

HOUSE OF ASSEMBLY**Thursday 27 June 2013****ESTIMATES COMMITTEE B****Chair:**

Hon. L.R. Breuer

Members:

Hon. P. Caica

Hon. S.W. Key

Mr M.L.J. Hamilton-Smith

Mr L.K. Odenwalder

Mr M. Pengilly

Mr I.H. Venning

*The committee met at 10:30***DEPARTMENT FOR MANUFACTURING, INNOVATION, TRADE, RESOURCES AND ENERGY,
\$89,407,000****ADMINISTERED ITEMS FOR THE DEPARTMENT FOR MANUFACTURING, INNOVATION,
TRADE, RESOURCES AND ENERGY, \$1,325,000****Witness:**

Hon. A. Koutsantonis, Minister for Transport and Infrastructure, Minister for Mineral Resources and Energy, Minister for Housing and Urban Development.

Departmental Advisers:

Dr P. Heithersay, Acting Chief Executive, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr V. Duffy, Executive Director, Energy Markets and Programs, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms A. Allison, Director, Corporate Services, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms E. Ranieri, Deputy Chief Executive, Strategy, People and Culture, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Dr T. Tyne, Executive Director, Mineral Resources, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr P. Polychronopoulos, Chief Finance Officer, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Mr M. Malavazos, Acting Executive Director, Resources and Energy, Department for Manufacturing, Innovation, Trade, Resources and Energy.

Ms R. Knights, Director, Energy Markets, Energy Markets and Programs, Department for Manufacturing, Innovation, Trade, Resources and Energy.

The CHAIR: Good morning, and welcome to another full and happy day. Estimates committees are a relatively informal procedure. Changes to committee membership will be notified as they occur via a request to be discharged form. There is no need to stand to ask or answer questions. There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the Chair, ask a question.

Questions must be based on lines of expenditure in the budget papers, and all questions are to be directed to the minister, not the minister's advisers. 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*. All answers to questions taken on notice must be submitted to the committee secretary by no later than Friday 27 September 2013.

There is no formal facility for the tabling of documents; however, documents can be supplied to the Chair for distribution to the committee. I advise that, for the purposes of the committee, television coverage will be allowed for filming from the area behind me—but do not do Sudokus because you will go on television if you do. I understand that the minister and the lead speaker for the opposition have agreed on a timetable for today's proceedings; is that right?

The Hon. A. KOUTSANTONIS: Yes.

The CHAIR: I propose to allow both the minister and the lead speaker of the opposition to make opening statements for about 10 minutes. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 3. Minister, would you like to make an opening statement and introduce your advisers?

The Hon. A. KOUTSANTONIS: I am pleased to deliver this annual presentation to the budget estimates committee. It is an opportunity to reflect on last year's progress in maintaining South Australia as a globally competitive destination to develop mineral and energy resource projects. It is also an opportunity to take stock, to review the global economic challenges and, in response, to detail this government's initiatives to drive the minerals and energy resources agenda for the next decade.

Over the last decade, under this government's leadership the resource sector has succeeded in increasing production values in minerals and petroleum from \$1.7 billion in 2002 to \$6.3 billion in 2011-12. According to the latest ABS figures (that is, to March 2013), \$8.8 billion of new capital expenditure has been invested in mining and petroleum in the last seven years. A stable policy setting and bipartisan support—and I thank the opposition for their bipartisan support—together with industry stimulation measures through the resources value chain, have been conducive to the sector's decade of success.

In a tightening climate for raising risk capital and its impacts on the mineral sector, our government affirms the need to adhere to the long-term strategic view of developing the sector. We are witnessing a major surge in petroleum exploration and development, particularly in unconventional gas. As such, ABS figures show combined annual mineral and petroleum exploration figures to March 2013 totalling \$646 million, the highest on record. The record growth for oil and gas has offset the weaker investment in mineral resources, which has been impacted by a high Australian dollar and falling commodity prices.

The petroleum private exploration figure, released by the ABS for the 12 months to March 2013, is \$370 million, more than double what was in the previous 12 months (\$153 million). Our progressive policy framework and our leading-edge regulatory regimes continue to build confidence to build this sector, all the while balancing social and environmental considerations. In December 2012, we were the first Australian state to finalise a comprehensive approach to develop deep gas projects through the release of our roadmap for unconventional gas. This involved a thorough roundtable consultation process with more than 270 participants, including peak representative bodies, companies, universities, government agencies from all states and the commonwealth, individuals and more. The feedback we received is that this is the most robust and collaborative policy framework in the country for developing deep gas resources.

Indeed, last night I was privileged to open Cooper Energy's new offices in Adelaide after they had moved back to Adelaide from Perth after 11 years of being in Western Australia. The roadmap has produced 125 recommendations covering the full life cycle of unconventional gas projects and exploration to production and possible liquefied natural gas exports as well as the latest supply chains and infrastructure. The combination of our natural endowment with a world-class policy regulatory framework is setting the scene for the transformation of not just the South Australian economy but of Australia's secure and competitive energy future.

Last year, in the Cooper Basin 12 dedicated deep gas exploration wells and the state's first horizontal goes well (Holdfast 2 appraisal well) were drilled. South Australia's standing as an attractive destination for petroleum was enhanced in May 2013, with Australian and United Kingdom-based explorers set to invest \$79 million in two new petroleum exploration licences, issued by our department, in the Cooper and Otway basins. This is in addition to the existing explorers Santos, Origin, Beach, Energy and Senex that have a view to invest hundreds of millions of dollars into their projects in South Australia.

International investors from the United States, United Kingdom, Indonesia, Canada and India are now participating in petroleum exploration in the state's basins both onshore and off. Furthermore, majors like Chevron and Statoil have recently taken up interest across our state. This interest reflects South Australia's conducive stable policy environment for our sector, which industry leaders have promoted to international audiences.

On the minerals front, while the past year was built on the achievements of the past 11 years, through a strong government working with strong business backed by a strong community, we need to achieve more. ABS private mineral exploration expenditure figures for the 12 months to March this year stand at \$275 million. In the current restricted climate for capital raising across the resource value chain in the mineral sector, government is sharpening its focus to work in partnership with the sector.

Government is continuing to proactively drive initiatives such as PACE 2020 so we remain the preferred destination for resource development. In the past budget year, PACE 2020 has delivered an impressive body of geological and mineral resource knowledge, maps and leveraged partnerships to drive activity throughout the resource value chain. In collaboration with industry, PACE 2020 has delivered round seven of the PACE discovery drilling. PACE 2020 has continued to support our world-leading online resource application, SARIG 2020. During the past 12 months, SARIG has been enhanced with the incorporation of more than 35 new spatial layers. New enhancements delivered in the past year include the launch of online lodgement tracking for exploration licences, new geological data and map releases, details of new land access zones and map views of local infrastructure. This is all information for explorers, mine developers and investors.

The support for mineral investment, combined with the richness of our mineral assets, has attracted major global companies to explore or produce in the state and continue to invest in capital. Government has contributed to the growth through dedicated case management and approvals, such as Arrium's Iron Monarch iron ore mine, major project approval for stage 1 of Centrex Metals Port Spencer bulk minerals export port development and the \$200 million expansion of Arrium's port facilities at Whyalla—your electorate, Madam Chair—from six million tonnes per annum to 13 million tonnes a year.

We have furthered important international partnerships to enhance our leading uranium and copper exploration. Our active engagement with China has been integral to facilitating the recent resumption of sustainable mining at the Mindarie heavy minerals sands mine through Murray Zircon. Murray Zircon's Chinese parent, Orient Zirconic, has also taken a long-term view to the mine. The government has endorsed the recommendations of the Resources and Energy Infrastructure Council (RESIC) that helped secure a \$1.5 million commonwealth government grant to undertake regional mining and infrastructure plans.

The Olympic Dam Task Force facilitated the extension of BHP Billiton's rights to an amended indenture agreement to 2016, enabling the company to complete investigations to rescope a mine plan that is less capital-intensive than originally proposed. It also helped deliver a support package between the state government, Nyrstar and the commonwealth government for a proposed \$350 million transformation of Nyrstar's Port Pirie smelter. Subject to the completion of feasibility studies, this secures the long-term commercial viability and sustainable future of that facility.

Our collaborative work with the commonwealth to progress land access in the Woomera Prohibited Area (WPA) continues. Since the moratorium on granting new access deeds was lifted in October, the backlog of exploration licences has been processed so that there are now 189 mineral exploration licences held by 57 different companies investing \$16 million, and 500 personnel are approved to that area, indicating it is open for business. However, it is disappointing that after three years of consultation and development one senator with one other political party took steps to ensure that legislation would not pass the Senate in the current parliament. I was deeply disappointed to see a South Australian senator refer that bipartisan piece of legislation to a committee—

Mr Hamilton-Smith interjecting:

The Hon. A. KOUTSANTONIS: Then why did the Coalition vote for it in the lower house?

Mr Hamilton-Smith interjecting:

The CHAIR: Order! The minister will wind up his statement.

The Hon. A. KOUTSANTONIS: I think that speaks volumes about what we will see in Woomera if a Coalition government is elected. A piece of economic vandalism has been perpetrated on the people of the south by one of our own senators, and the shadow minister, rather than joining with me in a bipartisan approach to condemn it, takes his side. I thought we were bigger than that.

Anyway, I do not want to take up more of your time. There are many other issues I could raise, but I know the shadow minister is itching to say much, so I will not go into energy in my opening statement, other than to say that one of the proudest achievements of this government is the deregulation of the energy retail market, which was deregulated on 1 February through our new national framework. I think it has served the people of South Australia well, seeing a drop of a minimum of 9.1 per cent and opening up a competitive market. People are able to access the Energy Made Easy website run by the AER to give them competitive retail electricity prices, which now sees South Australia not having the highest power prices in the nation. That title now goes to New South Wales. Thank you.

Mr HAMILTON-SMITH: I do not propose to make many opening remarks, other than to thank all the staff for the work they have put in for today. I know that a lot has gone into it and it is very much appreciated. I just want to put on the record and ask the minister for a briefing on this portfolio; I have been seeking this for five months. It is the only portfolio I have not been able to get a briefing on and I would appreciate one at the earliest convenience. I am happy to go straight into questions.

Budget Paper 4, Volume 3, page 114, Program 2 spells out the expenses in mineral resources and energy. I note that the amount is to be cut from \$88.2 million being spent last year to \$81.3 million to be spent in the coming year. Why has the government chosen to make this overall reduction in the amount that it is spending on this portfolio at this time?

The Hon. A. KOUTSANTONIS: Overall there has been an \$8.217 million decrease in the 2003 estimated result to the 2012-13 budget, which predominantly relates to a decrease of \$4.7 million due to the allocation of savings measures, \$3.5 million which includes FTE requirements and contractor savings. From 2013-14, in changes in the overhead allocation between financial years, \$1.2 million, which was allocated across programs based on FTEs.

At the time of the 2013-14 budget preparation, the savings strategy had not been finalised. The department is currently finalising the savings strategy, and adjustments across programs will be effected in the 2013-14 financial year. As these programs move across the financial year, you can see a decrease of \$1.7 million for the Brukunga mine remediation between the financial years alone with the approved project plan. So, as we are spending the money, the allocation goes down: a decrease of \$1.6 million for the Woomera geoscience survey program in line with cabinet approval; a decrease of \$1.6 million for the solar hot water rebate program in 2012-13 alone with cabinet savings measures; and a decrease of \$1.2 million as we move across on the Plan for Accelerated Exploration (PACE) 2020 projects across the financial year. As we spend the money, that allocation of money decreases. So, if you have \$1.8 million and spend \$200,000, it goes down to \$1.6 million. There was also a decrease of \$0.8 million for scoping and preliminary design for a new state drill-core library facility ending in 2012-13 but, of course, it has all been partly offset.

There was another decrease of half a million dollars due to the once-off transfer of funding in 2012-13 for the manufacturing and innovation program to fund the work on Nyrstar's Port Pirie smelter, a transformation proposal which the ADF task force did. There was also a decrease of \$0.4 million in the Remote Areas Energy Supply (RAES) program, between financial years, including the impact of once-off funding. That was offset, of course, by an increase of \$2 million due to the Mining and Energy Services Centre of Excellence approval of the 2013-14 budget, an increase of \$2 million due to the PACE Gawler Craton enhanced exploration approval in the 2013-14 budget, an increase of \$300,000 for the Eyre Peninsula Land Use Support program approved in the budget and then, of course, an increase of \$0.3 million as per the national agreement for coal seam gas and large coal mining between financial years. So, as we are spending the money, obviously the allocations decrease in the budget. So it is actually showing that the department and the government are spending the money on these programs.

Mr HAMILTON-SMITH: I thank the minister for his answer. We know that programs come to an end, programs get cut, and other programs are introduced as offsets, but the budget paper seems to be telling us that the bottom line is that we spent \$7 million more last year than we are going to spend in the coming year on this portfolio, and that is nearly a 10 per cent disinvestment in this portfolio in terms of money on the ground. So, is it not right that the government has, in effect, cut its spending on this portfolio by nearly 10 per cent or 8½ to 9 per cent? It is \$7 million.

The Hon. A. KOUTSANTONIS: Thank you for the question. I am advised that the allocated savings for these programs is \$3.5 million. The rest are programs being implemented and moving over the forward estimates, maintaining levels of spending on PACE and other programs. I do not accept the assertion that you are making that we are decreasing spending by 10 per cent in this program. The savings allocation is \$3.5 million and I expect the department to meet it.

Mr HAMILTON-SMITH: Let us just unpack that a little bit. On the same page of the budget paper under Grants and Subsidies, last year \$12.330 million was spent on grants and subsidies, and this year it is \$7.5 million so, clearly, fewer grants and subsidies are to be allocated. Could you list which grants and subsidies were provided in 2012-13, the names of the recipients and the grant quantum?

The Hon. A. KOUTSANTONIS: We do not have the list of grants here but I will undertake to submit that to the committee, taking that as a question on notice, and I will give you a list of the recipients. I will say, though, that one of the lines that you are talking about is a decrease of \$1.6 million due to the winding up of the solar hot water rebate program in line with cabinet savings measures, which I outlined in my previous answer, so that makes up part of that saving. In terms of the other recipients, I will get that back to you.

Mr HAMILTON-SMITH: On that same budget page, it stands to reason that there will be fewer grants made in the coming year because, clearly, the quantum is significantly less; it is a \$4.8 million cut. Could you tell us what is the impact of such a significant amount of money being removed from grants and subsidies? Who will be missing out?

The Hon. A. KOUTSANTONIS: Two things have occurred which I think make it easy to misinterpret the budget figures. I do not mean that in a derogatory way. What I mean is that \$2.1 million of the \$12 million allocation has been accounted for in a different line. If you turn to Budget Paper 4, Volume 3, page 114 and look at the table Program summary—expenses, incomes and FTEs, under Expenses it shows supplies and services. Of the estimated 2012-13 results where it has got grants and subsidies of \$12.33 million, you can count \$2.1 million worth of those grants in the supplies and services line which makes up \$35.335 million.

In terms of the decrease in grants, the one which I have outlined before is obviously the reduction of \$1.6 million to the winding up of the solar hot water rebate program which is not going to be available. It is a budget saving measure and we made that known at the Mid-Year Budget Review. There was a press release and a conversation about that, I am advised. Of course, the Woomera Geoscience Survey program, which is obviously a program moving through budget lines, is also offset by an increase of \$0.5 million due to the PACE Gawler Craton Enhanced Exploration approval.

In terms of your saying there has been a massive reduction in grants and therefore of people receiving them, the advice I am receiving from the department is that the only decrease in grants available is the solar hot water rebate program line, which is \$1.6 million.

Mr HAMILTON-SMITH: With respect, that is not what the figures appear to say. However, I will read your answer in *Hansard* and try to make some sense of it. Minister, could you tell us how many different funds operate within the grants and subsidies budget line? What are the names of the funds and what are the eligibility requirements to receive grant moneys?

The Hon. A. KOUTSANTONIS: You want the eligibility?

Mr HAMILTON-SMITH: I am asking if there are separate funds within the grants and subsidies, what the names of those funds are and what they are used for, in effect.

The Hon. A. KOUTSANTONIS: I am advised that, in terms of PACE grants, there is an expert panel that receives the applications and those applications are assessed by the expert panel. I will get you a list of who is on that expert panel and have it delivered to the committee. They make recommendations to the department and the department allocates PACE grants based on those recommendations. Eligibility for making an application for a PACE grant obviously includes being a tenement holder in the state and there would be some minimum requirements. I will get those for you as well.

In terms of the list of recipients, there are the PACE Gawler Craton Enhanced Exploration, the Eyre Peninsula Land Use report and the PACE ongoing projects. Phoenix Copper received \$57,000 and Core Exploration Limited received \$50,000. This is for 2011-12, of course, I am advised. The University of Western Australia received \$50,000; Trafford Resources received \$45,000; Uranium Equities received \$40,000; Paydirt received \$40,000; Teck Australia Pty Ltd received \$30,000; CSIRO received \$28,000; Symposium Events Pty Ltd received \$25,000; the

University of Adelaide received \$20,000; AusIMM (the minerals institute) received \$10,000; CAMIRO received \$7,000; the Coober Pedy Gem and Trade Show received \$5,000; and the South Australian Museum received \$5,000.

PACE 2020 projects 2011-12, made up of the University of Adelaide, received \$115,000; PepinNini Minerals received \$75,000; Cameco Australia Pty Ltd received \$65,000; Lincoln Minerals received \$52,000; Regional Development Australia Far North received \$50,000; Department of Environment, Water and Natural Resources received \$50,000; Department of Resources, Energy and Tourism received \$17,000; Dreammedia received \$3,000; and, PACE Woomera prohibited area, estimated budget for 2012-13 is \$1.78 million. The numbers for 2012-13 are currently being finalised as part of the year-end process and will be available at the Mid-Year Budget Review, I am advised.

Mr HAMILTON-SMITH: I thank the minister for that. Moving on to income on the same budget page: income from fees, fines and penalties increases from a budgeted figure of \$15.6 million in 2012-13 to a budgeted figure of \$17.6 million. That is an increase in fees and penalties on the industry of \$2 million. Why has the government chosen to extract that extra amount of money from the industry, given, as I have earlier inquired, that about \$7 million has been taken out of expenses? So the industry is making the point that you are going to spend \$7 million or more less, but you are taking \$2 million more from the industry, so that is a turnaround of \$9 million. Can you explain why you have gone for that extra \$2 million in fines, fees and penalties?

The Hon. A. KOUTSANTONIS: I will put two things to the committee to lay out clearly my view on this. First and foremost is that we have the lowest regulatory fees and charges in the country—that is indisputable, I am advised. I am also advised that the increase in fees is a reflection of an increase in activity and volumes. When you see an increase in mining activity you will see automatically an increase in revenue into government coffers.

The other thing I also say is that—and the industry often speaks to me about this, including the peak bodies, which say they are happy to pay fees and charges in line with the national harmonised framework, as long as those moneys go back into regulation—thus far this government is pouring money into regulatory certainty and I think that most of the industry understands that, but we are nowhere near as expensive to do business with as are the conservative states of Western Australia and Queensland. Our regulatory fees are much cheaper. For the committee's benefit I will get a breakdown in the difference in fees and royalties.

To equate an increase in fees as an increased binge on the industry is unfair when what is being reflected here is an increase in activity, which is increasing revenue into the government. As economic activity increases, you expect your revenues to go up, and that is what has happened.

Mr HAMILTON-SMITH: I move on to the PACE program; this is moving out of page 115. What is the total amount spent by the government in 2013-14 on PACE and what are the component parts of the PACE program?

The Hon. A. KOUTSANTONIS: I am advised that the ongoing PACE is \$3.784 million; PACE 2020 is \$3 million; PACE WPA geoscience survey program is \$1.815 million. So, a total PACE budget, all programs, year by year, is \$8.599 million.

Mr HAMILTON-SMITH: Has there been a net increase or decrease in the amount being spent on PACE programs last year compared to the year ahead because I noticed that on this same page there is a \$1.2 million cut from PACE while elsewhere there has been a new program? I just want to know in net terms are we spending about the same, a bit less next year than we did last year or a bit more?

The Hon. A. KOUTSANTONIS: I am advised that in 2011-12 we spent \$6.692 million; 2012-13 is \$8.599 million, so it is an increase.

Mr HAMILTON-SMITH: That is 2011-12.

The Hon. A. KOUTSANTONIS: 2011-12 is \$6.692 million; 2012-13 is \$8.599 million; 2013-14 is \$7.864 million.

Mr HAMILTON-SMITH: And the year after that?

The Hon. A. KOUTSANTONIS: Is \$7.821 million.

Mr HAMILTON-SMITH: Right; so we spent \$8.599 last year, but we are only spending \$7.864 in the coming year.

The Hon. A. KOUTSANTONIS: As I am advised, I think a number of those programs are travelling through the financial year. I think it is unfair to take PACE as a snapshot of a 12-month program, even though it is how we budget for it, because a lot of these programs—due to weather, access—take their money and they spend it in different parts of the year, so on average we are doing exceptionally well.

Mr HAMILTON-SMITH: I will move on to the Mining and Petroleum Services Centre of Excellence. I think this is dealt with on page 115. What are the government's plans here? Where will this centre of excellence be located and, of the amount allocated, what will be spent on capital works as distinct from operating costs or programs?

The Hon. A. KOUTSANTONIS: I have just been advised by my office—and I honestly do not mean this in a derogatory way because you said in your opening remarks about not being briefed—that we approached your office three times. We have responded to other MPs and those who have asked to be briefed are Ms Chapman, Mr Goldsworthy, Mr Treloar and Mr Williams. There may have been a mix-up in diaries, but it is not an attempt by the government not to offer you a briefing.

