mr HAMILTON-SMITH: Does DASSA produce an annual report of some kind? If not, what form of openness and accountability is there in regard to oversight of what DASSA is doing? Is it

just regarded as a section within Health, for example? It seems to be an outriding organisation but it does not seem to report very openly.

The Hon. J.D. HILL: It is subject to the same reporting processes as any other element within the health sector. As I said, it is run through the Southern Adelaide Local Health Network. There will be a section in their annual report which is in effect DASSA's annual report, so that will go through their achievements and targets and so on.

Mr HAMILTON-SMITH: How many people work at DASSA and what are the top five positions by salary per annum?

The Hon. J.D. HILL: Just give us a minute. The director of DASSA is there busily writing it out.

Mr HAMILTON-SMITH: While we are getting an answer for that one, I wonder whether the minister could explain why it looks as though drug and alcohol day centres received $1.27 million in 2011-12 that was not originally budgeted for. It is the same budget line.

The Hon. J.D. HILL: Say that again.

Mr HAMILTON-SMITH: Drug and alcohol day centres apparently received $1.27 million in 2011-12 that did not appear to have been budgeted for. I wondered what that money was spent on.

The Hon. J.D. HILL: We will get that answer. The information in relation to the number of people who work in DASSA is 220 full-time equivalent staff. I am not sure what you want to know in terms of the salaries, what the salaries are?

Mr HAMILTON-SMITH: Yes, what the salaries are and what the titles of the positions are.

The Hon. J.D. HILL: I can take that on notice. I imagine most of the high salaries paid are doctors' salaries. I will get that information for you.

Mr HAMILTON-SMITH: You may have mentioned this a moment ago, but I believe there is a family wellbeing centre in Amata in the APY lands. I am referring to Budget Paper 4, Volume 3, page 14. You may have given us in that list a budget for that project. If not, could you give us the budget for the project? Is the budget achieving its goals?

The Hon. J.D. HILL: I can give a general overview. The former federal government, when Tony Abbott was the health minister, provided funds to set up a substance misuse facility at Amata. It was contrary to the wishes of the community, but nonetheless it was set up there. Shortly thereafter, Opal petrol was introduced and the principal substance misuse problem, which was petrol sniffing, virtually disappeared on the lands. In fact, on a recent trip up there, I saw only one case and I remember when I first went up there 25 or 30 years ago virtually every youth had a petrol can around their neck. It is an extraordinary change in social behaviour in a relatively short period of time. There are other substance abuses, and it is obviously dealing with the long-term effects of petrol sniffing, so there are disability issues that need to be maintained.

The commonwealth government's plans and our plans are to use that facility now as a wellbeing centre. There will be investment by the commonwealth—and I think some of that investment has already occurred—and a whole range of services as well as drug and alcohol services that will be provided for them. When I was up there recently there was a disability service that was being run from there. I think there is a healthy living and healthy eating project that has been running from there. I might have to take that on notice; I am sorry. I do not have any particular details of that.

Mr HAMILTON-SMITH: I thank the minister for that. I will move on to some issues to do with ageing, because I see the clock is moving on.

The Hon. J.D. HILL: I might invite Mr Mackie to join me and make his way down here.

Departmental Adviser:

Mr G. Mackie, Executive Director, Office for the Ageing.

Mr HAMILTON-SMITH: I am interested in the relationship between the state government and the federal government over the aged in regard to who does what. In particular, I noticed today public reports about an Adelaide nursing home that had been put on notice to better feed its residents after an audit found it was not providing enough nourishment to prevent weight loss, and

another facility was found to be inappropriately restraining residents in chairs. Sixteen of the 266 SA homes are listed as being noncompliant in one or more of the 44 standards that are being monitored, presumably by the commonwealth regulator. What role, if any, does the state government play or is it playing in the regulatory regime which is designed to ensure higher standards in our aged care facilities?

The Hon. J.D. HILL: The advice I have is that the state government has no role in relation to the licensing, regulation or inspection of nursing home facilities. We obviously try to work cooperatively with them to ensure that residents do not unnecessarily get sent to hospitals in the middle of the night for matters which could be dealt with, and should be dealt with, at the home. However, we have no legal responsibilities under legislation; it is completely commonwealth.

Mr HAMILTON-SMITH: Would local councils not have planning responsibilities and, through the planning legislative regime, would we not be influencing the design, for example, and kitchen and food criteria, and health and safety standards? Are the aged care centres not picked up by the same food safety legislation that affects restaurants and hotels and so on and so forth? For example, if you have a salmonella outbreak in an aged care home (as we have seen in previous examples elsewhere), does not the state regulatory regime kick in then?

The Hon. J.D. HILL: Sure, and it is the same for people who commit murder and light fires and burn places down—the general state laws apply. I am sorry; I did not mean to suggest that there was no state control but, in terms of licensing, regulation and inspection of the facilities once established, it is really up to the authority. However, if there is an outbreak of respiratory illness, as there is from time to time, then obviously we would issue instructions about certain elements.

We do not regulate the business, as such. I guess the normal kind of operations of state law would apply. They are not on separate territory but they, as nursing homes, are subject to commonwealth legislation. Clearly, planning laws would need to be observed, industrial relations law would need to be followed—all of those state-based laws. I apologise if you took what I was saying to suggest that those things do not apply.

Clearly, if a salmonella outbreak or the like occurred (as the member mentioned) obviously the state health officials and local government officials would have a role. Whether or not they are properly feeding people the right amount of food, whether the cleaning is being done or whether the patients are being tethered to beds and so on may well be a police matter if state law was broken if somebody was being held against their will or something along those lines perhaps.

Mr HAMILTON-SMITH: They are obviously criminal matters. I was more concerned about food safety, health standards and I suppose planning safety in making sure that essentially that these aged homes are not dumps that do not meet planning laws.

The Hon. J.D. HILL: Sorry; I misunderstood the original question. Sure, I imagine—although I am not an expert in planning laws—that they would have to comply with whatever the state laws are in terms of fire and so on.

Mr HAMILTON-SMITH: Yes. That gets me to the next question in Budget Paper 5, page 27. Nationally there have been some fairly tragic examples of fires in these sorts of facilities that have resulted in considerable loss of life. I noticed the New South Wales government is getting involved in the business of investing in improved fire safety arrangements with sprinklers and so on and so forth. Do we have any obligation or responsibility there that we need to attend to?

The Hon. J.D. HILL: I am not sure what New South Wales is doing. I did see something in the media about what the member is suggesting. The obligation is on the provider to comply with whatever regulatory framework the commonwealth sets. I am not aware of those issues in particular in South Australia. The health department certainly would not have a role in that. Some other agency of government may be interested in how many fire alarms and so on there are, but it is certainly not part of our operations.

Mr HAMILTON-SMITH: Isn't it? I am just questioning that, because surely—

The Hon. J.D. HILL: I am talking about Health; I am not talking about the state.

Mr HAMILTON-SMITH: Okay. I guess, to the extent that Health has a responsibility for the aged, as an organ of government, I am just wondering whether Health makes sure everyone else is doing their bit. For example, on fire safety, the state government imposes certain requirements on people with regard to fire alarms. There is an active advertising program about having them installed. I gather there are fire hose requirements and fire safety criteria that need to be met. I do not know whether this is set out in local government regulations or state.

The Hon. J.D. HILL: I understand it is the commonwealth that inspects and regulates those functions and I think prescribes the standards as well. We are obviously interested in them being well operated and well run and we want to have a cooperative arrangement with them, particularly in relation to health management, so that the people who live in those homes are well supported. One of the tragedies I think, if you talk to any intensive care doctor or any emergency doctor, is the number of nursing home residents who are sent to emergency departments, essentially to die.

They want to die in their own bed, but they come to the end of their life and they are bundled up and sent off to an emergency department and then spend three or four days in an intensive care unit before they die. It is not what people want. It is certainly not what the doctors want. We would really like to see better protocols put in place, better understanding about how that part of a person's life can be managed.

I toured with my own GP, who does some locum services, a few years ago. He said, 'Come and have a look at what happens.' We went to a nursing home, in my electorate in fact, and he told me that he is often called to nursing homes to assist with the death of residents. The family turns up; they have never met him and he is the one who tells them what is in fact happening. He said that it comes as a shock to many of them that the mum or grandmother they have loved so much is now dying. There has been very little preparation made.