Mr HAMILTON-SMITH: I think you will find, minister, that your office has not contacted my office at all. I think you will find my office has contacted your office on repeated occasions. As a result of that, your office may have responded to my office, but the net result is that every time I have tried to set down a date with you for one reason or another your office has not been available.

The Hon. A. KOUTSANTONIS: As I said to you, there is nothing in it for me not to brief you. I want you to be as briefed up as possible so that you do not—

Mr HAMILTON-SMITH: Well, that is good.

The Hon. A. KOUTSANTONIS: —do anything rash.

Mr HAMILTON-SMITH: It has been five months, and I would like a portfolio briefing.

The Hon. A. KOUTSANTONIS: Sure. As to the mining centre of excellence, thank you for your question. The Mining and Petroleum Services Centre of Excellence is the foundation for realising our government's vision to establish South Australia as a minerals and energy services centre for Australia. South Australia has the comparative advantage of expanding the deep unconventional gas sector in the Cooper Basin and the research and development of deep mines at Olympic Dam, Prominent Hill and Carrapateena. Both sectors have a number of challenges to solve which will require new approaches to unlock the massive potential of known reserves.

South Australia has a ready supply of locally-trained mining and energy trained professionals backed by the University of Adelaide, the University of South Australia, Flinders University and University College London. South Australia, it is fair to say, has an internationally focused mining and energy services sector in place, with established world leaders in some areas such as mining and petroleum modelling software.

South Australia is directly linked with the growing minerals and energy basin in the NT and is well placed between the two mature minerals and energy jurisdictions of Queensland and Western Australia. The objective of the centre is to foster and coordinate the step-change innovation and apply research initiatives to benefit the minerals and energy resource sector and its service providers in areas of established excellence or with the capacity to achieve excellence.

The establishment of the centre of excellence is in direct alignment with the realising of the benefits of the mining boom for all South Australians—one of our seven pillars. Investing in the Mining and Petroleum Services Centre of Excellence will enable the state to leverage the funding and in-kind support from industry and federal government programs.

As a government, we are offering seed funding which is enabling the CRC for deep exploration technologies to be based in Adelaide with strong links to small to medium-size enterprises is a type example. It will enable businesses to better engage with the resources value chain through greater access to the trends and opportunities in this sector and the innovation and applied research initiatives being identified and adopted. Natural clusters of service companies will grow around the Tonsley Park redevelopment, the CBD and northern suburbs, such as Regency Park where there is access to Port Adelaide and the training hub at Regency TAFE.

The Mining Industry Participation Office (MIPO) has been created to help South Australian manufacturing companies meet the supply demands of the state's expanding mining industry. MIPO is partnering with industry stakeholders to develop programs to increase the participation of local firms in local, national and international supply chains. MIPO will play a key role for the centre

by identifying supply chain gaps and opportunities for short-term and long-term capability development and critical research questions.

The centre will help to progress and implement the ICT Roadmap for Minerals and Energy Resources Project, which has opened discussions on developing a leading-edge industry cluster to link information and communications technology companies to the state's growing mining and energy resource sector. The centre will be governed by a government—that is led by DMITRE, DFEEEST and DPC—industry and university-led board with the following key functions:

- broker applied R&D technical services, drawing together industry research institutions to provide project-specific solutions;
- facilitate the in creation of six cooperative networks and clusters of expertise;
- centre of coordination to achieve excellence in the Upper Spencer Gulf cluster; and
- a centre of coordination to achieve excellence in Indigenous enterprise.

The centre will be modelled in part on leading examples in the resources sector in Canada and Western Australia—two of the world's leading mining jurisdictions.

A number of strategic partners are being sought, and discussions are already being progressed with a number of these. Partners will include major companies in the mining and energy section, including BHP Billiton, Santos, Beach, Senex, and research and development institutions, including the Institute for Minerals and Energy at the University of South Australia, the Ian Wark Centre at the University of Adelaide, and existing local small to medium-size enterprises and service companies working in the resource sector. We are hoping that by the end of 2013 the Mining and Petroleum Centre of Excellence will have:

- established a deep gas service and training hub at Tonsley Park, with partners such as the major oil companies and service sector companies;
- completed Australia's first comprehensive mining and ICT roadmap in conjunction with the Australian Information Industry Association and CSIRO;
- consolidated the Australian Drilling School with the DET and the CRC at Brukunga;
- participated in at least two CRC or innovation precinct bids with local institutions and companies;
- established national centres in specialised strengths, such as mining and petroleum geostatistics and deep gas and geothermal drilling technology; and
- completed an online mining and energy innovation interconnector in conjunction with the Australian Academy of Technology, Science and Engineering.

The centre will focus on areas of competitive advantage, including:

- deep resources exploration and deep mining with BHP, DET and CRC;
- next generation minerals processing with UniSA;
- leading practice in mine rehabilitation and environmental protection, with particular emphasis on uranium;
- mine to mill optimisation, ore selection and preconcentration, and mine logistics;
- automating the resource industry through ICT from exploration to mining to exporting;
- leading practice in multiple land use policy and community engagement; and
- deep gas well operations and training (that is Santos, Beach Petroleum and Senex).

We will be spending \$6 million over four years to support a mining and petroleum centre of excellence. We want local companies, who are taking advantage of our world's best practice regulatory regime, to help leverage the service partners that they are contracting to try to anchor some of those investments—so Santos and Beach, when they are speaking to the Halliburtons or Schlumbergers, or whoever their service companies are. We expect more from them, and I think it is fair to say that people like James Baulderstone and Reg Nelson are really leading the charge.

This has come out of an industry round table, so the great thing about this initiative is that we are seeing the very best learnings from out of the ODX task force and the roadmap, in

conjunction with the industry, coming up with a solution to try to help what is occurring in manufacturing and services, to try to come up with a way of making sure that we realise the long-term benefits of the boom.

There are examples of jurisdictions that have done this well and that have done it badly; we want to be a jurisdiction that does it well. I think it is fair to say that the long-term bipartisan approach should always be that mining is about not just royalties and mining jobs but about leveraging innovation around that mining sector to try to create a service industry that will be here long after the minerals are gone.

Mr HAMILTON-SMITH: Are we duplicating effort, though, that is already in place in our universities, our three pillar universities and also University College London, where they have garnered quite a capacity for research in this space? We are setting up a separate entity at Tonsley; are we duplicating effort? I know that you have mentioned that there will be collaboration and contact with the universities, and that is all fine, but did you consider setting up this up as part of one or all of our universities rather than as a stand-alone exercise?

The Hon. A. KOUTSANTONIS: I will hand over to Dr Heithersay to give us a brief overview, but I will just say this: it has been my experience in government that sometimes the worst solo operators are industry. Clusters work because you break down solos and you get cross-collaboration, cross-pollination.

Universities work on two levels that sometimes benefit industry and sometimes disadvantage industry. The benefit for industry is when they work on solving a particular problem, but often university research is based on academics who are leading in a field sitting in a room thinking about issues and coming up with solutions that might not be applicable. What we are trying to do is focus them.

I think government needs to play a role here to make sure that the streams of thought and investigation are actually used for industry applications. I am not saying that research in its traditional form is not appropriate. I believe very passionately in the right of academics to sit in a room to think and ponder the universe; I think that is very important too, but I think there need to be applications. However, I will hand over to Dr Heithersay to give us a brief overview of whether or not he thinks this is the right approach.

Dr HEITHERSAY: To go to the heart of your question, the advisory board that we will set up around this will have those institutions on it to make sure that there is no overlap with what they are doing themselves. I guess the way to think about this is that this is a centre for collaboration and improving productivity in the industry, with a focus on the services sector. Some of the initiatives will be solely focused on SMEs in South Australia. So, if we can identify short-term problems that local companies can tackle, we will set up mechanisms that allow them to bid on work, to showcase their expertise, to set up pilot studies, because that is the gap that they are missing at the moment.

It is very hard sometimes for local companies to demonstrate to big companies what they can actually do, so we want to create a situation where they are allowed to do that. However, in the longer term there will be problems that are quite intractable and difficult and need the expertise of universities, so what we plan to do there, with their support and help, is to set up and use the CRC mechanism, if that is appropriate, or centres of excellence.

There are a number of opportunities in the federal government sphere that we want to take advantage of, again to focus on long-term strategic problems that benefit both South Australia and also the world. A combination of those short-term and long-term plans, I think, will achieve a number of new centres of excellence, a number of new CRCs, as appropriate, to solve the problems.

So, really, the centre is all about collaboration, making the most of what we have got, making sure that industry, government and the universities are all talking together, and all have the right information to make their decisions and expand the R&D capacity of the state, but with a focus on the services sector to allow them to show what they can do, be aware of what is coming in terms of the resources sector, and to participate actively in the development of the state.

Mr HAMILTON-SMITH: Just moving on to the question of a port on the Eyre Peninsula, you mentioned Port Spencer. As you know, there are also proposals at Port Bonython and Cape Hardy. Does the government have a feel for which of those projects they think will be most likely to get up, and has any provision been made in the budget for underwriting the participation in whichever of those options gets up in respect of either the port or any rail connection to the port?

The Hon. A. KOUTSANTONIS: The government will not be investing in ports.

Mr HAMILTON-SMITH: Or rail connections to ports?

The Hon. A. KOUTSANTONIS: No; there is nothing budgeted, to the best of my knowledge, unless the department has done something very clever that I do not know about. Ideologically, philosophically and politically it is not the space for the government to pick a winner; it is the proponents. Regulation has value, and we can add value to projects by giving regulatory approvals. That is a task force principle. I think that works well.

It is my belief that the way in which these ports will progress is through the market. The build it and they will come principle, I do not think works. It has worked in the past, but it is a different world now, and I do not think that the taxpayers of South Australia would appreciate their government spending money on building ports for projects that may or may not get up. Offering a subsidy as an underwriting principle for volumes, to try to encourage the development of the port, again, does not work.

It is my strong belief that if the minerals are in the ground and they are commercial, the port would then be sustainable. If the value of the minerals in the ground is not sustainable, then the ports will not proceed. Like I have said, the government has practically promoted and supported development of initiatives, and we do a lot of the planning for them. We have commissioned a whole series of work from under the RESIC proposal, where the government funded infrastructure demand studies. That collated valuable precompetitive data, and we made it available to the international market.

The 2011 infrastructure demand study provided five strategic recommendations—infrastructure corridors, which we can provide; utility hubs; electricity, water; and investment—to the government for our consideration. Community and industry consultation was undertaken in early 2012, and the government released its direction statements in 2012, which outlined an implementation strategy for the RESIC recommendations.

Here we go. In 2012, the government was advised that it had been successful in receiving \$1.5 million from the commonwealth to prepare an integrated regional mining and infrastructure plan. Funding was achieved through the work of the RESIC Infrastructure Demand Study in collaboration with DPTI, which is the lead agency for the study. The objectives of the RMIP are to progress selected RESIC recommendations in de-risk infrastructure opportunities through detailed analysis that can be modelled into identified policy innovations to support further investment.

I suppose what we are getting to is that we do as much as we possibly can to de-risk these companies by offering them regulatory certainty and approvals, which have a value, but what we are not going to do is take the private market risk of underwriting volumes. With Port Bonython, for example, in 2011 the government—with the Spencer Gulf Port Link—agreed, on condition, to progress a bankable feasibility study for a facility located at Port Bonython on land owned by the government, which will allow the development to progress in a reasonable time frame, providing a level of security to miners to progress their own mine development plans.

In 2011, the project received support from the state government's sponsorship under section 46 of the Development Act. The proposed port included a new three-kilometre jetty and conveyor system, a new railway line connecting the port to the standard gauge line, a negative pressure system to control dust emissions and had a capacity of 75 million tonnes per annum. Cost: \$600 million to \$700 million. They have engaged Arup, an international engineering consultancy, to commence an environmental impact statement, which is due to be completed by December 2013.

Port Spencer, for example, on 9 March 2012 the Minister for Planning released for public consultation a public environmental report (PER) prepared by Centrex Metals for stage 1 of a deepwater port proposed by Centrex. Centrex is proposing to develop a deepwater port facility called Port Spencer, 70 kilometres north-east of Port Lincoln, between Port Neill and Tumbly Bay, as a bulk commodity iron ore and grain export port capable of accommodating cape vessels and suitable for export of up to 20 million tonnes of iron ore per annum.

They want to deliver the project in four stages. The first stage is subject to the PER and comprises a 500-metre jetty, wharf structure, shiploading systems, storage buildings and a facility and road corridor upgrade. The first stage will allow the export of up to two million tonnes of iron ore per annum, with one million tonnes of grain per annum. The project was granted development authorisation on 20 December 2012. Stages 1 and 2 include a proposed desalination plant. The project has been referred to the commonwealth under the Environment Protection and Biodiversity

Conservation Act. Centrex has been advised by the commonwealth that the project will be a controlled action, with the assessment based on preliminary documentation.

Lucky Bay. In 2011, the cabinet approved the sale of a portion of a perpetual lease to Sea Transport Development (STD) on a freehold basis to assist it with funding a transshipping development and the return of the Wallaroo to Lucky Bay ferry service. They are working with IronClad to develop an iron ore export facility at Lucky Bay that will utilise the harbour developed for the ferry service. IronClad proposes to develop an iron ore mine north of Kimba and transport iron ore to Lucky Bay using road trains. IronClad initially expects to export 1.3 million tonnes of iron ore out of Lucky Bay, if it is successful.

Again, in February of this year, we provided a section 49 Crown endorsement of the Lucky Bay port development. The port will utilise the Lucky Bay harbour to load transshipping vessels and containers of iron ore that are transhipped to a Panamax or cape-sized vessel. On 28 March of this year, IronClad was advised by DPTI that a new development application is required from the IronClad/STD consortium due to the new development offer over different land. DPTI's planning division is still waiting on the receipt of that completed new development application from IronClad and its joint venture partner and subject to various conditions being met STD has been awarded a \$2.21 million Regional Development Australia fund from the commonwealth and \$306,000 from the Regional Development Infrastructure Fund of the state government to assist in the developing of its \$12.16 million export facility.

Port Pirie. In 2012-13, in the state budget, the government allocated \$200,000 to help guide the long-term strategy for the further development of Port Pirie. Funding will assist in planning for better utilising the port for iron ore exports, testing the feasibility of duplicating the main gas line, establishing a local mining school and investigating how a regional centre can be positioned to support fly in-fly out for the resources sector.

We consistently promote investment opportunities for infrastructure development, and that has attracted interest from China, India and Canada. Investment in South Australia is leading the charge to assist the private sector to identify new capital providers and potential funding models. In 2009, Port Bonython Fuels signed a land-sale contract for two portions of land at Port Bonython to develop a diesel storage facility, which is stage 1, and a refinery, which is stage 2—a total of 137 hectares. They obtained approval for stages 1 and 2 and access to section 240 and a jetty, and 8.1—obtain project finance. Condition 7.1 was satisfied in January of this year and the agreed date for completion of condition 8.1, which is obtain project finance, is 30 September this year.

The Mitsubishi Corporation purchased a project from Senex Energy in January 2013. Mitsubishi is working on achieving financial closure and is seeking an operating partner. Mitsubishi has already applied for a six-month extension for a special condition of 8.1, that is financial closure, due to the time required for negotiations with a third party. That is still being considered, but I am favourably disposed to that.

What I am saying is that the government can add lots of value to these developments without actually pouring in taxpayers' dollars. Like Nyrstar, like Olympic Dam, like other projects in unconventional gas, government regulations and certainty wrapped in a ball and handed to a company has a dollar value on it, and that dollar value is quite valuable to their investment. That is the way forward for governments of our size preparing to have infrastructure built by private consortiums. I do not think subsidy is a solution.

Mr ODENWALDER: I refer the minister to Budget Paper 4, Volume 3, page 115, regarding the Resources and Engineering Skills Alliance workforce scoping study. Can the minister expand on what this report indicates for the future of the industry workforce in South Australia and what the government is doing to support anticipated growth?

The Hon. A. KOUTSANTONIS: I thank the honourable member for the question. The mineral and energy resources sector has grown rapidly over the past decade. The resources industry workforce has similarly shown sustained growth and the outlook continues to be very positive for long-term employment in the resources industry.

According to the ABS, the number of people employed in the sector has risen from an annual average of 3,600 in 2002 to 12,600 in the 12 months to May 2013. The critical role of government will be to work towards building a skilled workforce required to meet industry demands in the future.

The recently released South Australia Resources Workforce Scoping Study 2013-2020, conducted by the Resources and Engineering Skills Alliance (RESA), shows that the industry remains optimistic about an expanding future workforce for the mining industry in South Australia.

The study report is based on RESA's survey of operating mining and resources sector the companies which provided their predicted workforce requirements from 2013 to 2020. The findings showed that South Australia is experiencing peak employment within the current operating mines across the state. The peak is forecast to continue at 15,083 people during 2014, after which the average employment will drop to 14,788 over the next seven years. However, these figures do not account for the additional employment that will be created over the seven-year period of developing projects—progress to production. There are currently more than 30 South Australian projects that are in the feasibility or development phase.

The future workforce demand predicted in the RESA study report will come from these projects. RESA will conduct two phases of the workforce study in the second half of 2013. This phase will address the workforce needs of these developing projects. RESA has estimated that more than 17,000 new jobs will be created, in addition to the 14,788 attached to currently operating projects to support the construction and production phases of these forthcoming projects.

In summary, RESA's forecast suggests that South Australia is looking at a mining industry workforce of around 32,000 by 2020. Of course, we have to cater for the types of skills required, not just the number of available potential employees. The type of training and skills required to meet the workforce needs of these projects may change over the years. As mining technology advances and new processes are created, future skilled workforce requirements at these sites will be shaped.

The RESA study highlights the breadth of skills required to service our future resources sector. The top in-demand professional trade and semiskilled occupations include mechanical engineers, HR training and OH&S professionals, metallurgists and geologists, mechanical technicians and fitters, drillers, diesel mechanics, electricians, electrical and instrumentation technicians and assistants, plant operators, general skilled workers, miners, and maintenance support workers. I notice that that list does not include politicians; they are not necessary.

With the industry requiring such diverse jobs and skills, the government has developed a range of strategies to address the increased demand for skilled employees in this sector as identified by RESA in its recent study. The challenge for government is to support the development of local training for a skilled workforce which looks set to double in seven years. I am pleased to say that this government has implemented programs that are already underway to ensure that South Australia is prepared to meet the needs of an expanding resource sector.

To provide the industry with South Australian graduates in the trades and semiskilled categories, construction has commenced on the \$38.3 million Mining and Engineering Centre at TAFE, Regency Park. The centre will support the growth of the mining, engineering, advanced manufacturing, transport and defence industries in South Australia, and contribute to a more locally derived skilled workforce in the resources sector.

When complete, the centre will have more than 3,000 students using these facilities during their training in mining and allied industries. Through the courses offered at this new state-of-the-art facility, people will be trained with the skills they need to take advantage of the great employment opportunities offered in mining and associated sectors, all in a central hub rather than different sites across the city.

This centre is part of the government's \$200 million investment in South Australia's vocational education and training infrastructure. Programs that will be offered at the Mining and Engineering Centre will include: heavy vehicle transport and diesel mechanics, geoscience and mining, mechanical and civil engineering, surveying and spatial information services, welding and fabrication, and automotive and light vehicle transport. The Mining and Engineering Centre project is set to be completed by mid-2014.

The government has also been involved in supporting programs in the university sector and programs aimed at addressing improved workforce and productivity efficiencies. South Australia has a ready supply of locally trained mining and energy trained professionals and the advantage of high-calibre researchers from the University of Adelaide, University of South Australia, Flinders University, the University College of London and more working in the state. Recent achievements include the opening of the Materials and Minerals Science Learning and Research Hub at the University of South Australia's Mawson Lakes campus. This hub will be home to 120 research students and staff from Australia and countries around the globe and will be the

setting for teaching and learning in the university's new Bachelor of Science (Advanced Materials) program.

This government also proudly supports the National Drilling Research and Training Facility based at Brukunga, as part of the Deep Exploration Technologies, Cooperative Research Centre. It provides hands-on drilling training at a mine site with camp-style accommodation, catering, classrooms and other training opportunities such as 'at heights', 'enclosed spaces' and OH&S.

The government has also been pleased to be involved with the South Australian Chamber of Mines and Energy in supporting the Geoscientist Assistance Program (GAP), which was developed in response to the effect of the GFC on the South Australian mineral exploration and mining industry. The GAP places skilled and graduate geoscientists into paid work placements and provides skills and professional development opportunities for participants, ensuring that their skills meet the future needs of our resource industry.

The key aims of the program are: to prevent the loss of experienced and high-quality trained geoscientists from the South Australian exploration and mining industry; and maintain, develop and diversify the skills base of geoscience graduates and experienced professionals affected by the GFC.

In addition to the programs I have outlined, I am proud to say that there are many programs that South Australian resource companies are actively managing. To single out the most recent announcements, Santos will partner with the government in the recently announced Mining and Petroleum Services Centre of Excellence and has indicated it will support specialised learning and innovation facilities for unconventional gas at Tonsley. In addition, BHP Billiton has committed \$10 million to support education, training and research activities through the centre to enhance South Australia's capacity to meet the challenges of deep mining and processing in South Australia.

This government has built a reputation for working collaboratively with the resource and energy industry to develop the state's resources. Our vision is to fulfil the demand for future growth outlined in the RESA report. By working with industry, I am confident we will provide a successful pool of talented and skilled people who will drive future growth in the resources sector in South Australia.