Part of the problem is a kind of interesting management dilemma, because when people go into nursing homes they generally want to keep the doctor they have had all their lives. Of course, if you are in a nursing home with 80 or 100 other patients, that could easily mean 20, 30 or 40 GPs who are responsible for providing services. It is difficult for them to get in. The nursing home cannot get the doctors to visit in the daytime because they are in the clinic, so what they tend to do if they get a GP is wait until the locum service is on, so they get a doctor they do not know. Alternatively, they stick them in an ambulance and send them off to an emergency department.

I think this is an area where we can do a lot more work. It is one of the reasons I was very keen to have ageing come into the health portfolio, so that we can develop better protocols for managing people in these circumstances, which should be done. They should be in some ways joyful experiences, strange as that might sound, rather than really frenetic and institutionalised experiences. I think most people want to die at home. A peaceful death in your own bed is the preference most of us have, and that could be better managed, I think.

I have just been advised the top five positions by terms of salary in DASSA are, as I predicted, clinicians, medical doctors.

Mr HAMILTON-SMITH: This issue of geriatric patients occupying beds in hospitals, which you have touched on, and therefore clogging those beds up, if you like, for emergency patients to be put in, and this broader question of better managing the geriatric population, are clearly real issues that need addressing. Do you have specific programs you are working on and investing in to address some of these issues because, unless we do, we are not going to ease the problem in acute beds? Are you going to spend more in that area?

The Hon. J.D. HILL: There are a number of things we are doing, and one of them is to try to keep elderly people out of hospital. We have invested in out-of-hospital care programs, and we identified a number of elderly people, usually elderly frail people, who are in and out of hospital quite frequently because they fall off their medication or they just fall over. We have the Royal District Nursing Service provision to assist those people, and that has reduced quite a lot the incidence of re-admission.

Bringing ageing into the health portfolio has meant that the health department now looks after the ACAT, which is the aged care assessment teams, and I think there are 160 people who deliver those services. We are reviewing those processes to try to get a better integration between that ACAT assessment team and the movement of patients who are ready to go into a nursing home-style accommodation, and in the past, that has been a bit problematic.

In 2011-12, the funding was $8.5 million provided by the commonwealth under the Aged Care Assessment Program implementation plan. An amount of $4.6 million was allocated to the Adelaide Aged Care Assessment Team and $2.6 million to country to administer the aged-care assessment teams.

The number of people who participated and received an aged-care assessment in 2011-12 is 14,500, and we have a funding agreement negotiated with the commonwealth to

continue the operational management in the 2012-14 period. South Australia will receive $8.4 million in commonwealth funding for 2012-13.

The targets for 2012-13 include undertake an external evaluation of the aged-care assessment program, which I have just referred to, including the efficiency, governance and structures of the teams in South Australia; to establish recommendations for the SA Health executive to guide the implementation of best practice and integrated approach to delivering the comprehensive assessment function with the health and community system, with improved services for older people; implementing new EB business initiatives to streamline aged-care referral, assessment, administrative services and so on.

What we are doing is integrating better that aged-care assessment with the health portfolio so that we can speed up the process. Sometimes people were waiting in hospital for one or two weeks just waiting for an ACAT. So, it would be good to get that ACAT assessment happening more quickly. It is not necessarily that there are not nursing home beds available for them, it is just that the assessment has not occurred in a timely manner.

Mr HAMILTON-SMITH: I refer to Budget Paper 6, page 124. I want to move to the personal alarm systems rebate scheme. I see for 2010-11 that $2.9 million was budgeted over four years to provide people over 75 with personal alarm systems, and then there is a break-up of how much was spent in each year. But the same budget line does not seem to appear in the 2012-13 budget papers.

The Hon. J.D. HILL: It will appear in the Minister for Communities and Social Inclusion's budget papers. The subsidies programs were kept together in that program. More the policy and the health issues came across to our portfolio.

Mr HAMILTON-SMITH: They are running that. You are not able to tell us whether or not that program is working effectively?

The Hon. J.D. HILL: My understanding is that it is working effectively, but I am not in a position to really reflect on it.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 44, Queen Elizabeth Hospital, stage 2B. There is discussion there about acute mental health beds for older persons at TQEH. The SA Health website states that there is a new 20-bed acute ward at The Queen Elizabeth Hospital, scheduled to open in 2012. Is that project on budget and on time, and is it going to deliver the results intended?