Mr HAMILTON-SMITH: First, can you tell me how many more Dorothy Dixers there are so that I can plan my question time strategy accordingly?

The Hon. A. KOUTSANTONIS: We have one government question.

Mr HAMILTON-SMITH: Madam Chair, you can tell the ministers who are confident with their portfolios. Kevin Foley was a good example. They come in and they answer the questions quickly. They do not do Dorothys and long speeches. They want to get through budget estimates so the public gets information. Then there are other ministers. So we will wait while the government asks its questions. Clearly, there are two more: we have just had an indication.

The Hon. A. KOUTSANTONIS: No, there wasn't.

Mr HAMILTON-SMITH: We will have the speeches and then we will get to our questions.

Mr Odenwalder interjecting:

Mr HAMILTON-SMITH: No, we are offering the government the opportunity to exhaust its Dorothys.

The CHAIR: Order!

Mr HAMILTON-SMITH: They have obviously got more.

The Hon. A. KOUTSANTONIS: Read the rules, mate.

Mr HAMILTON-SMITH: Well, are there any more questions? I am happy to defer to the government—

The Hon. A. KOUTSANTONIS: Have you finished with your hysterical rant?

Mr HAMILTON-SMITH: No, I am just asking for the government to ask your Dorothys.

The Hon. P. CAICA: You running out of questions, are you?

Mr HAMILTON-SMITH: No, I have got plenty here—in fact, mountains of them—but I cannot get to ask them because we have had a 10 minute diatribe at the beginning and now we have just had another 10. So, ask your questions and, when you have finished, we will ask ours.

The Hon. A. KOUTSANTONIS: There weren't any other questions.

Mr HAMILTON-SMITH: Are there any more questions from government members?

The Hon. A. KOUTSANTONIS: I don't know why you are having a bad day. Just ask a question.

Mr HAMILTON-SMITH: Alright. Well, I'll tell you what: we'll give it a go.

The CHAIR: Order!

The Hon. A. KOUTSANTONIS: I have done some more checking about your applications to say that we had not contacted your office.

Mr HAMILTON-SMITH: I didn't say that at all. I said I have been trying to get a meeting to have an agency briefing for five months and it is yet to be arranged. There has been lots of communication—

The Hon. A. KOUTSANTONIS: You denied there had been contact with your office?

Mr HAMILTON-SMITH: There has been lots of communication, minister. That is what I have asked you. There has been lots of backwards and forwards-ing and no briefing.

The Hon. A. KOUTSANTONIS: Perhaps you should agree to a time.

The CHAIR: Order! The member for Waite will ask a question now and the minister will try to keep his answers briefer. Member for Waite.

Mr HAMILTON-SMITH: Thank you. Page 122—

The Hon. A. KOUTSANTONIS: Get some tissues. Grab them, quickly. Come on—come on, princess.

The CHAIR: Order! Minister!

Mr HAMILTON-SMITH: I just ask him to withdraw that.

The CHAIR: Minister.

The Hon. A. KOUTSANTONIS: I withdraw 'princess'.

Mr HAMILTON-SMITH: Are you ready now?

The CHAIR: Do you accept that, member for Waite?

Mr HAMILTON-SMITH: A very dynamic minister.

The Hon. A. KOUTSANTONIS: I apologise for calling him 'princess'.

The CHAIR: Thank you. Now, member for Waite, and we will stop this nonsense. Member for Waite, ask your questions, and the minister will try to be briefer in his answers.

Mr HAMILTON-SMITH: Page 122 of Budget Paper 4, Volume 3, the Residential Energy Efficiency Scheme. That budget page makes reference to the scheme, particularly in respect of milestones. Can you tell us what is the status of the government's Residential Energy Efficiency Scheme, what are the benefits and what plans does the government have for the scheme beyond 2014?

The Hon. A. KOUTSANTONIS: Thank you. The Residential Energy Efficiency Scheme (REES) commenced in 2009 under the Electricity Act 1996 and the Gas Act 1997 to help householders improve energy efficiency and lower electricity bills of consumers who participate in the scheme. Energy retailers are required to meet annual targets, which commenced in 2009 at 155,000 tonnes of greenhouse gas emission reductions, and have steadily increased over time so that the target will be 410,000 tonnes in 2014. Further, 35 per cent of the targets must come from activities provided to low income households.

Energy retailers also need to provide home energy audits to low income households. Over 19,700 audits were provided during the first four years of the scheme to 2012. A further 11,300 audits will be delivered from 2013-14. ESCOSA (Essential Services Commission of South Australia), as the scheme administrator, has advised that in the first four years of the scheme all

consolidated targets were exceeded and more than 197,000 premises received energy efficiency activity or participated in an energy audit.

DMITRE is currently undertaking a review of the scheme to assess whether it has met its objectives, whether it has been cost effective and whether it should be continued after 2014. It is expected the government will be in a position to respond to the review in the new financial year. REES is mandatory for all licensed retailers of electricity and gas in South Australia who supply more than 5,000 residential customers. The obliged energy retailers in South Australia are: AGL, Origin, Simply Energy, Energy Australia, Lumo (which received a fine for not meeting its requirements under REES, I am advised, of \$250,000), Alinta Energy and Powerdirect. They achieved their greenhouse gas reduction targets through activities like offering and installing energy efficient lighting, water efficient shower heads and, most popularly, standby power controllers.

Standby power controllers are becoming one of the most effective ways to save energy in people's homes. For those members of the committee who do not know what they are, functions on most devices like TVs, computers, VCRs, DVD players, set-top boxes, maybe some sort of hard drive that records—a Foxtel device—mean that when these items are turned off they remain on standby. Remaining on standby consumes power 24/7. With these controllers, if a device is not used they automatically turn off, so you are not paying for standby power. Great innovations are coming out in this space, and some people are trying to develop iPhone apps.

The Hon. S.W. KEY: We could use it in Parliament House.

The Hon. A. KOUTSANTONIS: We could. There are some problems with cutting power directly into people's homes, because obviously items like fridges need to remain on all the time, as do alarms and some smoke detectors, but advances in that space will make it much more energy efficient. So, a lot of us are paying for electricity that we do not use, and that is what REES is all about: to not only improve efficiency and decrease greenhouse gas emissions but also to save people money. The scheme is working well and as part of our review we will be considering whether we roll it out to small businesses as well, and we will be making an announcement about that in the new financial year.

Mr HAMILTON-SMITH: To move on to the solar tariff feed-in scheme mentioned on pages 123 and 124: what is the status of the government's solar feed-in tariff scheme, what plans does the government have for the future of the scheme and could you mention how many customers in total, and as a percentage of energy users, are receiving payments from this scheme?

The Hon. A. KOUTSANTONIS: The scheme is closed. There are no new entrants to the scheme. The parliament closed it at midnight on 30 September 2011, so the 44¢ tariff that is payable to—

Mr HAMILTON-SMITH: With respect, minister, if the scheme is closed then there is no-one receiving solar feed-in tariffs back, are there? It is completely gone. No-one is getting any benefit, is that right?

The Hon. A. KOUTSANTONIS: I will explain it to you slowly so—

Mr HAMILTON-SMITH: No, you do not need to explain it to me slowly. You have just made a statement. The scheme is not closed at all. There are still people receiving solar feed-in tariffs. It is not closed at all. You have just made an incorrect statement. You may have closed it to new entrants.

The Hon. A. KOUTSANTONIS: Madam Chairwoman, the shadow minister does not understand how the feed-in tariff works.

Mr HAMILTON-SMITH: Perhaps you could explain to the committee—

The Hon. A. KOUTSANTONIS: Well, I will. If you would be quiet for a moment, I will explain it.

Mr HAMILTON-SMITH: I think we understand very well.

The Hon. A. KOUTSANTONIS: No, I do not think you do. If you put solar panels on your roof today, you cannot receive the government tariff.

Mr HAMILTON-SMITH: Yes, it is closed to new entrants. It is not closed at all. The scheme is still operating.

The Hon. A. KOUTSANTONIS: Let me finish before you interrupt. I do not know why you feel like you are having a bad day. I thought it was going quite well for you.

Mr HAMILTON-SMITH: I am not having a bad day at all. We are just wanting some information instead of drivel, so how about giving us some information.

The Hon. A. KOUTSANTONIS: Well, then sit back and let me finish.

The CHAIR: Get back to the question, please.

The Hon. A. KOUTSANTONIS: The original solar feed-in tariff scheme is closed for new entrants.

Mr HAMILTON-SMITH: Thank you.

The Hon. A. KOUTSANTONIS: That was closed on 30 September 2011 and it closed to new entrants, and it closed because the government and the parliament set the date. It was the appropriate thing to do. The Liberal Party and the Greens teamed up to have the scheme last a lot longer than the government wanted it to last. I have seen statements from conservative governments in Queensland and New South Wales about removing those tariffs. The government has no plan to remove those tariffs or to legislate to remove those tariffs, and I call on the opposition to do the same right here, right now, to make a policy announcement. It will be interesting to see the government and the opposition have a policy on this matter that is similar.

Our policy is very clear. The scheme is closed to new entrants. We wanted to start an incubator to get the solar industry going. We wanted it to last initially for five years. The Liberal Party and the Greens in this chamber teamed up to increase that subsidy for a further 15 years to a 20-year program. Those customers who entered the system before 30 September 2011 will receive a 44¢ tariff from their neighbours for 20 years and that tariff is topped up by a requirement by retailers as well, which is the tariff that anyone who enters the scheme after that period receives.

Amendments were passed by the parliament as part of legislation implemented by the NECF and commenced on 1 February 2013. The definition of an excluded generator in the Electricity Act has been amended regarding two or more meters measuring consumption on a site, which has been something that a lot of regional members have been complaining about. I had a lot of sympathy for them because, as was explained to me by the former shadow minister, a number of regional customers often had multimeters on their properties. It is a legacy issue of when ETSA was owned by the state government. Often the solar panels were not linked to the appropriate meter for the purposes of the feed-in.

The amendments dealt with those and, as we are moving forward, the 107 solar customers who were excluded under the original dominant generator provisions had their status reviewed by SA Power Networks. As a result of the amendments that were passed in the parliament, I am advised that 38 of these customers have had their feed-in tariff eligibility reinstated under the amended dominant generator test. There were nine solar customers who commenced upgrading of their solar systems prior to 3 September 2011 and, through no fault of their own, completed their upgrade after this date—suppliers, weather, a whole series of reasons. Eight of these customers had their feed-in tariff eligibility reinstated by SA Power Networks. However, one customer remained ineligible due to the second and subsequent generator rule.

Looking back on the whole scheme, it would have been good to have had one scheme to cover all of it. I do not think we needed to increase it to 20 years but the Liberal Party and the Greens felt differently and the government accepted those amendments. That is the policy we have now. There are no plans to increase the feed-in tariffs. We will be quite clear to the people of South Australia before the election: the state government, the Labor Party, will not be tampering with the feed-in tariffs for those people on the initial scheme—they are safe and will keep those feed-in tariffs. We rule out any legislation in the proceeding parliaments to do anything with those. I call on the opposition to say the same.

Mr HAMILTON-SMITH: If you get to be in opposition, minister, you can ask as many questions as you like.

The Hon. A. KOUTSANTONIS: I think those 156,000 customers just had their answer.

Mr HAMILTON-SMITH: I would like to move on to pages 120 and 121 of the same budget reference, and raise the subject of baseload power stations—both in Adelaide and the Upper Spencer Gulf—and the mix of baseload peaking and wind. Minister, is the government happy with the mix of generation in the state at the moment between baseload, wind, solar and peaking? Is the

government confident that the generation framework we have at the moment will sustain our future energy needs?

The Hon. A. KOUTSANTONIS: I think the mix is good. We have a good mix of wind, gas and coal. I am advised that wind is now up to 28 per cent. If we were a country in our own right we would be No. 2 in the world for wind generation. That is something that I think a lot of South Australians are very proud of.

I note that future wind investments in train total, I am advised, about \$5 billion. They have been put at risk by opposition policies to exclude wind developments within a certain distance from people's properties and, of course, put a freeze on all wind development. This is creating a climate of sovereign risk in this state. It is obviously something I would like to see sorted out very quickly because regional communities benefit from investment in wind.

I think the campaign against some of our energy developers has been unfair, led by people who should know better. I am looking directly at the Liberal Party when I say that. I think it is a sign of political courage to stand up to your constituents and say, 'Your fears are misguided and unfounded.' Of course, you will find no such leadership from the Liberal Party.

What you are seeing is that in the same way as there is an exodus of investment into the gas sector from Queensland and New South Wales into South Australia, the Liberal Party are attempting to do what their counterparts in New South Wales have done to the gas industry there, to the wind industry here, by opposing and leading campaigns against the development of wind.

The mix is good. I am advised that AEMO demand forecasts are showing that there will be a slower than expected forecast in increasing consumption. There is a significant penetration of rooftop PVs and, of course, there is a consumer response to energy efficiency measures. We are increasing the capability of the Heywood interconnector from the existing 460 megawatts to 650 megawatts as forecast for mid-2016. It will deliver greater access to generation for the rest of the national electricity market.

Of course, one of the failures of the NEM is that it has always predicted growth in the market and it finds it very difficult to deal with contraction in the market, especially in the way that you deal with prices. It is one of the failures of the national framework. Deregulation has been one of the sources of relief for South Australian customers.

Mr HAMILTON-SMITH: I have some omnibus questions to read in:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2012-13 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 2012-13, please provide the number of public servants that are tenured or on contract, and for each category provide a breakdown of the number of executives and non-executives?
3. In financial year 2012-13 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2013-14?
4. Between 30 June 2012 and 30 June 2013, will the minister list the job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—which has been abolished; and which has been created?
5. For each year of the forward estimates, provide the name and the budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2012-13 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?
6. For each department or agency reporting to the minister, what is the budget for targeted voluntary separation packages for financial years 2013-14, 2014-15, 2015-16 and 2016-17?
7. What is the title and total employment cost of each individual staff member in the minister's office as at 31 May 2013, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

The CHAIR: There being no further questions, I declare the examination of the proposed payments for the Department for Manufacturing, Innovation, Trade, Resources and Energy, and Administered Items for the Department for Manufacturing, Innovation, Trade, Resources and Energy adjourned to committee A.

DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$747,396,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND
INFRASTRUCTURE, \$14,790,000

Membership:

Ms Chapman substituted for Mr Hamilton-Smith.

Mr Whetstone substituted for Mr Venning.

Witness:

Hon. A. Koutsantonis, Minister for Transport and Infrastructure, Minister for Mineral Resources and Energy, Minister for Housing and Urban Development.

Departmental Advisers:

Mr J. Oliver, Chief Executive, HomeStart.

Mr F. Hansen, Chief Executive, Renewal SA.

Mr M. Buchan, General Manager, Major and Residential Project Delivery, Renewal SA.

Ms L. South, General Manager, Corporate Affairs, Renewal SA.

Ms J. Durand, Executive Director, Marketing and Corporate Relations, Renewal SA.

The CHAIR: I declare the proposed payments open for examination and refer members to Agency Statements Volume 3. Minister, I ask you to try to keep your answers briefer. While I cannot direct you to answer questions—you can answer them as you choose—I ask you to try to keep your answers somewhat briefer. Do you have an opening statement?

The Hon. A. KOUTSANTONIS: No.

The CHAIR: Then do we have some questions? Member for Bragg.

Ms CHAPMAN: Indeed, thank you, Madam Chair

The CHAIR: I thought you would have some questions.

Ms CHAPMAN: I will just start with HomeStart because we have one of the senior personnel here, minister.

The Hon. A. KOUTSANTONIS: Need a loan, do you?

Ms CHAPMAN: HomeStart Finance has got some detail about it on page 102 of Budget Paper 3. The issue in particular that I would like to ask about is in relation to the dividends proposed to be paid to the government. The former treasurer made a statement last year expressing his disquiet about banks and the importance of them following the Reserve Bank in dropping their interest rates. The recommendation came from the Reserve Bank that an expectation would follow.

I appreciate that you are new to the portfolio, but one of the issues I have raised on previous occasions has been this question of HomeStart, being the government home financing entity, doing the same; that is, following suit. I note that that has not occurred, that as at 2010 the interest rate margin was 2.1 per cent; it has actually been going up progressively under the term of this government. Of course, there could be some comment made about whether that is fair, given the previous treasurer's statement. Well, there is a new Treasurer and a new minister, who I will be asking, under your regime what is budgeted to be the interest rate margin for the year that we are currently in and also 2013-14?

The Hon. A. KOUTSANTONIS: We offer loans to people who probably cannot receive commercial loans from traditional lines of credit, from banks, because they are either low income,

perhaps high risk, perhaps do not have the deposit required, so it is a different financial model from the commercial banks. I think trying to compare the two, given the risks that the taxpayer is taking, is unfair. I understand that it would be nice to offer the same commercial rates as everyone else, but the reality is we are in a section of the market that no other commercial bank will enter. Given that we are in that section, it is appropriate that we charge a difference for that.

Ms CHAPMAN: I am sorry to interrupt the minister—

The Hon. A. KOUTSANTONIS: I will get to the budgeted—

Ms CHAPMAN: I think we are at cross-purposes. Minister, there is no suggestion that HomeStart should have a different rate. It is always expected that it would be at least 1 per cent more, for the very risk that you pointed out. My point is that over the lifetime of this government it has gone from a margin that is about 1.8 per cent up to 2.1 per cent in 2010. So, contrary to what has been happening at the national level and the private financing world, where there have been expectations that those drops would be facilitated, this interest rate margin in this entity is actually going up. At 2010, it was 2.1 per cent. What I am really asking is: what is it in this financial year and what is it proposed to be in the next financial year?

The Hon. A. KOUTSANTONIS: I am advised that as at June 2013 our blended margin is 1.58 per cent, not 2 per cent. At June 2014, our blended margin would be—

Ms CHAPMAN: Sorry; the blended margin?

The Hon. A. KOUTSANTONIS: Yes, of all of our funding—1.47 per cent. In June 2015, it will be 1.37 per cent. In June 2016, it will be 1.28 per cent. In 2017, it will be 1.26 per cent. So, I am not quite sure on what basis you are deriving the 2 per cent plus figure from.

Ms CHAPMAN: For housing; not all funds that you distribute to. I am happy to take it on notice.

The Hon. A. KOUTSANTONIS: Could you show us the page?

Ms CHAPMAN: Page 102 refers to all of the information. One of the things that I am coming to relates to the dividend of the government.

The Hon. A. KOUTSANTONIS: I will take that on notice and get back to you.

Ms CHAPMAN: Just while we are on HomeStart. The suggestion in the commentary at page 102 is:

The net contribution...from HomeStart Finance is above budget in 2012-13 mainly due to improved operating performance.

The budget for 2013-14 is \$6.2 million dividend. So, while these interest rates are going up, we say—and you are going to get the information on it—there is an increased dividend going to the government. What is the improved operating performance?

The Hon. A. KOUTSANTONIS: The advice I am receiving is that our loan portfolios have improved. The funding we are receiving from SAFA has been quite responsive for us and working quite well and we have held costs down. Keeping costs down is a major way of increasing profits and HomeStart has done an exceptional job in keeping costs down, but I do not think we can be accused of raiding HomeStart in any way in terms of government dividend. I do not think that is a fair assumption at all.

Ms CHAPMAN: Well, I had not put that, although—

The Hon. A. KOUTSANTONIS: No, but I am sure you are getting to it.

Ms CHAPMAN: —I can refer to having those discussions when former treasurer Foley used to take a handsome share of the proceeds. As you will appreciate, what is disclosed on page 102 is that, essentially, the net contribution to government is a combination of the income tax equivalent it receives, plus the dividends, less the CSOs, and that is going to be increasing. Apart from more loans that you are writing out, what other efficiencies are there, because the claim here is that it is due to improved operating performance, not interest rates and not more loans?

The Hon. A. KOUTSANTONIS: I am advised it is the funding guarantee, the guarantee fee that we pay of \$27 million for the funding, so that is the increase. If you want a detailed breakdown of how we have held costs down I am happy to get that to you.

Ms CHAPMAN: The reason I am asking you is because it says here that the net contribution is above the budget mainly due to improved operating performance. That is what I am asking you about.

The Hon. A. KOUTSANTONIS: Yes; we will get to it.

Ms CHAPMAN: On notice; thank you. If we could go to Budget Paper 6, page 13, the old RAH site. The competition announced earlier in the week regarding the current RAH site is going to be run by Renewal SA and the Office for Design and Architecture. What internal Renewal SA resources are being allocated to planning regarding the current RAH site and the Riverbank Precinct generally?

The Hon. A. KOUTSANTONIS: I am advised that the resources allocated will be half an FTE and \$0.5 million. There has been \$1.5 million allocated in another budget line from DPTI in planning, which will take up a bulk of the funding for the design competition.

Ms CHAPMAN: This is a new innovative idea of having competitions for designs, and I read with interest the Premier's statement on this, about how much he is going to save in professional fees doing it this way.

The Hon. A. KOUTSANTONIS: You are right.

Ms CHAPMAN: Is the government operating any other competitions for any other proposed precinct development?

The Hon. A. KOUTSANTONIS: I know of one very famous one for this building that was held in, I think, the 1880s. I think it is an innovative way of getting the very best design and commercial solutions to a very difficult site, so I support it. I think it has worked well. It is working well in Queensland and it is working well in Victoria. I am not sure whether New South Wales is conducting some, but I can get some information for you. I think it is world's best practice for this type of renewal. Can-do Campbell Newman thinks it is a good idea and I understand Denis Napthine thinks it is a good idea.

The reality is, I am advised, that we are leveraging, in terms of commercial fees, a great deal from this competition. Not only are we leveraging a great deal of expertise, but we are also building capability. All the competition will be required to partner with local firms to be eligible, so you are going to see a number of highly-regarded international designers and architects wanting to get involved in this, because it is being assembled by a very prestigious group of people, led by Ben Hewett, the government architect, who is, I think, conducting an excellent job in making sure that we have the very best advice and expertise on the judging panel.

That judging panel, given its expertise and its quality, will attract the very best designers in the country, if not the hemisphere. As they will be compelled to partner with local architectural firms, a lot of South Australia's young architects, young designers, open-space designers and accountants will be partnering with some people who have worked on some amazing iconic projects around Australia and around the world.

I think it is a great way of bringing South Australia together over a site so that we can have not only a competition but really a basically broad consultation as well, because I think it will spawn ideas that do not come just from government. I think some of the failures of the past—and I am talking about both political parties—have been that governments think they know best on everything. I think this is reaching out to the private sector to say, 'This is an iconic site. We've got three years to plan on its best use. All the uses have to be commercial.' So we are not talking about people who are coming along to design something that is not functional or commercial. I think we are going to get a very good outcome from this.

I think it is unique for a site this large. I think it is going to offer a great opportunity. From memory, I think the Sydney Opera House, Australia's most iconic building, I am advised, was also done through this process. So, if it is good enough for Sydney and the Opera House, it is good enough for Adelaide.

Ms CHAPMAN: We now have this process of offering a competition, a prize, to professional people, not just to the general public. You have identified some iconic developments in our history, where there has been a contribution from the public to name something or give some ideas, but this is an invitation to professionals to provide this, with a sort of winning benefit being paid. Has the government received any advice on whether there is an income tax avoidance problem with this type of model?

The Hon. A. KOUTSANTONIS: To the best of my knowledge, no.

Ms CHAPMAN: Has it received any advice from the federal income tax office under Wayne Swan? I do not expect poor old Chris Bowen has had a chance this morning to do much about it—it is probably a bit early for him to be able to do something about it—but have you received any advice from the Australian Taxation Office about the obligations that you would have as a payer to a winning consortium/professional in receiving these funds?

The Hon. A. KOUTSANTONIS: If I know the ATO well, they will be doing everything they can to minimise tax avoidance. I have not received any advice to the best of my knowledge about that. If I go back to my office and I find a minute or an email has been sent to me advising me of that, I will make that known to the house immediately.

Ms CHAPMAN: Thank you. Is there any contingency provision in the budget for remediation of the site and, if so, what is it?

The Hon. A. KOUTSANTONIS: It is very hard to keep a contingency, I am advised, before we know all the levels of contamination. It is still an active site, and it is still a hospital. We do not want to be too intrusive on the site while we are dealing with some very sensitive medical equipment and, obviously, a functioning hospital. It is difficult to keep money in contingency in the forward estimates for estimated contamination. The half a million dollars that has been allocated in the FTE, I am advised, will begin some of that work. That work will be informed in earnest as time rolls on, but we do not have a final figure now, no.

Ms CHAPMAN: I understand that and I appreciate that that needs to be drilled down just like the new site had to be after the announcement had been made that it would be the site of the new hospital, but an amount was identified to at least be there for the contingency of that, and then, ultimately, I think a \$200 million figure put on it to make provision for the Department of Transport to clean up that site for the new hospital to be built. Whilst I appreciate that work needs to be done to identify exactly how much, has there been any contingency put in this year's budget for provision for the clean-up of the site?

The Hon. A. KOUTSANTONIS: I am advised, no.

Ms CHAPMAN: And nothing in the forward estimates?

The Hon. A. KOUTSANTONIS: No, I am advised.

Ms CHAPMAN: Regarding another section of the Riverbank Precinct, there is \$3 million in Budget Paper 6, page 77, for escalators at the Adelaide train station—

The Hon. A. KOUTSANTONIS: Yes!

Ms CHAPMAN: —to connect people to the Casino and the Riverbank area for which Renewal SA is managing the precinct plan. When will the Lang Walker proposal for the land adjoining Parliament House and the train station be released?

The Hon. A. KOUTSANTONIS: When we have finished evaluating it.

Ms CHAPMAN: Are you proposing that it will be released prior to public consultation on the ideas for the Riverbank Precinct area?

The Hon. A. KOUTSANTONIS: I think, first and foremost, we need to understand the process, so let me give the committee a brief overview of what the government sees as the process. The Riverbank master plan gives a foundation for developments along that site. We have had the hospital and then the SAHMRI—so you had the hospital leverage the SAHMRI. The SAHMRI has now leveraged the biomedical precinct. Adelaide Oval is leveraging private investment at the Adelaide Casino. There are two ways to get planning approval for all those developments to proceed: there are interim DPAs or there is the proper DPA process.

Ms CHAPMAN: I am glad you said that.

The Hon. A. KOUTSANTONIS: Sorry?

Ms CHAPMAN: I am glad you said that—'interim or the proper DPA process'. Anyway, we will go on.

The Hon. A. KOUTSANTONIS: They are both appropriate and they are both legal.

Ms CHAPMAN: Legal.

The Hon. A. KOUTSANTONIS: Yes, absolutely, and both governments have used them. Only the impotent are pure, Vickie. We both know the importance of keeping the economy moving,

but I think the important thing for the Riverbank process is to layer levels of approvals, master planning and certainty over these sites to give certainty to developers and private investment. Now that the master planning has been released and the consultation is beginning, the DPA processes can begin.

I assume that the planning minister, in consideration of the master plans and the public consultation that is beginning this weekend on those master plans, will inform the DPA process. The DPA process will inform private investment in the uses of the site. So the Woods Bagot work that has been done in conjunction with the government architect and Renewal SA over the entire Riverbank Precinct informs bulk, size, lines of sight, what is appropriate and cutting things into districts (institutional, entertainment, medical and bioscience) which informs development. The DPA processes for the biomedical centre will begin based on the master planning, based on the announcement of private investment, and so on and so forth. It gives to an orderly approvals process an orderly rollout of this infrastructure.

What the government is trying to avoid is haphazard development. What we are doing now is recreating a new centre of the CBD. The Riverbank process is one that I think has worked exceptionally well. The reason I say that is you mention the escalators have moved on to the Walker site. You cannot look at these things in isolation. The escalators are not about getting people to the Casino: they are about getting the mass of people from our public transport—trams, trains and buses—down into the railway station, along the concourse and onto the footbridge, across the footbridge and into Adelaide Oval to watch Port Adelaide thump the Crows. After Port Adelaide has been successful in humiliating the Crows, people come out of that stadium and spill into our streets, bars and shops, and create vibrancy. Those escalators cannot be looked at in isolation as just a piece of work for the railway station: they fit into a longer term vision for the government.

I think the Walker project will be the same. If you look at the Walker project in isolation, it is a very important iconic site but, when you integrate it with the oval, the footbridge, the railway station, the Casino and the entire boardwalk (I am using the term 'boardwalk' in terms of coming from Gilberton all the way down to Bowden) and you have one master plan covering all three districts with an orderly DPA process at the top of it, it gives everyone certainty and the ability to consult and talk about those processes.

I am very confident that, out of all those processes, you will get orderly consultation where the public will feel completely informed about what is going on, you will give developers certainty about their investment, risks and the commercial viability of their proposals, and you will also get a mix of public and private investment in the most iconic parts of Adelaide that have been, so far, in the last hundred years of this state, neglected. I think it is going to be an excellent and exciting time.

Ms CHAPMAN: Have those who have prepared the Riverbank Precinct master plan been provided with a copy of the Lang Walker report?

The Hon. A. KOUTSANTONIS: I am advised they have. Under strict commercial terms, obviously.

Ms CHAPMAN: I understand. At page 102—

The Hon. A. KOUTSANTONIS: Back to HomeStart?

Ms CHAPMAN: No. I am sure you will have read this page carefully but it also provides for other entities. My question concerns the net contributions to government by public corporations—and, as you have pointed out, we have dealt with HomeStart. You may also find questions on Renewal SA at pages 98, 90, 103 and 101. They are the areas I will be looking at. Renewal SA did not pay a dividend to government for 2012-13 and this is the second year in a row that no dividend has been paid. What income was received from property sales in 2011-12, and what was the projected property sale revenue for that year?

The Hon. A. KOUTSANTONIS: Before I give you the raw numbers, I will give a brief commentary about the dividend. Land Management Corporation had a much easier role to play than Renewal SA and I think Land Management and Renewal are two very different concepts. Land Management, basically, were able to sell greenfield sites that needed almost no remediation to developers for profit at the fringes of metropolitan Adelaide and were able to pay quite significant dividends to the government.

Renewal SA is tasked with some very different objectives. Those objectives are to renew urban infill sites to try to stop sprawl, to encourage greater use of public transport and to encourage

greater investment in and around existing services. So, by definition, that means developing on legacy sites, places which in the past have had industrial use, that have high levels of contamination and expensive holding costs, so the costs have gone up.

In terms of the raw numbers, I am advised that projected sales revenue for 2012-13 is \$94 million and other income of \$44 million, giving a total of \$138 million projected revenue for the first four years of its operations. I am also advised that current forecast sales for the forward estimates is \$130 million in 2013-14, \$136 million in 2014-15, \$136 million in 2015-16 and \$129 million in 2016-17.

Ms CHAPMAN: What was the projected revenue, property sales, for 2012-13? I appreciate that you had a total of \$138 million.

The Hon. A. KOUTSANTONIS: That is the projected sales revenue, I am advised.

Ms CHAPMAN: I understand that was the estimated amount to be recovered this year.

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: Right, that is then: what has actually happened in the last 12 months? When you set the budget what were you expecting to get?

The Hon. A. KOUTSANTONIS: I understand. We will get the actual figure to you later, but I am advised that the figure of \$138 million is 11 months worth of sales. The last month of that is a projected figure because they have not been settled or closed or we are still in the process of doing those.

Ms CHAPMAN: So, as to 31 May it had sold and settled \$94 million in sales?

The Hon. A. KOUTSANTONIS: No, \$138 million, I am advised is the total—11 months of that figure is actual and one month is estimated. Once that is finalised I will get that to the honourable member.

Ms CHAPMAN: What I am asking for, though, is what was projected to be received in this financial year, and I understand you will get that as well?

The Hon. A. KOUTSANTONIS: I am advised that we do not have it here with us, but we will get it to you.

Ms CHAPMAN: And the other then is that \$94 million of that year was from sales and \$44 million from 'other'—what is that?

The Hon. A. KOUTSANTONIS: I will get that for you. I am advised that it is the breakdown of lease payments, rentals and that sort of thing.

Ms CHAPMAN: I will wait for the breakdown of that to be provided. Not only did Renewal SA fail to provide a dividend to government—

The Hon. A. KOUTSANTONIS: Oh!

Ms CHAPMAN: I will come back to some other sigh responses in a moment. They received more money than budgeted in the form of grants, subsidies and CSOs, which of course are the community service obligations, with which I am sure your familiar. At some point during the year did Renewal SA come to you or your predecessor and ask for more money and, if so, what for?

The Hon. A. KOUTSANTONIS: First and foremost, every department asks for more money.

Ms CHAPMAN: This one is supposed to make money for you.

The Hon. A. KOUTSANTONIS: They are all meant to make money, Vickie. I am advised that for 2013-14 the additional funding of money was \$3.8 million for South Australian Housing Trust staff who were transferred, so their budgets were transferred over to Renewal SA. In terms of community service obligations: there was \$10.4 million in 2012-13, \$2.7 million for Tonsley, \$1.8 million for Bowden and \$2.1 million for Port Adelaide. Those figures are final.

Ms CHAPMAN: Was that 2012?

The Hon. A. KOUTSANTONIS: 2012-13. Now, 2013-14 has a total of \$20.65 million: Tonsley \$8.4 million, Bowden \$7.4 million, Port Adelaide \$1.1 million and a transfer of Housing Trust staff of \$3.8 million.

Ms CHAPMAN: I am sorry, I think we are at cross-purposes. That list that you just said then, I think, is the same as you read out before.

The Hon. A. KOUTSANTONIS: Yes, it is the same, but different numbers.

Ms CHAPMAN: That was what was paid out in 2012-13?

The Hon. A. KOUTSANTONIS: Paid out?

Ms CHAPMAN: Yes. During this year we are in now, they have a whole lot more money than they have had in the past, but still have not given you any dividend. I am asking you: what did they come and ask the money for and what did you give?

The Hon. A. KOUTSANTONIS: I have just gone through them. The payments we received in 2012-13 totalling \$10.4 million are broken down into those subcategories I gave you. 2013-14 is \$20.65 million and that is broken down into what I told you earlier: Tonsley \$8.4 million, Bowden \$7.4 million, Port Adelaide \$1.1 million and SA Housing Trust staff \$3.8 million.

Ms CHAPMAN: Can we stop again? The \$3.8 million that you referred to in the 2012-13 year for SA Housing Trust, is that going to be repeated again this year?

The Hon. A. KOUTSANTONIS: Yes, I am advised.

Ms CHAPMAN: To transfer them?

The Hon. A. KOUTSANTONIS: It is a policy structure.

Ms CHAPMAN: So, SA Housing Trust is paying to Renewal SA a fee to do certain duties?

The Hon. A. KOUTSANTONIS: That function that was previously performed in the Housing Trust is now performed in Renewal SA and the Department of Treasury pays a community service obligation of that amount to Renewal SA, I am advised.

Ms CHAPMAN: And that is to do what?

The Hon. A. KOUTSANTONIS: Policy.

Ms CHAPMAN: Policy development or selling houses?

The Hon. A. KOUTSANTONIS: The development of affordable housing obviously—the work done in dealing with not-for-profits and non-government organisations in making available social housing and low-cost housing. The government has a series of projects around the state where we are trying to encourage people and not-for-profits to invest in property development to encourage the use of low-income housing. The department does a lot of work to try to encourage developers to get the pricepoint right for affordable housing. It is often very difficult for developers to get those pricepoints right and that policy work is done within Renewal SA.

Ms CHAPMAN: On the information that you have just given us—\$138 million anticipated income for this financial year from sales revenue and then down to \$130 million, \$136 million, \$136 million, \$129 million, I think were the figures you gave me—this is as good as it gets this year, it seems, in the forward estimates, but the budget papers suggest that sales are going to improve. In fact, there is a great deal of optimism in the commentary on Renewal SA's expected revenue. Obviously that is not translated to the revenue you have just told us about. If the sales are going to improve, why is there not a corresponding proposed increase in revenue?

The Hon. A. KOUTSANTONIS: I am advised that the first figure I gave you of \$138 million included \$44 million for leases. In the subsequent figures that I have given you that does not include leases and rentals. I am advised there is a 20 per cent increase in sales which matches up with the optimism you were talking about.

Ms CHAPMAN: Yes, alright—going to be flush with money! Nevertheless, it seems that the extra moneys are being paid out for the reasons you have said, for specific projects—I assume for their promotion and/or development—and the task of undertaking duties that were formerly in the South Australian Housing Trust. Why were unbudgeted CSO payments received during 2012-13?

The Hon. A. KOUTSANTONIS: I won an argument with Treasury. It happens every now and then.

Ms CHAPMAN: For what?

The Hon. A. KOUTSANTONIS: For the CSO obligation for the South Australian Housing Trust staff.

Ms CHAPMAN: What were they?

The Hon. A. KOUTSANTONIS: That they pay us a community service obligation for the use of our policy work. It happens every now and then that you win an argument with Treasury. They give you one in a thousand every now and then.

Ms CHAPMAN: I am pleased that you got extra money out of Treasury that previous minister Conlon could not get. In any event, you have a new job, and you say that you have negotiated successfully to get extra money out of Treasury.

The Hon. A. KOUTSANTONIS: I think it is appropriate that that work is recognised and dividends paid.

Ms CHAPMAN: Paid for.

The Hon. A. KOUTSANTONIS: Paid through Renewal SA, yes.

Ms CHAPMAN: So how much was it? In addition to the normal amount for community service obligation to act as the agent for the sale of properties, the policy role—

The Hon. A. KOUTSANTONIS: Sorry, can you start again?

Ms CHAPMAN: We knew about this last year because the previous minister told us that they were going to take over the responsibility of managing the sale of certain properties. As an asset base Housing SA, I think, was going to be keeping the role of looking after tenancies and the like and so, of course, there was a community service obligation that would go with the management of the properties. But if you say you negotiated an extra amount for a policy role, how much was that?

The Hon. A. KOUTSANTONIS: No, what I said is that we expect that if a function is performed by a part of government the asset, the revenue stream and the budget allocation follows that function. That was what was finalised by me when I became minister.

Ms CHAPMAN: Yes, but that was \$3.8 million.

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: That was paid in this financial year, before you became minister.

The Hon. A. KOUTSANTONIS: I was minister in February.

Ms CHAPMAN: Yes, but the financial year goes from 1 July each year to 30 June each year, minister, and from 1 February it is five months—excellent.

The Hon. A. KOUTSANTONIS: Thank you.

Ms CHAPMAN: For another seven months someone else was in charge.

The Hon. A. KOUTSANTONIS: Thank you.

Ms CHAPMAN: My question is: when was the \$3.8 million received for the financial year ending 30 June 2013?

The Hon. A. KOUTSANTONIS: I am advised June this year.

Ms CHAPMAN: June this year?

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: So the \$3.8 million for next year will be received in June 2014, or anticipated?

The Hon. A. KOUTSANTONIS: It will be received on a monthly basis I am advised.

Ms CHAPMAN: Excellent. Grants, subsidies and CSOs budgeted to double from an estimated \$10.4 million—

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

Ms CHAPMAN: To \$20.7 million in the 2013-14 year.

The Hon. A. KOUTSANTONIS: We're very good.

Ms CHAPMAN: This is despite the forecast sales increase that you have told us about. Why, therefore, will Renewal SA need more government funding?

The Hon. A. KOUTSANTONIS: I am advised that the CSO payments match the non-commercial investment. As projects roll out CSOs change from year to year; they generally spike up and then drop away. We are probably looking at a spiking-up period as those projects develop. Tonsley, obviously, is starting to heat up. At Bowden today I was lucky enough to turn the first sod at one of our first commercial residential developments—that was quite exciting.

Mr WHETSTONE: You're getting good at that.

The Hon. A. KOUTSANTONIS: I am getting good at that, yes. You will be seeing a lot more of it leading up to March. The advice I have received from the department is that as that ratchets up so will community service obligations payments and they will drop away once those functions are completed.

Ms CHAPMAN: But that is exactly why I am asking the question, minister, because your spike-up—which is to go from about \$94 million this year to \$130 million, \$136 million and \$136 million, and then this drop off to \$129 million—suggests that they will not need the money in this forthcoming year. In fact, apparently they are estimated to have nearly \$40 million extra in this forthcoming financial year. So, why is it necessary to give them so much extra money? You are doubling it from \$10 million to \$20 million plus.

The Hon. A. KOUTSANTONIS: I am advised that the CSO obligations do not necessarily relate to land sales; they relate to infrastructure being rolled out as projects are being developed. Trying to make a correlation between the two will get you into trouble. I suppose the way for me to explain it to you is that, as a project is being rolled out and we are implementing the infrastructure to facilitate the development, that is where the CSO payments roll in, not necessarily at the point of sale.

Ms CHAPMAN: Given that money is pretty tight—we are hearing this all the time; we heard it in the Premier's announcement of this budget, that efficiency dividends are required and the like—why is it necessary for you to progress projects with a community service obligation payment at a time when things are tight and this entity that you are in charge of is expecting to have a massive increase in revenue? It would not need it.

The Hon. A. KOUTSANTONIS: This comes down to the fundamental difference between our two parties.

Ms CHAPMAN: You like to spend money and we like to invest it, you mean?

The Hon. A. KOUTSANTONIS: No. You say that public infrastructure is a false economy, but we say that spending on public infrastructure and building the economy is appropriate and prudent. We do not believe in retreating from the economy. We are going to keep tradies working in South Australia and not having to drive to Melbourne for work. If you see the arguments that are going on in Victoria and New South Wales now, I think people are looking to the South Australian example.

What we are attempting to do is to stimulate the economy while the private sector retreats. People are looking to government to invest, they are looking to government to bring forward investment. We have done it deliberately. It is not an accident; we have planned it. We want to bring forward developments, we want to bring forward the building of new homes and infrastructure. I understand that the opposition wants to put a hold on that with its policy of infrastructure in South Australia, duplication of infrastructure in Australia, because it does not want to see any public development.

I find it interesting that the member can call all this a false economy. Go down and tell that to the workers on Adelaide Oval and at Tonsley, or at Bowden or Port Adelaide—

Ms CHAPMAN: Point of order, Madam Chair. I mean—

The Hon. A. KOUTSANTONIS: You asked a question, and I pointed it out.

The CHAIR: Order!

Ms CHAPMAN: I asked a question about a payment being made, not about infrastructure. We will deal with infrastructure and transport in due course. I am asking about Renewal SA's job, and saying that it is going to have a significant increase. If I hear you correctly, in between all that dialogue, you are saying that you are putting money through this structure to stimulate development.

The Hon. A. KOUTSANTONIS: Yes, and facilitate—

Ms CHAPMAN: And you have outlined the reasons you think that is a good idea in a time of fiscal discipline.

The Hon. A. KOUTSANTONIS: Absolutely. If the government retreated from the economy now we would have high unemployment. This government makes no apology for investing in our economy to keep people working. That is the difference between the two approaches. What is the use of having an economy if people are not getting their benefit from it? When the private sector withdraws, government needs to step up, and that is what this government is doing. That is what we will take to the election.