The Hon. J.D. HILL: I think I referred to it in an earlier question, but my advice is that it is on target. My advice is that construction is also well underway on a 20-bed aged/acute mental health unit to be completed in 2012-13, so there are no issues that I am aware of about its delivery.

Mr HAMILTON-SMITH: Going back to Budget Paper 4, Volume 3, page 35, the Seniors Card that incorporates the Metrocard technology: could you tell us what was eventually spent on this program, and did it achieve the results it intended?

The Hon. J.D. HILL: I will ask Mr Mackie to amplify that.

Mr MACKIE: The Seniors Card with the Metrocard incorporated was approved by cabinet in 2010-11; that is my understanding. Funds were allocated for 2011-12, some of which have been expended. I think the overall package was in the vicinity of $2.5 million; I will confirm that in a moment. It is expected that the rollout of the integrated Seniors Card/Metrocard to Seniors Card holders will occur in the coming financial year, 2012-13.

Mr HAMILTON-SMITH: In relation to the Repat General Hospital—Budget Paper 4, Volume 3, page 16, 'Sub-acute Care Beds'—$19.55 million was budgeted for 2011-12 but only $3 million was spent. Quite a bit seems to have been budgeted but that amount was not spent in 2011-12. I see that $18.5 million is budgeted for 2012-13 and that might partly explain what has occurred, but could you tell the committee about that and also the role, going forward, that you see for the Repat in dealing with problems with ageing and geriatrics?

The Hon. J.D. HILL: I think the issue with that hospital (I will get it confirmed) is that that development took a long time to negotiate. There was a range of issues with the ACH and ourselves; they have now been signed. I think it has all been resolved and it is proceeding, so it is just reprofiling the project. We expect the Repat—this was a decision they initiated some time ago—will continue to have a very strong focus on the health of veterans. Of course, many veterans who need medical services are older-aged so the hospital will become very much focused on geriatric medicine: aged care medicine for elder citizens.

The facility we are building with ACH will create a leading centre nationally (and, probably, internationally), because the proposition is to have an aged care facility/nursing home on-site which is also used for training in a variety of disciplines and for research purposes about what are the best therapies and the best strategies for looking after elderly people. It is taking geriatric medicine to a new level, so I think it has a very strong future in that area. As you know, there is also the palliative care centre at the hospital, so palliative care (which is an associated discipline) will continue to be strong at the centre. Mr Mackie wants to add something.

Mr MACKIE: I just want to correct the figure I gave you: in 2012-13 it is estimated that $2.162 million will be expended in relation to incorporating the Metrocard, and about $54,000 per annum in recurrent costs thereafter.

Mr HAMILTON-SMITH: Minister, I have some questions in overview of the things we have raised and discussed today. Clearly, the big issue going forward with this budget and future budgets, not only in this estimates period but also in the rolling estimates period, is simply the cost of health and how we contain it, as both a percentage of budget outlays and simple growth from year to year in health spending.

Obviously, there are some choices. If you were starting with a blank sheet of paper, you might have a different hospital network. There are some issues to do with technology. What do you see as the opportunities and the threats going forward in managing the health budget for any government, for your government, and for any subsequent government? What are the opportunities to save money, and what are the major threats to cost blowouts that need to be contained and dealt with in your opinion?

The Hon. J.D. HILL: I thank the member for this question. This issue was dealt with, principally, through the SA Health Care Plan 2007-2016 that flowed on from the John Menadue inquiry, the Generational Health Review. It made the assessment, which is similar to the assessment made in Stepping Up, that we were putting too much effort into acute care and not enough into prevention and primary health care, that we had far too much duplication, that we had far too much competition between services, that we had areas where there was a lack of service provision; and that we had fractured governance arrangements with too many boards doing too many things at too many sites.

It is really those issues that I have spent the last 6½ years trying to deal with, and the real threat is that we do not have the bravery to continue to do those things. It really means greater focus on out of hospital care. Our GP Plus strategy is about that and, as I mentioned before, the anticipated growth in separations from hospital was 4 or 5 per cent when we started, it is now 1 per cent or so, so we have had a real reduction in growth and demand, and that is a major achievement. In fact, we are the only state that has had that turnaround, and the CE informs me that the other departments have asked us to make a presentation in the next health minister's meeting on how and what we have done because we put more resources into that area. That is one area.