Ms CHAPMAN: On page 61 it states:

Renewal SA is not expected to pay a distribution in 2012–13 mainly due to lower than forecast sales revenue.

What other factors contributed to Renewal SA not paying a dividend to the government, given low sales revenue was only 'mainly' the reason?

The Hon. A. KOUTSANTONIS: As I said, there has been a change in function. The Land Management Corporation traditionally paid a dividend year in year out to government, apart from a few exceptions I imagine, because its basic function was to hold land. They held land, and as the urban sprawl reached those outreaches they then sold that land. That land was generally pristine, unused, greenfield sites with no contamination. It was very cheap to get ready for development, and they were able to sell it quite quickly.

Adelaide is growing at a rate where we need to begin infill and the sites we are choosing to develop are more complex, and with complexity comes cost. When the cost goes up, you have a smaller dividend paid back to the government. However, the benefits, in terms of the economy, are still great because we are renewing infill sites by going up—high-density living. High-density living requires more workers to build it. With more workers building it, more people are in jobs, you use more concretes and aggregates, you use more glass, you employ more tradies—

Mr Pengilly interjecting:

The Hon. A. KOUTSANTONIS: Sorry?

Mr PENGILLY: Tom the builder.

The Hon. A. KOUTSANTONIS: Thank you; it's the nicest thing you can say about me.

Ms CHAPMAN: These projects were all done by the previous land management corporation, that is, the development of major housing initiatives; there is nothing new about that. I note that you say there has been a change of function, namely, they have taken on some Housing Trust responsibilities, and you have successfully negotiated payment for that; but it should not, therefore, affect its revenue because you successfully secured a reimbursement for that role. What else are they doing, that they were not doing before, that is adversely affecting their capacity to pay a distribution?

The Hon. P. Caica interjecting:

Ms CHAPMAN: Yes; that's right.

The Hon. A. KOUTSANTONIS: Renewal SA's functions, as I explained earlier, are different from land management. Another aspect of that is laying over the top a sense of commercial sensibility. If we are holding commercial sites that are quite valuable, but there has been a downturn in the market, it is prudent, if you are not going to develop those sites for greater capacity infill or investment in jobs and it is just for disposal, to hold them until the market recovers. There are a number of sites that we would have normally sold in normal conditions to return a dividend to the government, but because the price point is not right the government is prudently holding them.

Ms CHAPMAN: Have you bought anymore in this last financial year—

The Hon. A. KOUTSANTONIS: Yes; I'll get to that in a second.

Ms CHAPMAN: —other than the Caroma site settlement?

The Hon. A. KOUTSANTONIS: The other point I want to make is that Renewal SA is spending a lot more money on investing in consultation. Consultation with the community—things like master plans, getting out and talking to people about Renewal. The thing about infill, as

opposed to greenfield sites on the fringes, is that it is a lot more controversial. If you have lived 40 years next to an industrial site that has been relatively quiet, or had relatively stable use, and Renewal turns up and is going to change the use of the site, which is going to create a period of construction, different bulk and size, Renewal's requirement is to consult with that local community. Bowden, for example, has had very active consultation. That takes time, and dividends returned take longer. In terms of purchasing any other sites other than Caroma, I am advised no.

Ms CHAPMAN: No more; okay.

The Hon. A. KOUTSANTONIS: I am advised that Caroma was before 2012-13.

Ms CHAPMAN: Yes; I am not sure that the settlement had occurred last time we were here in estimates—in any event, since the Caroma site. Your predecessor was interested to look at any other sites that he might buy up for the opportunity to—

The Hon. A. KOUTSANTONIS: I am more of a seller than a buyer, myself.

Ms CHAPMAN: Well, I think you just told me that you are not a seller, that it is not a seller's market and that you are holding onto it—

The Hon. A. KOUTSANTONIS: I am not going to do what you did when you sold 333 Collins Street for nothing.

Ms CHAPMAN: Don't blame me for the State Bank. Goodness me, let's not go there.

The Hon. A. KOUTSANTONIS: Well, I was 14, so you can't blame me either.

The CHAIR: Order!

Ms CHAPMAN: As I understand your contribution, minister, you are saying that while the market is not strong in sales opportunities you are spending money to develop these sites in preparation for the good times. Is that what I am hearing? To keep people in jobs and that sort of thing; is that what you are telling me?

The Hon. A. KOUTSANTONIS: The government acts prudently with the management of its land.

Ms CHAPMAN: I am not saying it is imprudent; I am just saying: is that the position?

The Hon. A. KOUTSANTONIS: I try not to interrupt you, member for Bragg.

Mr PENGILLY: You have been doing it all morning.

The Hon. A. KOUTSANTONIS: That is not true. I have nothing but the highest regard for the member for Bragg.

Ms CHAPMAN: Why would you change an 11-year history?

The Hon. A. KOUTSANTONIS: That is not true. I have nothing but the highest regard for you. I think you are one of their brightest and best—

Ms CHAPMAN: In any event, minister, is that a fair assessment; that is, while things are not very sympathetic out there for selling things and getting good revenue, and your predecessor said the same thing last year, your way of dealing with it is to utilise the time to develop the properties you have, prepare the master plans, and get them all ready for when things are going to be good? Is that what I am hearing?

The Hon. A. KOUTSANTONIS: Renewal SA has a board and that board has some of Adelaide's best property developers on it, people like Theo Maras, and I understand there is some very good financial expertise on there as well. We take advice from those leading experts.

Ms CHAPMAN: Having taken that advice, is that generally the position?

The Hon. A. KOUTSANTONIS: We act on a case by case scenario. So, if we are going to get a good return for a site that will return a good dividend to the government we will take it, if it won't we won't,

Ms CHAPMAN: Just while we are dealing with the Riverside proposal, is there a contingency in this forthcoming year, or for the forward estimates, for any aspect of the Lang Walker zone within that precinct?

The Hon. A. KOUTSANTONIS: I am not sure if that is held in my lines. It could be the Minister for Planning. I will check that and get back to you. It could be a contingency from a DPA, for example, I do not know, I would have to check that, but I am not aware—

Ms CHAPMAN: But once it has gone through the planning process, you are back in charge, as I understand it.

The Hon. A. KOUTSANTONIS: My advice is that if Mr Walker's proposal passes the evaluation stage and we commercialise it and it goes into exclusivity, or whatever the process is that we use, it would all be a commercial arrangement.

Ms CHAPMAN: So, there is, therefore, unlikely to be any contingency provision in this budget by the state government?

The Hon. A. KOUTSANTONIS: I will not know until we finish the evaluation of the project.

Ms CHAPMAN: No; but you would know now because the budget has been published.

The Hon. A. KOUTSANTONIS: Yes; and I said to you that I am not sure if there is a contingency for the planning process.

Ms CHAPMAN: So, are you happy to get that?

The Hon. A. KOUTSANTONIS: Of course, I will get back to you.

Ms CHAPMAN: I will note that as on notice. At page 101 the debt level for non-financial corporations is listed. SA Water has a whopping \$3.5 billion, I think. There is \$270 million for 'other', which includes URA (now Renewal SA) and, presumably, others. How much is the current debt level for Renewal SA?

The Hon. A. KOUTSANTONIS: I am advised it is \$426 million.

Ms CHAPMAN: You will see at page 101 'other' there is a \$270 million estimate for this year and for 2013-14 it is \$484.3 million. So, before the end of this financial year we are already up to \$426 million. Is that right?

The Hon. A. KOUTSANTONIS: The current debt to asset ratio is 66 per cent, I am advised. The \$426 million comprises a core debt balance of \$386 million and an overdraft balance of \$40 million.

Ms CHAPMAN: Is that where it is at present, because we are not into the—

The Hon. A. KOUTSANTONIS: You are confusing net and gross debt.

Ms CHAPMAN: So, that is your gross debt. So, my question again is: what is the net debt of that; that is, URA is in there with 'other'?

The Hon. A. KOUTSANTONIS: We will get back to you on our net debt figure.

Ms CHAPMAN: Thank you. Could you get it for the forward estimates there, because it is across the forward estimates?

The Hon. A. KOUTSANTONIS: Sure. I will just make this point, though: our total assets are \$642.5 million with a current debt of \$426 million, which is how we get our current debt-to-asset ratio of 66 per cent.

Ms CHAPMAN: And the \$642 million includes the Housing Trust that you have transferred?

The Hon. A. KOUTSANTONIS: I am advised of the Housing Trust stock that has been transferred, not the entire trust stock held by—

Ms CHAPMAN: No, of what has been transferred.

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: Has Renewal SA entered into any new borrowings in the 2012-13 year and, if so, what were the individual amounts and what were they for?

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

Ms CHAPMAN: Thank you. In relation to the \$3.8 million that is paid to Renewal SA for the work that it does for what was the old function of the South Australian Housing Trust, for which

Treasury pays \$3.8 million a year, what do these staff do and are they organised in any way in relation to the sale of assets?

The Hon. A. KOUTSANTONIS: I will get that function and deliver it to you in the form of a question on notice. Do you want me to refer the same omnibus questions?

Ms CHAPMAN: Yes, thank you. If I might just have one other question on an initiative that you have announced, minister.

The Hon. A. KOUTSANTONIS: Oh, cheeky!

Ms CHAPMAN: This is something positive you have been out there saying about the \$50 million that will be provided for the construction of 175 affordable houses.

Members interjecting:

The Hon. A. KOUTSANTONIS: Sorry, I can't hear over the interjections of the members for Colton and Chaffey.

Members interjecting:

The Hon. A. KOUTSANTONIS: I said Colton and Chaffey. Put your ear horn in and listen.

The CHAIR: Order!

Ms CHAPMAN: Minister, the \$50 million spend for 175 affordable houses under this program, that is an average of about \$286,000 per house. Are these homes going to be built on land already owned by the government or Renewal SA? How much of that money will be spent on internal departmental costs and how much will be spent on actual housing construction? I am happy for you to take that on notice, given the hungry tones of other members of the committee.

The Hon. A. KOUTSANTONIS: I think to get a more accurate answer you should refer that question to the Minister for Housing, but I can probably—

Ms CHAPMAN: I think that is you, is it not? Aren't you Minister for Housing and Urban Development?

The Hon. A. KOUTSANTONIS: I thought you said social housing—Housing Trust.

Ms CHAPMAN: Affordable housing.

The Hon. A. KOUTSANTONIS: Okay. A lot of that will be built on our land, yes, but to get a more thorough and accurate answer I can refer that question to the Minister for Social Housing.

Ms CHAPMAN: If he is not responsible for that, can you provide the detail?

The Hon. A. KOUTSANTONIS: Yes, of course. I will get you a detailed answer.

Ms CHAPMAN: Because I think your department is in charge of it.

The Hon. A. KOUTSANTONIS: We project manage it.

The CHAIR: There being no further questions, I declare the examination completed.

[Sitting suspended from 13:03 to 14:00]

Departmental Advisers:

Mr L. Di Lernia, Acting Chief Executive, Department of Planning, Transport and Infrastructure.

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

Mr K. O'Callaghan, Executive Director, Land Services, Department of Planning, Transport and Infrastructure.

Ms D. Lanzilli, Valuer-General, State Valuation Office.

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

The CHAIR: I again refer members to Agency Statements, Volume 3. Minister, do you wish to make an opening statement?

The Hon. A. KOUTSANTONIS: DPTI has diverse responsibilities in relation to transport systems, services and safety, infrastructure planning, recreational infrastructure and programs and strategic land use in South Australia. We are in the midst of an exciting time for DPTI. We are right in the middle of delivering our vibrant city initiatives that will ultimately lead to more people living, working, socialising and, most importantly, investing in our city. By early December, Adelaide will be ready for our defence of the Ashes and, by the end of March 2014, AFL football will return to a redeveloped world-class stadium. A refurbished Adelaide Railway Station and the new River Torrens pedestrian bridge will complement Adelaide Oval and make it easier for people to access our Riverbank Precinct. Further down the Riverbank Precinct, construction continues on stage 1 of an upgraded Adelaide Convention Centre.

To ensure South Australians can access the Riverbank Precinct via a clean and efficient public transport system, the government is continuing its record public transport investment. Our extensive rail upgrade program is streaming ahead. We are now in the final stages of electrifying the Adelaide to Seaford line. We are also committing to our Tonsley Park transport project which will duplicate significant portions of the Tonsley line and provide a bus interchange for commuters.

To ensure the people of the northern suburbs also enjoy the benefits of electric rail, the state government has committed to the electrification of the Gawler line between Adelaide and Dry Creek depots. I can also inform members of the house today that I have commissioned DPTI to do an investigation into running train services as part of this investment. It is important to note that the rail revitalisation program is not just about electrification. The program delivers upgrades to the rail track, new and upgraded train stations and new state-of-the-art railcars.

Other significant investments in public transport will see the completion of park-and-ride interchanges along the O-Bahn, including the construction of commuter car parking at Klemzig and Tea Tree Plaza interchanges. Construction of park-and-ride interchanges will also occur at Mount Barker and Tonsley to cater for the growing number of commuters in these locations, giving families choice. The Goodwood rail junction upgrade will be completed very soon. This will improve the efficiency of rail freight movements to and from Adelaide and also reduce metropolitan train travel times and traffic waiting times.

The government is also committed to delivering good transport infrastructure. The state government and the commonwealth will continue to work together to deliver the north-south transport corridor between Gawler and Old Noarlunga. For the north, we will see the completion of the South Road Superway in December 2013, delivering a high-standard 4.8 kilometre high speed arterial link from the Port River Expressway through to the South Road and Regency Road intersection. For the south, the duplication of the Southern Expressway will deliver an 18.5 kilometre multilane two-way expressway between Bedford Park and Old Noarlunga.

To the west of our city (God's country), early works will begin later this year to upgrade South Road between Torrens Road and the River Torrens. These works will deliver substantial economic benefits for the movement of people and freight, as it addresses delays caused by Port and Grange roads, the Outer Harbor rail line, and safety along the narrow section between Torrens Road and Port Road. The budget also provides for intersection improvements across metropolitan Adelaide, improving road safety, increasing capacity and reducing traffic delays.

Regional South Australia will be provided with two new replacement ferries, and we will work with local government on a program for funding further ferries. We are also committed to the refurbishment of regional jetties and boat ramps across the state, as well as improved access to the Penneshaw ferry passenger terminal.

It is also important to note the completion of \$80 million of safety improvements on the Dukes Highway as part of the jointly funded Nation Building Program. Also funded through Nation Building is the significant upgrade to the 210 kilometre main access road into the APY lands between the Stuart Highway and Pukatja.

Also importantly on the building management front, DPTI will deliver facilities management services across our state for government agencies to around 3,350 building assets and complete construction of around 70 projects valued at approximately \$750 million. This includes the QEH stage 2 redevelopment and Glenside campus. We are also leading the government's agenda in cycling, ensuring that the provision of key economic and social infrastructure accommodates population growth, and increasing the use of public transport to 10 per cent of metropolitan weekday passenger vehicle kilometres travelled by 2018.

It is clear that DPTI is at the forefront of infrastructure development and efficient traffic management. Funding allocated over the next budgetary period enables DPTI to continue delivering a big build across South Australia. This unprecedented level of investment in major projects and infrastructure over recent years will ensure the continuing improvement in the lives of all South Australians in this wonderful state of ours. I welcome questions from the committee.

The CHAIR: Member for Bragg, do you have an opening statement or are you going straight into questions?

Ms CHAPMAN: No, questions. Firstly, on page 152 of the Agency Statements, Volume 4, there is reference to the actual program cost of minus \$358,639,000. That is an unusual entry, except that we know from last year's estimates that the very significant amount of money from Mr Albanese was paid into the state funds to enable there to be very significant moneys paid in advance for projects. It was the public contention at the time that that was really just designed to fatten up the deficit for that year to try to have a promised surplus, diddling the figures at the federal level, but in any event we were the recipients, along with other states, of a lot of money in advance for projects. That was noted to be the actual amount that we had, which is a minus and which means that we ended up with a big positive amount of money.

But, in fact, when we were here last year, only days before the end of the financial year, the estimated result was to be minus \$401.908 million. So, we are talking about a \$40 million-plus change again within days, as published in this year's report. The explanatory notes last year indicate the obviously advanced commonwealth payments and very significant moneys, which help explain why it was going to be a minus rather than a cost, that is, a positive rather than a cost, but it seems that now we were \$401.908 million and now it is minus \$358.639 million. I am happy for you to take it on notice, but I would like some explanation as to why there was a difference from the previous budget.

The previous budget was published last year. At that stage the budgeted amount for 2011-12 was minus \$121.282 million—you will find that at page 121 of last year's budget. We are now another \$40 million better off for some reason. If I could have some breakdown of why that occurred, I would appreciate it. I am happy for you to take it on notice.

The CHAIR: I think there was a question in there somewhere.

Ms CHAPMAN: He understood it. Do you want me to repeat it for you?

The CHAIR: No, do not repeat it, please. I think it was an opening statement rather than a question.

The Hon. A. KOUTSANTONIS: Just so that we are clear, on page 152, program net cost services summary, 2011-12 actual, there is a number of minus \$358.639 million: are you talking about the difference in that figure from the 2012-13 budget of \$250.709 million, or are you talking about the difference between that number and the \$385.847 million in the estimated 2012-13 results?

Ms CHAPMAN: No.

The Hon. A. KOUTSANTONIS: I can give you a general answer to what we think is your question, or we can take it on notice.

Ms CHAPMAN: I am happy for you to take it on notice because I think there will be some explanation. The figure we are talking about in this year's budget is at page 152—minus \$358.639 million. In last year's budget, on page 121, that figure, days before the end of the financial year, was to be minus \$401.908 million. That means, in effect, that we were going to have more money than what transpired, so this year when you published the budget it is \$40 million less. I understand why it became a positive from a minus because Wayne Swan decided that he was going to give out a whole lot of money to the states early for projects and that is not a hidden thing, that was a very significant feature.

All around Australia, states got a very large amount of money in advance as one of the features which was identified last year as a reason why we have gone from a budgeted amount of minus \$121 million to a budgeted amount of minus \$401 million. This year, when you have actually finished that financial year, the actual is now minus \$358,639 million at page 152, so I would like some explanation for the difference.

The Hon. A. KOUTSANTONIS: I will give you a general answer and we will take it on notice. The general answer is, on advice, that there are variations to commonwealth funding which is, I think, clear and they are in relation to a number of projects. It could be, from advice, the

superway, Adelaide Oval, extension of the centralised Across Government Facilities Management Arrangement (AGFMA)—there are a series of offsets there—and there are other infrastructure projects. So, there is a whole series of numbers in this that can explain that discrepancy or the change in number, but it is generally to do with commonwealth revenues and the way a project is being rolled out. We will get a more detailed answer for you.

Ms CHAPMAN: If it helps, minister, I am happy to go from what was budgeted for that year and what it ultimately ended up being, even though the estimated amount was a bit out as well. There was a budgeted amount of minus \$121 million and it ended up minus \$358 million and if we could have a list of what was increased money coming in—largely commonwealth funds, as you say—set off against certain offsets.

The Hon. A. KOUTSANTONIS: The only disadvantage we have in giving that comparison out is that we do not have the budget papers from last year here.

Ms CHAPMAN: I accept that. Of course, you have now recorded what the actual is and there would be—

The Hon. A. KOUTSANTONIS: Sure, we will take that on notice and give it to you.

Ms CHAPMAN: Thank you for that. In relation to Budget Paper 4, Volume 3, page 160, I am referring now to the developing of the Integrated Transport and Land Use Strategy.

The Hon. A. KOUTSANTONIS: Yes, a good policy.

Ms CHAPMAN: Has the draft transport plan that was developed back in 2003 by the former minister, and still member for Lee, been used to help formulate this strategy?

The Hon. A. KOUTSANTONIS: I thought the member for Taylor was transport minister in 2003?

Ms CHAPMAN: Minister Wright was the author of the draft 2003 transport plan. I have a cobweb-filled copy in my office.

The Hon. A. KOUTSANTONIS: What you are asking me is how is that informing our developments now?

Ms CHAPMAN: Yes.

The Hon. A. KOUTSANTONIS: We are undertaking a new transport strategy now.

Ms CHAPMAN: So, irrelevant then—is that what you are saying?

The Hon. A. KOUTSANTONIS: Times have changed. There has been a record spend on infrastructure and public transport and development across the state. The state is almost unrecognisable from the condition we found it in to the state it is in now. The levels of transport movement and development have changed dramatically, so we will be doing a new plan.

Ms CHAPMAN: The state government is receiving \$2 million from the federal government to complete this study. Is that going to cover all costs or will there be further costs to the state government?

The Hon. A. KOUTSANTONIS: I am happy for you to spend the whole time talking about this, but I do not have the officials here at the desk. We are dealing with land services and building management.

Ms CHAPMAN: I am reading page 160, minister. It says develop an integrated transport and land use management strategy and it is in Program 1, Land use planning.

The Hon. A. KOUTSANTONIS: I am just saying, do you want me to change officers?

Ms CHAPMAN: I thought we were on land use services and building management.

The Hon. A. KOUTSANTONIS: The advice I have received from the department about the transport strategy is that the costs will be used from that \$2 million funding, other than staff costs which will be borne by the department, I am advised.

Ms CHAPMAN: Let's be clear as I may be confusing the minister on this because—

The Hon. A. KOUTSANTONIS: No, I just want to be helpful to you, that is all.

Ms CHAPMAN: There were questions that I was coming to for planning but it may well be different planning so I will just check that we are in the right portfolio.

The Hon. A. KOUTSANTONIS: Sure.

Ms CHAPMAN: I think the minister is correct. In fact, I am referring to the land use planning. So even though it is the transport plan, I am sorry—

The Hon. A. KOUTSANTONIS: That is okay. I just want to have the officers here that you want the answers from.

Ms CHAPMAN: Okay.

The CHAIR: Member for Bragg, it is land services and building management and then Department of Planning, Transport and Infrastructure.

Ms CHAPMAN: I am happy with that. I am sure you would have picked this up, Madam Chair, because you are very astute on these things—

The CHAIR: Absolutely.

Ms CHAPMAN: —that none of the proposed programs now are exactly the same as last year. Unfortunately, because there are a number of different planning areas, it is a little difficult, especially as the program for today sets out the areas but without identifying which subprograms go with which. I apologise if there is any inconvenience to the—

The Hon. A. KOUTSANTONIS: That is okay. We are here to help; we are from the government and we are here to help.

Ms CHAPMAN: So I will ask a question in relation to page 161 going on to page 170. The number of FTEs for this subprogram was supposed to reduce to approximately 60 in the 2012-13 year but, instead, it has an estimated increase of 80. Why?

The Hon. A. KOUTSANTONIS: I am advised that across SA Health, DPTI, through its building management services, has taken on all the trade services people and that accounts for the increase in the FTE numbers.

Ms CHAPMAN: I am sorry, these are from what department?

The Hon. A. KOUTSANTONIS: Tradespeople from Health—plumbers, electricians, etc.

Ms CHAPMAN: Where are they from?

The Hon. A. KOUTSANTONIS: SA Health, on the hospital sites themselves, I am advised.

Ms CHAPMAN: Yes, so hopefully we will see a corresponding reduction on that side. Page 39 of Budget Paper 5, on the Goodwood and Torrens rail junctions upgrade which the minister assures us—

The Hon. A. KOUTSANTONIS: Again, it is not land. Do you want me to get the transport people?

Ms CHAPMAN: No, I am happy to withdraw that.

The Hon. A. KOUTSANTONIS: Sure.

Ms CHAPMAN: Budget Paper 4, Volume 3, page 170, land services building management. What was the estimated total income received in 2012-13 for constructions and project management, and how did this compare to expenditure on this function?

The Hon. A. KOUTSANTONIS: Can you repeat the question, please?

Ms CHAPMAN: What was the estimated total income received in 2012-13 for constructions and project management, and how did this compare to expenditure on this function?

The Hon. A. KOUTSANTONIS: We are still calculating to the end of the financial year. Once we have calculated that we will get back to you.

Ms CHAPMAN: Provide it on notice, thank you. When you provide these services for projects in other agencies do you charge a flat rate like a percentage of the project cost, or do you assess the job and provide a quote?

The Hon. A. KOUTSANTONIS: I am advised that we charge a sliding scale, depending on the size of the project. We charge a percentage of the total cost, so the larger the number the smaller the percentage.

Ms CHAPMAN: What is the range?

The Hon. A. KOUTSANTONIS: I am advised it is 2 to 5 per cent.

Ms CHAPMAN: So 5 per cent for big projects and 2 per cent for smaller projects?

The Hon. A. KOUTSANTONIS: I think it is the other way around.

Ms CHAPMAN: The other way around? So 2 per cent for large projects and 5 per cent for small—

The Hon. A. KOUTSANTONIS: As I said earlier, if the project is large the percentage is smaller and if a project is small the percentage is larger.

Ms CHAPMAN: What is the definition of small and large, for this purpose?

The Hon. A. KOUTSANTONIS: If the project exceeds \$50 million we consider that a large development. The scale can actually go below 2 per cent. I am advised that that is a negotiated outcome with the corresponding department.

Ms CHAPMAN: Which departments, if any, are you charging below 2 per cent?

The Hon. A. KOUTSANTONIS: If you want a list of the departments, I am advised it is more the projects that we target rather than the departments. For example, I am advised that the Convention Centre itself would be independently targeted for a fee of less than 2 per cent, as would The Queen Elizabeth Hospital. It is not so much agency by agency but rather project by project—

Ms CHAPMAN: I understand; it is project by project. So the 5 per cent, is that for under \$10 million? Can you give me an example?

The Hon. A. KOUTSANTONIS: I am advised that we can go down as low as \$150,000 but the project value general rule is \$2 million.

Ms CHAPMAN: Are the agencies required to use your services or can they approach the private sector to perform—

The Hon. A. KOUTSANTONIS: No; we require them to use us.

Ms CHAPMAN: By Treasury Direction?

The Hon. A. KOUTSANTONIS: I am advised it is a cabinet policy.

Ms CHAPMAN: Are there any circumstances where you are able to—

The Hon. A. KOUTSANTONIS: I would imagine it would be a cabinet exemption.

Ms CHAPMAN: Have there been any in the last 12 months? If so, for what projects?

The Hon. A. KOUTSANTONIS: If a department or statutory authority can demonstrate to the department that they have the in-house capabilities to do the work themselves, then we can waive it. There are provisions within the cabinet policy to allow application for waiving, and I am advised that is based on the capability of delivering those projects.

Ms CHAPMAN: Of course. So in the last 12 months have—

The Hon. A. KOUTSANTONIS: I am advised no.

Ms CHAPMAN: So neither cabinet nor your department have waived that. How many staff are employed in your division to perform the project management services, including administrative support for those officers?

The Hon. A. KOUTSANTONIS: It is about 35 to 40 people, I am told.

Ms CHAPMAN: Will you take it on notice to get me an accurate amount?

The Hon. A. KOUTSANTONIS: Sure.

Ms CHAPMAN: Is that yes?

The Hon. A. KOUTSANTONIS: Yes; I said 'sure'.

Ms CHAPMAN: Nodding does not get recorded—

The Hon. A. KOUTSANTONIS: I said 'yes' and 'sure'.

Ms CHAPMAN: Thank you. Page 172 identifies that the average management cost, as a percentage of the total value of construction projects, was 3.3 per cent in 2012-13. I assume, from previous evidence, that suggests that is some average. How does this rate compare to the private sector?

The Hon. A. KOUTSANTONIS: I think the comparisons could be unfair. Private commercial benchmarking is very difficult to get, because obviously a lot of these deals, through project management and the private sector, are commercial in confidence and they do not release that publicly. We do benchmark against the private sector, but we offer a very different service in many cases. I think the differentiation in that service is not something that the private sector can provide. However, as I said, there are exemptions, and I am sure that if a minister or a department can demonstrate a better commercial outcome for the taxpayer by using the private sector, we would look at it.

Ms CHAPMAN: I thought your contribution to the committee, minister, was that they are obliged to use your services.

The Hon. A. KOUTSANTONIS: Yes; and I also told you that there are exceptions. We are not the type of government that will not listen to common sense.

Ms CHAPMAN: Sure; but at this stage is it commercially comparative—is it your understanding—that an over \$50 million project for about 2 per cent, or sometimes a bit less, across to a less than \$2 million project management at 5 per cent is the commercial norm? Is that your understanding?

The Hon. A. KOUTSANTONIS: No; I said to you in my previous answer that you cannot compare the two services because we offer a different service.

Ms CHAPMAN: What do you offer?

The Hon. A. KOUTSANTONIS: We are a government agency and we have a different risk approach.

Ms CHAPMAN: You may have, but what I am asking you is: what is different for the project management for your building management as distinct from what the private sector could offer?

The Hon. A. KOUTSANTONIS: As a government we offer targeted risk assessment, and that targeted risk assessment is a different service than that offered by the private sector. I cannot be any clearer on that.

Ms CHAPMAN: What targeted risk assessment do you offer that the private sector does not in property management?

The Hon. A. KOUTSANTONIS: We manage the services provided to government by the private sector. So what you are asking me is: do we engage the private sector to manage the private sector on a government build, or government procurement, or government investment? The answer that is: to protect the taxpayer we get a government department to do that because we do risk management and we do that better than the private sector could. It is a capability that we have that the private sector has not developed as well as government.

DPTI do it exceptionally well. The Auditor-General is generally happy with the way we do these processes. Unless there is some overwhelming case for change, or there is some commercial aspect, or some capability requirement that we do not have, we would look at the private sector; but when you are managing the private sector in government it is best to have a government agency oversee that risk.

Ms CHAPMAN: But, you see, you are managing projects and constructions for other departments as one of your important roles, and your government policy—and I am not criticising it—is that your department should do that. All I am asking you is: is what you charge to do it comparable to the private sector to do the same? If you say to me, 'There is something extra that we provide because we are more expensive, but we can provide X,' I am happy to hear it; but if it is simply to have a targeted risk assessment—whatever that is—I would like some explanation about what extra service you provide that the private sector is either unwilling or unable to provide.

The Hon. A. KOUTSANTONIS: There are two points to that. The advice that I have received is that basically what you are asking is: is it comparable with the private sector? The answer is yes. Is the service the same? No.

Ms CHAPMAN: No; and what is different?

The Hon. A. KOUTSANTONIS: We manage risk in a different way.

Ms CHAPMAN: How is that?

The Hon. A. KOUTSANTONIS: I am not sure how this relates to the budget, but I suppose what you are asking is: can we get the capability up in the private sector to manage the implementation of public sector spends by private companies in the public sector? The policy the government has taken is that we prefer government to do that, and we prefer DPTI to do that because they have built up a capability over a long period of time and they do it exceptionally well and it is consistent across government.

Hiring individual private operators from the market to implement projects across government can, I suppose, bring up diversity, and that diversity can incur problems in the implementation; so we are not having a consistent rollout and management of risk across government. It is better to have one agency overseeing all that management across the agencies so you have a consistent rollout. If you enter government and you want to change that policy, by all means.

Departmental Advisers:

Mr L. Di Lernia, Acting Chief Executive, Department of Planning, Transport and Infrastructure.

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

Ms E. Thomas, Deputy Chief Executive, Public Transport, Department of Planning, Transport and Infrastructure.

Mr L. Rossi, Executive Director, Strategic Public Transport, Department of Planning, Transport and Infrastructure.

Mr D. Hogben, Director, Road Policy and Planning, Department of Planning, Transport and Infrastructure.

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

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

Mr M. Delgado, Director, Strategic Projects, Department of Planning, Transport and Infrastructure.

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

Ms CHAPMAN: Budget Paper 5, page 39, Glenside Campus Redevelopment—Land acquisition. This land acquisition was originally supposed to form part of the land transaction that involved the oval area at the Glenside campus being sold to the Chapley Group. Has that transaction now fallen over and are you acquiring the land separately?

The Hon. A. KOUTSANTONIS: That is a Land Services question. Can I get my officers back?

Ms CHAPMAN: If you would like.

The Hon. A. KOUTSANTONIS: Okay. They have just left.

Ms CHAPMAN: Take it on notice? Budget Paper 5 is the Capital Investment Statement.

The Hon. A. KOUTSANTONIS: No; we will wait. We had them here. You could have asked it when they were here.

Ms CHAPMAN: Minister, can we just clarify this? You are the one who has identified that you wanted to have a Department of Planning, Transport and Infrastructure and you are the one whose officers confirmed that it should be your programs 2.1 to 2.4. I am happy to have a schedule which identifies each of the programs as per the budget or as per your list, but they do not match.

The Hon. A. KOUTSANTONIS: I do not want to get into a—

Ms CHAPMAN: I am happy for you to take it on notice.

The Hon. A. KOUTSANTONIS: Sure. I do not want to get into a to and fro with you, but we had Land Services here. It is clear that they are the ones who deal with purchasing, the acquisition of properties.

Ms CHAPMAN: It is not clear.

The Hon. A. KOUTSANTONIS: They have left and now you have gone back to it. I am happy to answer all of these questions if I have the officials here. They were just here, but you did not ask it. You asked me questions about other things. So, we will wait to get them back now.

Ms CHAPMAN: Budget Paper 5, which is the Capital Investment Statement for all portfolios. At page 39 this is listed as a project of your government, of your department. You can have the planning people here if you wish, but Mr Milazzo, who is a senior member in the department, is sitting to your left and I think you will find, given the briefings we have had from him, that in fact this is a capital project of which I am sure he is absolutely proficient. I am simply asking you—

The Hon. A. KOUTSANTONIS: I am trying to get you the answer.

Ms CHAPMAN: Good.

The Hon. A. KOUTSANTONIS: We are on the same page, Vickie. I just want to help you.

Ms CHAPMAN: I am glad we are not waiting for somebody else to come running through the door.

The Hon. A. KOUTSANTONIS: If you had asked it 30 seconds earlier. We will take that question on notice.

Ms CHAPMAN: Thank you; excellent idea. I refer to Budget Paper 3, page 22, in relation to the \$100 million provided from the Motor Accident Commission for road projects, and I quote:

The remaining funds will be held in an account to be allocated against future initiatives following advice from an advisory group of government and community representatives on projects to be funded from this provision.

Has the advisory group been formed and, if so, who is on it?

The Hon. A. KOUTSANTONIS: I would imagine that they are matters for the Treasurer and the Minister for Road Safety.

Ms CHAPMAN: So you have not had any contribution as the Minister for Transport?

The Hon. A. KOUTSANTONIS: The Motor Accident Commission is a matter that falls within the portfolio of the Treasurer. He would be the one who is dealing with it, not me.

Ms CHAPMAN: The Motor Accident Commission, as I understand it, is under minister O'Brien's responsibility.

The Hon. A. KOUTSANTONIS: As the Minister for Finance, yes, so it is DTF.

Ms CHAPMAN: We will be asking him some questions, but I am asking you, as the Minister for Transport, who, of course, has responsibility for a number of projects.

The Hon. A. KOUTSANTONIS: I just gave you my answer.

Ms CHAPMAN: Are you aware or have you been consulted in any way in respect of who should be a member of this committee?

The Hon. A. KOUTSANTONIS: They are questions for the Treasurer and the Minister for Finance/Minister for Road Safety.

Ms CHAPMAN: I am happy to ask him as to who might be appointed, but I am asking you whether you have been consulted.

The Hon. A. KOUTSANTONIS: The informal advice we have received is that the chief executive, Mr Hook, has been consulted as head of the department, but he answers to a number of ministers under different portfolio areas. So those questions are better referred to the Treasurer or the Minister for Road Safety.

Ms CHAPMAN: So is Mr Hook on it?

The Hon. A. KOUTSANTONIS: He expects to be but we have not been advised formally. Again, these are matters for the Treasurer.

Ms CHAPMAN: Will the money that is to be held in the fund be controlled by you or by the Treasurer?

The Hon. A. KOUTSANTONIS: I have just been advised that the only involvement that I have in this as Minister for Transport is the determination of the road projects through our internal systems, and I am advised that that is done by the department. I have nothing else to do with the Motor Accident Commission.

Ms CHAPMAN: Do you know when the agreement was reached with the Motor Accident Commission?

The Hon. A. KOUTSANTONIS: It was some time before the budget.

Ms CHAPMAN: Do you have any idea what month?

The Hon. A. KOUTSANTONIS: Some months before the budget.

Ms CHAPMAN: Do you even know, or were you not told?

The Hon. A. KOUTSANTONIS: First and foremost, I am not here to discuss budget deliberations with you: I am here to discuss budget outcomes with you. The Motor Accident Commission is not within my portfolio brief. I am sorry about that. You need to refer these questions to the Treasurer.

Ms CHAPMAN: I am happy to ask the Treasurer. At this stage you are on the outside so, if you are still on the outside, that is fine. Let us go to the projects then. Of the projects that will receive the \$52 million announced so far this year—and you have referred to them and the Treasurer has referred to them in his speech—of the first part of the \$100 million, have any of these projects been applied for under the Black Spot Program and, if so, when?

The Hon. A. KOUTSANTONIS: The Black Spot road funding is administered by the Minister for Road Safety, not the Minister for Transport, and I refer you to him. If you want to talk about the projects, the government identified road safety projects totalling \$52.4 million to be provided from the Motor Accident Commission fund. The first project will be a \$3.2 million upgrade to the Britannia roundabout. The Britannia roundabout is the location of more crashes than any other intersection in metropolitan Adelaide and the redesign of the current five-leg roundabout, splitting into a northern roundabout connecting with Wakefield Street and a southern roundabout connecting with Kensington Road.

There is \$7.7 million for Sudholz and North East Road intersection at Gilles Plains. This intersection is one of the worst in South Australia for casualties. Right turns from North East Road will be removed and right turns on the Sudholz Road approaches are to be fully controlled. The existing right turn onto North East Road to Sudholz Road will be diverted to Blacks Road, with vehicles permitted to turn right onto Sudholz Road using a new signalised T-junction.

There is \$4 million for the Magill and Glynburn Road intersection at Magill. Improvements include installation of a separate right-turn lane on Magill Road and a separate right-turn lane on Glynburn Road into Magill Road, a short left-turn lane and corner island from Magill Road to Glynburn Road with new traffic signals and upgraded lighting. We are also spending \$2.5 million for the Golden Grove and Grenfell Road intersections at Surrey Downs. A new traffic signal scheme has been developed for the intersection to improve the safety of turning left from Grenfell Road east and reducing weaving across to turn right at Grenfell Road west.

There is a \$21 million (\$11.1 million in the forward estimates) state contribution to the \$106 million upgrade of the main access road to the APY lands. This is a project that will build up, shape and compact a granular pavement to provide a safer road, reduce crashes and, of course, give access to people in and out of the lands to get services, obviously law and order in and, of course, allow exploration companies to get access to very important prospective areas.

Ms CHAPMAN: Nickel, I think.

The Hon. A. KOUTSANTONIS: Nickel, rare earth, could be oil and gas, lots of coal seams, some copper, hopefully lots of uranium—it is all blue sky. There is a \$12.5 million state contribution to improve traffic flows on the South Eastern Freeway. The project will extend advanced traffic management systems to Mount Barker and improve the Crafers to Stirling section of the freeway by enabling the use of shoulders at peak traffic periods. There is also \$1.5 million for some cameras.

Ms CHAPMAN: Sorry, was that the total \$100 million, or was that the first 52 as announced in the budget?

The Hon. A. KOUTSANTONIS: I am advised that that was the first \$52.4 million.

Ms CHAPMAN: Right. So that is what the Premier said the other day, so we have had that repeated, thank you.

The Hon. A. KOUTSANTONIS: You are welcome.

Ms CHAPMAN: Were any of those projects already agreed to be cofunded with the federal government?

The Hon. A. KOUTSANTONIS: I am advised that the only projects were the ones that I just spoke to you about—the APY lands project, \$106 million.

Ms CHAPMAN: \$106 million. When did you agree with them to do that?

The Hon. A. KOUTSANTONIS: In the state budget. I will also point out—

Ms CHAPMAN: Sorry, when did you agree—

The Hon. A. KOUTSANTONIS: The government announced its contribution at the state budget.

Ms CHAPMAN: I know when the government announced the state's contribution. My question is: when did you agree with the commonwealth government to cofund that project?

The Hon. A. KOUTSANTONIS: I want to amend my statement. The South Eastern Freeway is a co-contribution with the commonwealth as well. So, our contribution is \$4.5 million and the commonwealth's contribution is also \$4.5 million.

Ms CHAPMAN: So, for each of those—and you can take it on notice—if you could come back to me with when you agreed with the commonwealth to cofund those projects.

The Hon. A. KOUTSANTONIS: I am advised that the way in which this operates is that the commonwealth announces its budget and they announce what they are seeking matching funds for, and we do our budget and we either agree or disagree.

Ms CHAPMAN: Yes, that is when you make the statement to the public about what commitment your government is going to make.

The Hon. A. KOUTSANTONIS: No, that is when we make a statement to the parliament.

Ms CHAPMAN: Indeed, to the parliament; to the public of South Australia. When did your department agree with a commonwealth department to cofund those two projects?

The Hon. A. KOUTSANTONIS: All these negotiations are subject to budget approval.

Ms CHAPMAN: They may be. I am not—

The Hon. A. KOUTSANTONIS: I know you are not being difficult. I am saying that the process is that our deliberations are our own. What is public and what we are debating here are those outcomes, not the deliberations.

Ms CHAPMAN: I am not asking for deliberations. I am asking for the time of agreement, when your departments agreed with the federal departments to cofund those two projects.

The Hon. A. KOUTSANTONIS: We made our own deliberations and our own budget deliberations. Obviously, our budget is after the commonwealth budget. We look at their budget and make our decisions accordingly.

Ms CHAPMAN: So you say the decision for these two projects was made—

The Hon. A. KOUTSANTONIS: I am deliberately not saying when, you may have noticed.

Ms CHAPMAN: —after the federal budget?

The Hon. A. KOUTSANTONIS: Whenever you are dealing across jurisdictions, whether it is negotiating a national electricity framework as a lead legislator, an interconnection or a budget allocation or signing an MOU, these are negotiations. No minister, before a budget deliberation is completed, can tell another minister in another jurisdiction they can guarantee the funding. What happened, in reality, is minister Albanese and myself would have had discussions at a departmental level. There would have been things that we would have canvassed for and against and then we await their budget outcomes. We find out their budget outcomes and then make our decisions accordingly.

Ms CHAPMAN: Budget Paper 5, page 39, the Goodwood and Torrens rail junctions upgrade, in particular, the Goodwood one. The Goodwood and Torrens rail junctions project is listed as not available. Will the minister indicate in what year the government plans to complete the Leader Street level crossing?

The Hon. A. KOUTSANTONIS: Leader Street, I am advised, is not part of this program.

Ms CHAPMAN: You do not have any date of proposed commencement of that?