We have to maintain that focus on our GP Plus healthcare strategy, putting more services out in the community. We have to maintain the discipline around the consolidation of services on sites—some of the hard decisions about where you have intensive care, where you have acute medical services. We made the decision to have them in three of our tertiary hospitals, but there is always pressure to water that down and allow more things to happen on more sites. Every time you do that you create a cost burden.

We have gone through some of the hard decisions in terms of governance, so we have clear governance arrangements now where the department is in charge of all the services. They have local advisory bodies, but they are responsible through to the CE, who is responsible through to me, so we can do central planning, central coordination, central procurement, central recruitment, central clinical planning, and financial management. There are problems with Oracle, sure, but if we do not proceed down those tracks, we are just perpetuating really inefficient systems ongoing.

All those things are opportunities, but if we do not proceed with them they are threats. Whichever side is in government in South Australia, we have very problematic years between now and about 2040, so we have about 30 years of expected growth in the demand for hospital services. For example, we know in about 2016 the average growth rate of our population aged over 75, will be about 9 or 10 per cent a year.

The population that is under the age of 15 is only growing at about 1 per cent a year, and we know that if you are over the age of 65 you are twice as likely to end up in a hospital bed in the

course of a year; if you are over the age of 85, you are five times as likely to end up in a hospital bed in the course of the year. So, we have this ageing population with the inherent associations with extra hospitalisations.

We have to manage that by keeping people healthy and reducing the length of time they spend in hospitals and making sure that the services we provide are really targeted and quite rational. We just cannot allow whoever is in charge (and both sides of politics will be in charge over the next 30 or 40 years—there is nothing more certain than that) to give into special pleading. That is really the job we have to do: to be disciplined about it, and the way we have attempted to do that is by putting out a healthcare plan that has been debated and discussed, and we continue to talk about how we can improve things.

There are a lot of risks there, but strong opportunities to get it right. We are doing better than any of other states at the moment in relation to these matters and our performance continues to improve, which is the other aspect of what we are trying to do: continue to reduce the demand and reduce the costs, but also improve the service. We are doing pretty well on all those fronts, so I thank the member for his question.

Mr HAMILTON-SMITH: One final question, which is really a proposition. I thank all the staff for all their effort today, which is very much appreciated. Estimates are a very worthwhile process for governments, oppositions and the public, which is good. I wonder whether part of the solution going forward is to reduce competition between the government and the private sector. You gave the example of the GP Plus clinics and whether we are duplicating services to the GP network or whether the private sector of health could adapt to that. I suppose I am putting it as a proposition rather than a question, but the real question is: when do you think you will be promulgating the new healthcare plan that I know you are working on at the moment? When will we see that?

The Hon. J.D. HILL: To answer the first part first, I think we have very good relations with the private sector. GPs are the bulk of people in the private sector and the Medicare Locals the commonwealth is setting up will help improve not so much the relationship but the workings between that part of the private sector and the public sector. For example, one of the things we did a number of years ago was employ 50 practice nurses to go and work with GPs. We paid them to go and work with GPs to help improve the way they are able to manage people with chronic disease. There has been a huge uptake and a very successful program.

We have a strong commitment to working with the private sector. We have programs to work with local pharmacies and other health providers to integrate our messages, campaigns and so on. We also use private hospitals to provide services when our own services are stretched, with the potential to do elective surgery. I do not know whether we have actually done much yet, but we have done a little bit and are certainly open to all of that.

Flinders Private is adjacent to us, and we use it a lot for surgery and there is a sharing of resources. I am not ideological about this at all. If there is a better way of doing it, involving the private sector, I am for it. We are just reviewing our healthcare plan at the moment to make sure it is still on target. We are halfway through the plan. It is a 2007-16 plan, so we are making sure that the assumptions in it are still current. Once we have gone through that process, I guess we will make some sort of public announcement about it.

The CHAIR: There being no further questions, I declare the examination of the proposed payments completed. I thank the minister, his advisers and members of the committee.

At 18:49 the committee adjourned until Thursday 21 June 2012 at 09:00.