The Hon. A. KOUTSANTONIS: I am advised that the timing of the further funding is yet to be determined. The commonwealth government provided \$232.1 million in 2015-16 as its 50 per cent contribution to the Torrens and Goodwood junctions project. We committed \$110 million in 2012-13 for the first stages of the project focused in the Goodwood area. So, while Leader Street, I am advised, is part of the project, we have not set a date for the underpass or the timing of the further funding.

Ms CHAPMAN: Last year, you were going to proceed with Goodwood and the question of Leader Street was going to be into the next stage, the Torrens section. That is why I am asking. At this stage you have not allocated any provision in the rest of the money to do the Leader Street aspect?

The Hon. A. KOUTSANTONIS: No.

Ms CHAPMAN: What year does the government plan to start work on the Torrens junction section of the project?

The Hon. A. KOUTSANTONIS: I am advised that is still to be determined.

Ms CHAPMAN: Is the time frame for the Torrens section of this project impacted by the government's reviewing of the electrification program for the Outer Harbor rail line?

The Hon. A. KOUTSANTONIS: I am advised no.

Ms CHAPMAN: Have you received any advice at this point on the electrification of the Outer Harbor rail line?

The Hon. A. KOUTSANTONIS: As part of the budget process, not that I am aware of, but I will check and get back to you. To the best of my knowledge, in terms of whether I have been notified—can you expand on the electrification question? The project has been deferred by previous budgets and a previous decision, so I have not been advised by the department that they want to bring it on any time soon, and there is no provision for it.

Ms CHAPMAN: On Britannia, is that project funded from the existing contingencies, because at page 78 it suggests that it is, and the next line says from the \$100 million from MAC—Budget Paper 6, page 78.

The Hon. A. KOUTSANTONIS: Let us be clear about this. On page 78 I believe you are quoting from 'Britannia roundabout Budget implications', which states:

This initiative provides for the upgrade of the Britannia roundabout to improve road safety and traffic flow.

The intersection has the highest recorded number of casualties...

The estimated cost of \$3.2 million is held in contingency.

This project is funded from the \$100 million provided by the Motor Accident Commission for road safety initiatives.

Is that it?

Ms CHAPMAN: Yes, so which one is it? Is it held in contingency or is it from the Motor Accident Commission or does one replace the other?

The Hon. A. KOUTSANTONIS: I am advised that it is held in contingency as part of the \$100 million Motor Accident Commission fund.

Ms CHAPMAN: So why are not each of the other projects being funded by the Motor Accident Commission referred to in the same way?

The Hon. A. KOUTSANTONIS: I am advised that DPTI proposed this project as a road safety initiative and showed it to me when I visited the Traffic Management Centre in April—I went there on a visit. I have to say that I was very impressed at the time and I arranged for the same presentation to be made to cabinet. This happened in May. It was then agreed by cabinet that the

project should be funded, if possible, and a contingency was set aside. Funding has now been confirmed, as announced by the Premier on 4 June.

The reality is that this is a great example of the Public Service at its very best. Young engineers, young traffic management specialists—and old ones—felt passionate about their solution to the Britannia roundabout, so they were very keen to showcase to me their solution. It is fair to say that I had heard about it in theory and, once I was shown the traffic flows and the engineering outcomes, the costs, time of construction—and I have to say that I think I asked some tough questions of the engineers about priorities, and to a person they all thought it was a very high priority—I then arranged for cabinet to be briefed and the project was included late in the budget.

Ms CHAPMAN: Trish White thought it was very impressive, too.

The Hon. A. KOUTSANTONIS: So did your constituents.

Ms CHAPMAN: Indeed—11 years later, I thank you, minister.

The Hon. A. KOUTSANTONIS: And minister White's proposal was very different from this one.

Ms CHAPMAN: Indeed—better, actually, probably. What is the cost of removing and replacing the second roundabout every year for the Clipsal 500?

The Hon. A. KOUTSANTONIS: That is a question for the minister responsible for the Motor Sport Board. That will be part of the Clipsal budget every year. I can get that for you and give it to the house.

Ms CHAPMAN: So your department would not be indicating to the Motor Sport Board what it will be cost them to do it each year and therefore sending them a bill?

The Hon. A. KOUTSANTONIS: All traffic augmentation for the races are taken up by the Motor Sport Board, I am advised.

Ms CHAPMAN: They may have to pay for it, minister, but does not your department have to approve what is, what is necessary to be done and what has to be done to replace?

The Hon. A. KOUTSANTONIS: They do it every year.

Ms CHAPMAN: Indeed, so how much is it going to cost?

The Hon. A. KOUTSANTONIS: As I said, I will get back to you.

Ms CHAPMAN: On Seaford rail, page 168, Budget Paper 4, Volume 3, has your department been advised of any problems in the construction of the rail bridge at Seaford and, in particular, any kind of problem resulting in the trains having to travel at a reduced speed across the bridge and, if so, what are you doing about it?

The Hon. A. KOUTSANTONIS: There is no cost to the taxpayer. Before services even commence, obviously, the bridge goes through a commissioning stage and that commissioning stage has found some things to be remedied. As part of the contract the contractor is completing them, remedying the problems and delivering it to the government in an acceptable state. This is the first I have heard of any deficiency.

Ms CHAPMAN: What was the problem?

The Hon. A. KOUTSANTONIS: It was a manufacturing issue with the expansion joints.

Ms CHAPMAN: And you say there was no cost incurred by the taxpayer; that it will be absorbed by the contractor?

The Hon. A. KOUTSANTONIS: That is how I have been advised.

Ms CHAPMAN: And there will be no reduction of speed required on the bridge?

The Hon. A. KOUTSANTONIS: I am advised no.

Ms CHAPMAN: In relation to the electrification to Seaford—under the target section on the following page the electrification of the line from Adelaide to Seaford is listed. How long will the testing commissioning phase take and how does this fit with interstate and overseas practice?

The Hon. A. KOUTSANTONIS: I will preface my answer before I receive advice by saying this is the first time we are running electric train services in this state, so we want to get it right.

Ms CHAPMAN: Good.

The Hon. A. KOUTSANTONIS: There is a lot of learning for us and capability we need to build up, so it will take time. It is a staggered process, so we are bringing sections of lines online; taking months to complete them. There is a schedule setting it out and I am happy to provide that schedule to the committee. There will be obviously a rollout of the entire electrification of the line. That process is started by a safety awareness campaign, which we launched last week, to let children know that the lines should be considered live.

Given that we do not have a history in this state of knowing that lines above tramlines are electrified and live and can be quite dangerous, we have to increase awareness. You cannot throw things over them or climb on trees and try to jump onto them or touch them. A commissioning process will be rolled out month by month along sections of the roads, commencing in July and finishing by December.

Ms CHAPMAN: The July to December staged commissioning process is one which you say is consistent with interstate and overseas practice?

The Hon. A. KOUTSANTONIS: I did not say that.

Ms CHAPMAN: That is the second part of my question.

The Hon. A. KOUTSANTONIS: I think it is consistent with South Australian expertise.

Ms CHAPMAN: I thought you just said it was the first time you are doing it?

The Hon. A. KOUTSANTONIS: That is right; that is why I said South Australian. There has been some expertise brought in from New Zealand and Western Australia who have experience in these lines and we have contractors who have rolled this out before as well.

Ms CHAPMAN: But you are satisfied?

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: You are saying you want to get it right, that the time frame for commissioning is within interstate—

The Hon. A. KOUTSANTONIS: I have to say that this department does an excellent job and if South Australians could see the hard work and commitment that they put in to providing a safe public transport system for them, delivering world's best practice, they would be very proud of them, and I think you should be too.

Ms CHAPMAN: So, I take it, that is a yes?

The Hon. A. KOUTSANTONIS: Absolutely.

Ms CHAPMAN: Excellent, thank you.

Membership:

Ms Sanderson substituted for Mr Pengilly.

The CHAIR: I point out that we are now supposed to be on Transport Planning Services. Do you need to change advisers, minister?

The Hon. A. KOUTSANTONIS: No, we are fine, thank you.

Ms CHAPMAN: Budget Paper 6, page 78, the courts precinct. Minister, how many people or companies responded to the market testing process for this precinct?

The Hon. A. KOUTSANTONIS: Sorry, which precinct?

Ms CHAPMAN: Courts, page 78.

The Hon. A. KOUTSANTONIS: I will have to take that on notice. My Land Services people left.

Ms CHAPMAN: Thank you. School crossings, Budget Paper 6, page 80: where will the 10 mid-block safety cameras be located?

The Hon. A. KOUTSANTONIS: That is a question for the Minister for Road Safety, and I refer you to him.

Ms CHAPMAN: For road safety—I think this is your project, minister.

The Hon. A. KOUTSANTONIS: No, I think you will find the subheading says 'Road safety—mid-block safety cameras'.

Ms CHAPMAN: I am sure that is the purpose of it, but it is in your division.

The Hon. A. KOUTSANTONIS: My advice is that it is for the Minister for Road Safety.

Ms CHAPMAN: So you do not attend to the planning for it? I know you have had announcements.

The Hon. A. KOUTSANTONIS: The Minister for Road Safety does.

Ms CHAPMAN: Okay. In relation to the Gawler electrification, page 75 of Budget Paper 6, investing initiatives with revenue offsets. The Dry Creek proposal is here under the Adelaide to Dry Creek rail depot electrification. Does the funding agreement with the commonwealth for \$76 million for the electrification of Adelaide's Dry Creek Station to the Gawler rail line include a commitment to complete the electrification of the Gawler line and, if so, is a date specified?

The Hon. A. KOUTSANTONIS: I am advised that there is no date specified.

Ms CHAPMAN: But you have specified in the funding agreement that you will complete it?

The Hon. A. KOUTSANTONIS: I would love to complete it tomorrow but the funding is not available.

Ms CHAPMAN: Have you made a commitment in the funding agreement for the Dry Creek money to complete the Adelaide to Gawler line?

The Hon. A. KOUTSANTONIS: I am advised that there is no funding agreement yet. It has not been formalised.

Ms CHAPMAN: Is it your understanding that a condition of receiving the money for the Adelaide to Dry Creek proposal, which you have announced in this budget, requires that you make a commitment to the completion of the Adelaide to Gawler line?

The Hon. A. KOUTSANTONIS: The advice I have received is that ultimately, yes, but there has been no completion date set. We are going to stage this process. It is a very expensive piece of infrastructure to roll out. We want to be in a position to be able to roll it out. I would have liked to roll it out; we did not want to cancel the project to start with.

Ms CHAPMAN: I understand you have not set a date—

The Hon. A. KOUTSANTONIS: That is what I said, yes.

Ms CHAPMAN: So there is a commitment; you have to make a commitment to finish it but you do not have to specify the date. Is that the position?

The Hon. A. KOUTSANTONIS: Yes.

Ms CHAPMAN: When was the funding agreement signed with the commonwealth for its contribution to the project, and when did you return the money that it had previously paid but that you had not spent?

The Hon. A. KOUTSANTONIS: I am advised that we signed a funding agreement for that money in 2009.

Ms CHAPMAN: Yes, and—

The Hon. A. KOUTSANTONIS: And it was signed.

Ms CHAPMAN: When did you return the money that had previously been paid to you that was not spent?

The Hon. A. KOUTSANTONIS: I am advised that we returned it this financial year, and—

Ms CHAPMAN: I know that, because members of your department have told us that they were going to be returning it. My question is: could you be a little more specific?

The Hon. A. KOUTSANTONIS: April this year we returned \$31 million. We are now in negotiation for that money to be transferred back.

Ms CHAPMAN: Have you got any of it back yet, under the further negotiations?

The Hon. A. KOUTSANTONIS: No, but we will.

Ms CHAPMAN: I think it is \$25-odd million that is coming across to you to resume part of your other projects this year. Is that not being used from that money?

The Hon. A. KOUTSANTONIS: Are you talking about \$25 million from a different line?

Ms CHAPMAN: Yes.

The Hon. A. KOUTSANTONIS: I will take that on notice and get back to you.

Ms CHAPMAN: I think Mr Albanese has publicly stated that he is expecting you will get the money back because you have now recommitted to the project, and you are getting back something like \$25 million in this financial year. You have told the committee that it is an expensive project. What is the total estimated cost to electrify the line the whole way from Adelaide to Gawler?

The Hon. A. KOUTSANTONIS: I will take that on notice.

Ms CHAPMAN: Have you been advised of it, even if you have momentarily forgotten what it is?

The Hon. A. KOUTSANTONIS: I will check.

Ms CHAPMAN: I asked you this question a few weeks ago in the parliament, and you were going to find out.

The Hon. A. KOUTSANTONIS: It is not my job to do your costings for your election campaign. I will go back and see if I have been advised of the costings, if I have been advised or if I have not been advised. If I have been advised I will make them available to the committee.

Ms CHAPMAN: So at this stage you will take that on notice. I am a little concerned, minister, that you would assert to this committee that there is some other spurious purpose than the purpose of asking questions of this committee. That is rather insulting to you, Madam Chair. We are quite legitimately here to ask questions about the budget. However, in any event I will note your generous indication that you will take on notice what the total estimated cost is.

The Hon. A. KOUTSANTONIS: I understand that there were estimates of the initial program. Regarding gearing it up again and getting it back to Gawler, I am not aware of an assessment but I will take it on notice to check and get back to you.

Ms CHAPMAN: But having made a commitment to actually continue the project, even if on a staged basis—

The Hon. A. KOUTSANTONIS: I am focused on Dry Creek.

Ms CHAPMAN: —to the federal government, and having made a commitment with the federal government to progress the \$152 million Dry Creek part of that, it would not be unreasonable, even to progress that, that you actually have a total budget.

The Hon. A. KOUTSANTONIS: I think the point you are making is a political one. Let us be clear about this: the government is committed to electrifying to Gawler. Thus far I have heard no commitment from the opposition. We are going to do our very best to get electrified trains to Dry Creek and then to Gawler as quickly as we can.

It is less than a year to the election and we still have no transport policy from the opposition. Let us have a debate about the northern suburbs. We have our funding models out there. We want to get as close as we can. Let us do it.

Ms CHAPMAN: Madam Chair, he is off in his own little fantasy world here, but we are asking—

The Hon. A. KOUTSANTONIS: Yes, I know. You giving a policy is a fantasy, I know, but I live in hope.

Ms CHAPMAN: I am asking legitimately—

The CHAIR: Order! Do not talk over the top of each other, please.

The Hon. A. KOUTSANTONIS: We live in hope.

The CHAIR: The minister can answer the question as he chooses; he is making a point there. I would ask the minister to finish as soon as he can.

The Hon. A. KOUTSANTONIS: I have.

The CHAIR: You have? Thank you. Do you have another question, member for Bragg?

Ms CHAPMAN: I do. I thank the minister for indicating that he will take on notice the total cost of the Adelaide to Gawler project—

The Hon. A. KOUTSANTONIS: It is not what I said to you, but anyway.

Ms CHAPMAN: I'm sorry?

The Hon. A. KOUTSANTONIS: It is not what I said to you. You should listen to what I say to you. I said to you I would check if I had been advised of a new cost, and if I have been advised of a new cost I will make that available to the committee. I am not going to go away and do your costings for you—do your own costings.

Ms CHAPMAN: Well, minister, you are spending hundreds of millions of dollars of taxpayers' money. I am simply asking you a question—

The Hon. A. KOUTSANTONIS: Sure.

Ms CHAPMAN: —about what the estimate of the total cost of the project is—

The Hon. A. KOUTSANTONIS: And I am saying to you—

Ms CHAPMAN: —and you are saying that you want to make an inquiry about whether you have been advised. I am asking you whether you will advise the committee of what the total cost is, which you have indicated that you have made—

The Hon. A. KOUTSANTONIS: There is no budget provision to go to Gawler, if you are asking me a hypothetical question. Unless you want me to do your costings for you, because they have been so atrociously bad in the past—

Ms CHAPMAN: I am asking you for the purposes of—

The Hon. A. KOUTSANTONIS: —I am not going to do that for you.

Ms CHAPMAN: —announcing a project of \$152 million—

The Hon. A. KOUTSANTONIS: I am sorry, member for Bragg; I am not going to do your costings—

Ms CHAPMAN: —which your own government confirms—

The CHAIR: Order! I think we will move onto the next question.

The Hon. A. KOUTSANTONIS: Thank you.

The CHAIR: I think both members have made their point.

Ms CHAPMAN: Of the project you have committed to, the balance of which you claim you have not abandoned but which you are going to do in due course—as repeated by the government—can you give us a breakdown of what the \$152 million is going to be spent on?

The Hon. A. KOUTSANTONIS: Sure; I will take that on notice to get back to you.

Ms CHAPMAN: What is the total money spent so far on the Adelaide to Gawler electrification project?

The Hon. A. KOUTSANTONIS: I apologise to the member for Bragg. We do not have a complete breakdown here because it is such a detailed work. There has been resleepering, the masts, tree removal—there have been all sorts of things done—so I will get you a complete breakdown thus far.

Ms CHAPMAN: Thank you. I do acknowledge that there has been other resleepering and other improvement work done separate to the electrification.

The Hon. A. KOUTSANTONIS: I would personally think that the whole thing is symbiotic; you cannot electrify before you resleeper. I think it is fair to count them all as part of the same cost.

Ms CHAPMAN: That may be so, minister, but because you actually completed the resleepering and improvement process, that would have an amount spent on it. I am asking you how much has been spent on the electrification so far.

The Hon. A. KOUTSANTONIS: Sure.

Ms CHAPMAN: Last year at the budget process the abandonment of the immediate progressing of the Adelaide to Gawler project was apparently going to save some \$315 million from the forward estimates on the basis that it had progressed. At this stage, I just want to know how much has been spent on the electrification itself. I refer to Budget Paper 5, page 40: rail revitalisation. What projects or programs have been identified to be cut to provide the \$50.8 million rail revitalisation offset provision in 2013-14?

The Hon. A. KOUTSANTONIS: I am advised there will be no cuts, but I will get a more detailed answer to you.

Ms CHAPMAN: If there are no cuts, what does the \$50.8 million offset refer to?

The Hon. A. KOUTSANTONIS: That is the part of the detailed answer I am going to get for you.

Ms CHAPMAN: Any idea what it relates to?

The Hon. A. KOUTSANTONIS: I am advised it is a contingency.

Ms CHAPMAN: I do not doubt that, but it is for rail revitalisation. Do I assume from that that something is not being progressed—I am referring to a cut—which enables that to be an offset?

The Hon. A. KOUTSANTONIS: I will take it on notice and get you a detailed answer. That is the best way to get you the most accurate answer.

Ms CHAPMAN: Back to the Dry Creek proposal. What electrification works still need to be undertaken at the Dry Creek Rail Depot, given the budget for the depot was increased mid-construction to 'include additional funds to enable works to be undertaken to ensure the new depot can accommodate future changes to rolling stock and the rail network'?

The Hon. A. KOUTSANTONIS: I am advised that some of the work that has been done at the Dry Creek depot is: footings for the masts, electrification of the yard—sorry; I am advised that we have modified the depot to accommodate it, so obviously the ancillary works that go with it: the masts, the wires, the transformers.

Ms CHAPMAN: My question is: what still needs to be undertaken, given that this is supposed to have already taken place?

The Hon. A. KOUTSANTONIS: So, you say we have budgeted for these in the past and we completed it, so why are we spending more money—

Ms CHAPMAN: No; the budget was already increased—

The Hon. A. KOUTSANTONIS: I understand.

Ms CHAPMAN: —mid-construction to do all of those things, according to this quotation. So, what I am asking is: having announced that something else had to be budgeted for, you have extended the budget, it is supposed to have been done, what else now is there that we have to do?

The Hon. A. KOUTSANTONIS: The masts, the wires and the transformers. The footings were done previously—I understand it is very expensive work—and the depot was adjusted to accommodate electrification. Now we are rolling out electrification. It is not simply a process, I would imagine, of putting up poles and wires. You have to put footings in place. You have to build accommodation that can deal with electrification. It is quite a complex process.

Ms CHAPMAN: What extra cost was allocated in this budget to do the extra work that was not previously budgeted for, even in the extension of the budget to do those other things?

The Hon. A. KOUTSANTONIS: I imagine, and I will get you a detailed answer, but I imagine the previous budget dealt with increasing the footings to cope with electrification and any augmentation needed of the depot to deal with electrification. The current budget deals with actually rolling out electrification: poles, wires, transformers.

Ms CHAPMAN: I understand that bit, but you said—

The Hon. A. KOUTSANTONIS: No; I do not think you do.

Ms CHAPMAN: So, is there no provision for the poles and wires and transformers, which are—

The Hon. A. KOUTSANTONIS: Previously.

Ms CHAPMAN: —on the track? The current—

The Hon. A. KOUTSANTONIS: Do you mean the depot or the track?

Ms CHAPMAN: The depot. In this year's budget you have a project, which will cost \$152 million, to go from Adelaide to Dry Creek. We understand there has already been other work done north of that, etc., but mid-construction the Dry Creek Rail Depot had extra money spent on it, according to this statement, including additional funds to enable work to be undertaken to ensure the new depot can accommodate future changes to rolling stock and rail network. I am really trying to identify what extra has to be done that had not been previously budgeted for. That is what you are going to take on notice?

The Hon. A. KOUTSANTONIS: No, I do not need to take it on notice. I have told you and I will tell you again: masts, wires, transformers—that is the extra work that needs to be done.

Ms CHAPMAN: Okay; so why was that not accommodated in either the initial budget or the amended budget?

The Hon. A. KOUTSANTONIS: I am advised that it was suspended when electrification was suspended.

Ms CHAPMAN: I see. So of the \$152 million, how much is to be spent on that aspect?

The Hon. A. KOUTSANTONIS: We will get a detailed answer to you.

Ms CHAPMAN: Thank you. Until the section of track from Adelaide to Dry Creek is electrified, will electric rail cars need to be towed from Adelaide to Dry Creek to be serviced or repaired?

The Hon. A. KOUTSANTONIS: I am advised that, yes, they will have to be towed by diesel trains.

Ms CHAPMAN: When do you expect the Dry Creek depot to be operational?

The Hon. A. KOUTSANTONIS: I am advised cautiously that once electrification of the southern line is complete we will be able to use electric trains to Dry Creek.

Ms CHAPMAN: When do you expect the southern line to be complete?

The Hon. A. KOUTSANTONIS: By February.

Ms CHAPMAN: 2014?

The Hon. A. KOUTSANTONIS: 2014, just in time for the football.

Ms CHAPMAN: The election.

The Hon. A. KOUTSANTONIS: Yes, and the election; I didn't think of that. We are expecting that we will be able to use electrification hopefully to Dry Creek at that point later that year, but we will get a more detailed answer to you.

Ms CHAPMAN: I refer to the Tonsley line, completed track upgrades, at page 169. Has the entire Tonsley line been upgraded with concrete sleepers?

The Hon. A. KOUTSANTONIS: I am advised that, no, it has not but it will be.

Ms CHAPMAN: When?

The Hon. A. KOUTSANTONIS: As part of this program, beginning—I will get back to you with some details on that soon.

Ms CHAPMAN: I would appreciate a date. When you say, 'as part of this program', do you mean the Tonsley upgrade; it will be complete?

The Hon. A. KOUTSANTONIS: The entire project?

Ms CHAPMAN: I am asking you.

The Hon. A. KOUTSANTONIS: Yes, I know, but are you talking about the concrete sleepers or are you talking about the—

Ms CHAPMAN: Yes, the concrete sleepers.

The Hon. A. KOUTSANTONIS: Okay. I will get back to you with a detailed answer.

Ms CHAPMAN: In relation to the rail electrification program generally—and I am happy for you to take this on notice—what is the total amount spent on the upgrade and the electrification of the metropolitan transport, that is the passenger rail lines, since 2008?

The Hon. A. KOUTSANTONIS: I will get you a detailed answer.

Ms CHAPMAN: Thank you. I refer to Budget Paper 3, page 21, which states:

The government had specific provisions for the Nation Building 2 program in the budget (both revenue from the commonwealth government and the state matching share) based on an estimate of the state's share of the program.

What was the projected revenue from the commonwealth and how does that compare with what has now been promised?

The Hon. A. KOUTSANTONIS: What page was it, Vickie?

Ms CHAPMAN: Page 21, Budget Paper 3. It is at about point 6 of that page.

The CHAIR: Member for Bragg, when the minister has answered this question, can you read in your omnibus questions?

The Hon. A. KOUTSANTONIS: Are you asking whether or not the Nation Building 2 projects announced in the budget are fifty-fifty projections between the state and commonwealth, or are you asking what did we project to receive from Nation Building 2 and what did we get?

Ms CHAPMAN: What did you estimate that you were going to get and what did you get? I know it is fifty-fifty.

The Hon. A. KOUTSANTONIS: I do not have the commonwealth budget here with me but I will get it for you and find out.

Ms CHAPMAN: I am asking what your budget recorded as what you expected to get, and what you got.

The Hon. A. KOUTSANTONIS: I will find out from the commonwealth budget.

The CHAIR: Member for Bragg, in view of the time, you will need to read in your omnibus questions so that we can go on to the next section.

Ms CHAPMAN: I thought the minister indicated at the beginning that he had received notice of what they were so I have not brought them in from the other committee room.

The CHAIR: We need to read them into the record.

Ms CHAPMAN: I think they were read to the minister this morning under a different section. They relate to all of the portfolios to which he is responsible.

The CHAIR: It appears it might be alright. The member for Waite read in a large number.

The Hon. A. KOUTSANTONIS: I am not generally a big man, Madam Chair, but this time I will be. I accept the omnibus questions from the member for Waite as the same omnibus questions you would ask us here, despite you being ill prepared and poorly advised.

Ms CHAPMAN: Madam Chair, can I just clarify this because the omnibus questions that have been asked of the minister, as I understand it—and I do not have my copy of it in front me—

The Hon. A. KOUTSANTONIS: Come on, Vickie, I'm just teasing you.

Ms CHAPMAN: —actually relate to all portfolios for which he is responsible—

The Hon. A. KOUTSANTONIS: No, they don't.

Ms CHAPMAN: I hope he remembers what they are!

The Hon. A. KOUTSANTONIS: Okay then, no, read them out.

Ms CHAPMAN: If they are not, then I will have to fall on my sword, but I think I am right in that regard. I look forward to receiving his answers.

The Hon. A. KOUTSANTONIS: Okay; I was being generous, now I am not.

The CHAIR: Thank you. We will take that as the case. The timetable indicates that that is the end of that section, and we will now call on the Minister for Transport Services.

Witness:

Hon. C.C. Fox, Minister for Transport Services, Minister Assisting the Minister for the Arts.

Departmental Advisers:

Mr B. Fragoulis, Executive Director, Public Transport Services, Department of Planning, Transport and Infrastructure.

Ms E. Thomas, Deputy Chief Executive, Public Transport Services, Department of Planning, Transport and Infrastructure.

Mr T. Crackett, Executive Director, Business Services, Department of Planning, Transport and Infrastructure.

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

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

Mr L. Rossi, Executive Director, Department of Planning, Transport and Infrastructure.

Ms J. Holmes, Registrar of Motor Vehicles, Department of Planning, Transport and Infrastructure.

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

The CHAIR: I point out that we are continuing with the Minister for Transport and Infrastructure portfolio and the Department of Planning, Transport and Infrastructure and administered items for the Department of Planning, Transport and Infrastructure. Minister, as you are a new minister in here, I would like you to know that there is no need to stand to ask or answer questions. There will be a flexible approach to the call. Supplementary questions will be the exception rather than the rule and questions must be based on lines of expenditure. All answers to questions taken on notice must be submitted to the committee secretary no later than Friday 27 September 2013.

The timetable I think that is agreed to is between 3.30 and 4pm and it is Public Transport Services. Minister, I invite you, if you wish, to make an opening statement, a short one. If not, we will go into questions.

The Hon. C.C. FOX: Public transport is a subject close to the hearts of many South Australians and one upon which the state government places great importance. All South Australians want Adelaide to be a vibrant, exciting place to live and an efficient public transport system is key to this aim. We want to build communities that are well connected and have public spaces and where there is a mix of transport options. It is an exciting time for public transport in South Australia as the state government continues its significant upgrades to deliver a modern, accessible and efficient public transport system that all South Australians can be proud of.

I would like to take this opportunity to touch on just a few of our achievements in public transport, all of which are aimed at making the commuter experience a more positive one. In 2012, we officially launched the new Metrocard ticketing system to replace the Crouzet ticketing system that had been in operation since 1987. Earlier this month, our new Metrocard recorded over 22 million validations. That number continues to increase every single day as customers make the change. Metrocard now equates to over 77 per cent of weekday validations on our public transport network, with weekend validations not far behind. The uptake has been excellent. The feedback from customers is that Metrocard has made commuters' journeys much more convenient, with fast 'tap and go' boarding and preloading credit on their cards rather than having to continually repurchase multitrips.

In the interests of brevity, I can say that we are very happy with the way Metrocard is going. The bus shelter replacement program is also excellent. Eighty-six per cent of our buses in Adelaide now are fully disability compliant. Some 12 years ago, I think it was 20 per cent. One of the most successful things we have managed to do in the past year has been implement the priority bus lanes.

As members may be aware, on 12 May this year I announced changes to the bus network to further improve services in the north-south corridor, which form part of this year's state budget measures, and the government has spared no effort in seeking to further improve services and deliver high service levels that government and the community expects. As minister Koutsantonis has previously discussed, works continue on the Goodwood junction upgrade and the electrification of the Seaford line as we prepare for the arrival of our first new electric rail cars.

Ms CHAPMAN: Budget Paper 4, Volume 3, page 179, under public transport services: does the refurbishment of the O-Bahn interchanges at Klemzig and Paradise, listed on page 179, include any upgrade of tracks that need to occur?

The Hon. C.C. FOX: I will pass to Ms Emma Thomas for that answer.

Ms THOMAS: No, they do not.

Ms CHAPMAN: Is any track realignment occurring at the moment or does it need to occur to resolve an issue of buses currently having to travel slowly along the O-Bahn?

The Hon. C.C. FOX: I will pass to Emma Thomas for that answer.

Ms THOMAS: We have a small maintenance issue on the O-Bahn at the moment that is being addressed by our Transport Services Division. It is not a safety issue for alignment, it is just a comfort, rideability issue that will be tackled over the next four months, I believe.

Ms CHAPMAN: So what is the problem and what is the cost of repairing that?

Ms THOMAS: I do not know; I would have to take that on notice.

Ms CHAPMAN: On both questions you do not know what the problem is?

Ms THOMAS: On both questions, I do not know what the problem is. I know the track itself is causing some rideability issues and the Transport Services Division has to provide me with that information.

Ms CHAPMAN: Is there any provision in the budget for that to be remedied over the next four months?

Ms THOMAS: I believe they have budget set aside for their normal O-Bahn maintenance provisions.

Ms CHAPMAN: So to the best of your knowledge, whatever is the amount, you do not understand it to be so significant that you have to apply for a further funding allocation outside of the contingency maintenance provisions?

Ms THOMAS: That is what I understand. We will confirm the whole thing.

Ms CHAPMAN: Your expectations will be remedied in the next four months?

Ms THOMAS: That is what I understand.

Ms CHAPMAN: Minister, in respect of page 178 of public transport services, what is the expected carbon tax impact on the provision of public transport in South Australia in each year over the forward estimates?

The Hon. C.C. FOX: I will take that question on notice. You have asked a similar question in the house previously, and I do not think that the answer to that would be any different. Obviously the change in the carbon price that was flagged last week, or at the beginning of this week, may have some impact, but I will get that answer back to you. I believe, without any disrespect at all, that I may have answered that question for you previously.

Ms CHAPMAN: Well, I think to paraphrase your answer previously last year—

The Hon. C.C. FOX: No, member for Bragg, I do not think you should ever paraphrase my answers.

Ms CHAPMAN: Well, let me put this to you, minister: if in fact you have not answered the question at all as to what will be the cost, other than to indicate that do you think it would have an impact on fare prices—

The Hon. C.C. FOX: Member for Bragg, I have said two things to you: first, I said that I will bring back an answer to you. I do not believe that the body of that answer will be greatly changed since the last time you asked it in the house. I do acknowledge that there is flagged to be a change

in that price. It is, of course, a federal matter, the changing of that price, and I will bring back an answer to you.

Ms CHAPMAN: To the best of your knowledge, minister, has your department and/or Treasury advised your department of what the estimated extra cost will be to your department's services?

The Hon. C.C. FOX: I will bring an answer back to you.

Ms CHAPMAN: Have you ever seen any figures on carbon tax costs?

The Hon. C.C. FOX: Member for Bragg, could you just point out to me precisely which line it is you are referring to on page 178?

Ms CHAPMAN: Yes.

The Hon. C.C. FOX: Exactly which line?

Ms CHAPMAN: Page 178—

The Hon. C.C. FOX: Yes, I can read 178.

Ms CHAPMAN: —which outlines the expenses.

The Hon. C.C. FOX: Under expenses?

Ms CHAPMAN: Yes.

The Hon. C.C. FOX: Yes, I see expenses.

Ms CHAPMAN: Is there any provision in that budget for carbon tax costs at all in the 2013-14 year?

The Hon. C.C. FOX: Are we looking at the same page? Employee benefit expenses, supplies and services, depreciation and amortisation expenses, grants and subsidies, intragovernment transfers, other expenses—is that what you are discussing?

Ms CHAPMAN: Correct.

The Hon. C.C. FOX: Could you perhaps rephrase your question?

Ms CHAPMAN: No, I had a very simple question. That is your total expenditure for the program provision for services for public transport. Is there any provision in that budget for an anticipated cost of carbon tax to public transport services in either this forthcoming year or the forward estimates?

The Hon. C.C. FOX: The answer is exactly what I said to you before, member for Bragg, it is not going to change. I will go away and I will get an answer and I will come back to you.

Ms CHAPMAN: I am seeking it for each of the years over the forward estimates.

The Hon. C.C. FOX: Okay.

Ms CHAPMAN: Will electric trains be more expensive under the carbon tax than the existing diesel trains?

The Hon. C.C. FOX: Sorry? Will electric trains be more expensive than diesel trains?

Ms CHAPMAN: Than the existing diesel trains.

The Hon. C.C. FOX: Do you mean in terms of building them or in terms of running them?

Ms CHAPMAN: In the carbon tax that will apply to them.

The Hon. C.C. FOX: Member for Bragg.

Ms CHAPMAN: I am asking a simple question.

The Hon. C.C. FOX: Are you not trying to wind me up here?

Ms CHAPMAN: No, I am just asking a question.

The Hon. C.C. FOX: Oh, okay.

Ms CHAPMAN: If you do not know, if you do not have a clue, tell us so, but I am just asking a simple question.

The Hon. C.C. FOX: I have forgotten you did this. Okay, I will get the answer back to you.

Ms CHAPMAN: Good, okay. Budget Paper 6, page 83. This, of course, relates to the north-south bus improvement program. Do you have it there? This is under Budget Paper 6, page 83. My question is: is the \$8 million a year change to the north-south bus area the same as you announced in April this year?

The Hon. C.C. FOX: I will hand over to Mr Bill Fragoulis for an answer upon that question, thanks.

Mr FRAGOULIS: That number has not changed. It is exactly as the minister announced.

Ms CHAPMAN: In April this year?

Mr FRAGOULIS: In April this year.

Ms CHAPMAN: For the same services?

Mr FRAGOULIS: 12 May.

Ms CHAPMAN: Minister, the announcement that you made—and I am now referring to your press release on 24 April 2013—stated:

The government will invest an additional \$2 million per year to improve the north-south corridor which will include an additional 16 buses.

Do you agree that the statement in the budget identifies \$2 million for the first year and then \$8 million-plus for the years following?

The Hon. C.C. FOX: Thank you, member for Bragg. I will pass you to Ms Thomas.

Ms THOMAS: The initial improvements made to the north-south corridor involved a \$2 million transfer of routes. Eight routes out of the 80 routes of the north-south corridor between Transfield Services and Torrens, so that was the initial phase of improvements. Within that same press conference—and I was present at that as well—we talked about the need to further assess the remainder of the 72-odd routes that form part of the north-south corridor and so the \$2 million was the immediate remedy that was happening in May, and the follow-on for that budget line is the remainder of the review of the north-south region as a whole.

Ms CHAPMAN: So, minister, when you indicated, as Ms Thomas points out, that there was \$2 million for that year, why then did you make a statement in your press release that the cost would be at \$2 million per year?

The Hon. C.C. FOX: Sorry, could you just ask me that question again?

Ms CHAPMAN: Given Ms Thomas's answer to the committee at a press conference you attended in April this year—

The Hon. C.C. FOX: May.

Ms CHAPMAN: —you indicated that there would be a \$2 million cost for that year and that there would be a further review done for other costs of services. My question is: given that answer, why did you issue a public statement claiming that the cost of this recommitment to this area was \$2 million a year?

The Hon. C.C. FOX: That sum referred to was the ongoing cost of those eight services.

Ms CHAPMAN: And we now know that the ongoing cost of those services in the forward estimates is over \$8 million a year.

The Hon. C.C. FOX: No. I think—sorry.

Ms CHAPMAN: Well, you are the minister.

The Hon. C.C. FOX: The cost is—as I said at the time—\$2 million and it remains \$2 million at this time for those particular eight routes. As I understand it, the rest of the moneys to which you are referring are not actually moneys that have been spent. These are contingency moneys that are there. You seem to be implying that somehow I said we were going to spend X amount and in fact we are going to spend Y amount. That is just not the case.

Ms CHAPMAN: Okay, so what is the contingency for? What is the \$6.5 million a year in the forward estimates every year for?

The Hon. C.C. FOX: I will pass across to Ms Thomas as there is quite an extensive list.

Ms THOMAS: Yes. We are currently conducting a review of the remaining routes in the north-south region for their timetable running and for the congestion that exists in those routes. There are roughly 80 routes in the whole region so there is another 72. We need to look at all of those routes and perform some more detailed analysis on the number of buses that we have running and the very complicated interlining on the routes. Bill Fragoulis can probably talk more to that network planning if you require it.

We need to do quite a detailed analysis of those routes and understand where the congestion points are happening, what has happened over time, building up, and if we really want to improve the on-time running of that region then it is likely that we will have to make further increases.

If you think that eight routes, which is about 10 per cent of the total region, has cost us \$2 million to remedy, we need to understand what we need to do with all those routes. We are trialling some things at the moment. We are looking at the GPS data that we have from those buses and making the assessment as to whether we need to have additional leased buses. Are they running in the correct areas, and how do we do that to the best effectiveness of having a good service in that particular region?

Ms CHAPMAN: So the \$2 million a year, minister, per year is for the eight routes to be improved; extra money to be paid to the bus contractor—correct?

The Hon. C.C. FOX: Sorry?

Ms CHAPMAN: Is the \$2 million a year for the eight routes the payment that is being made to the bus contractor?

The Hon. C.C. FOX: The payment that is made represents the price of their services. So Torrens Transit has a certain price attached to its services and we pay them their costs.

Ms CHAPMAN: Yes, I understand that, and I will come back to it in a moment. Is the extra \$2 million a year to pay Torrens Transit to provide the services for the eight routes only?

The Hon. C.C. FOX: I am advised that it is the 'over and above' of the contract and it includes the cost of leasing those buses—16 more buses.

Ms CHAPMAN: I agree, minister; I just read that to you. My question is: that being the extra money, it is just confined to them providing that service for the eight routes; is that correct?

The Hon. C.C. FOX: I am just going to pass you over to Mr Terry Crackett.

Mr CRACKETT: The \$2 million that is included there is the additional cost. It specifically relates to those routes that were transferred over. It covers additional bus lease costs as well as the service kilometres that the provider, Torrens, was to incur for those particular routes.

Ms CHAPMAN: Okay; that is good. That is what I understood the press statement to say. Now we are being told that we need to allocate about \$8.5 million in the forward estimates to improve this north-south service, and extra routes are under consideration. Minister, when did you first become aware that the extra costs in the forward estimates were going to be another \$6.5 million a year?

The Hon. C.C. FOX: The cost that I discussed in April/May was a cost relating to the cost of changing these particular routes. They were designated as being the worst performing, they were designated as being the ones where we had the worst commuter feedback. So those parts of the contract area were taken away from one contractor and given to another. It was eight routes, and they went from Transfield to Torrens Transit. The cost of doing that, in total, has been \$2 million.

Ms CHAPMAN: I understand all that.

The Hon. C.C. FOX: Then why ask me foolish questions?

Ms CHAPMAN: I am asking about the next \$6.5 million. If you look at the budget paper—

The Hon. C.C. FOX: Sorry, can I just clarify this? You do understand what the \$2 million is for?

Ms CHAPMAN: Indeed.

The Hon. C.C. FOX: Good, I am glad we have settled that.

Ms CHAPMAN: It is confined to eight routes. Two of your officers have actually confirmed that.

The Hon. C.C. FOX: We are just making sure that—

Ms CHAPMAN: What the budget says though, in the forward estimates, is that to actually upgrade this service overall I think another 72 routes have to be improved. Ms Thomas has explained to the committee, quite succinctly and clearly, that that has been under review. What is identified in the budget is a forward estimate of the cost of the total upgrade of that service, and it is an extra \$6.5 million approximately in each of the forward estimates. I think her explanation, that she reviewed that and that that has been identified, is an important one, because my question to you, minister, is: when did you first become aware that actually upgrading this service was going to cost another \$6.5 million a year?

The Hon. C.C. FOX: In terms of the timing, you are asking exactly when I became aware?

Ms CHAPMAN: Yes.

The Hon. C.C. FOX: I am just having an anecdotal conversation here with members of the department, so I will go away and get a specific date. I will bring that answer back to you.

Ms CHAPMAN: Can you recall being advised about it before the budget was published?

The Hon. P. CAICA: Could you drill it down to the very hour?

The Hon. C.C. FOX: The very hour? Well, with emails these days I probably can. I will get someone onto that as soon as possible.

Ms CHAPMAN: Did you know about it before the budget was published?

The Hon. C.C. FOX: As I just said to you, I do not have a recollection of that date. That is something I am very happy to bring back to you. We can let you know tomorrow morning, so I am not going to make up answers around that.

Ms CHAPMAN: You are satisfied that now that this money is provided for in the budget—

The Hon. C.C. FOX: Which money?

Ms CHAPMAN: The extra \$6.5 million a year over and above the \$2 million you told us about in April.

The Hon. C.C. FOX: The money that has not been spent? The contingency money?

Ms CHAPMAN: Budgeted; you say it is contingency, but it is actually in the budget as a proposed expense.

The Hon. C.C. FOX: It is a contingency. That is what responsible accounting is; it is completely standard practice.

Ms CHAPMAN: Well, minister, you would know that in your department—

The Hon. C.C. FOX: Are you implying that that is not the case?

Ms CHAPMAN: —you do have some contingency budget—

The Hon. C.C. FOX: Are you saying that that is unorthodox—

Ms CHAPMAN: Indeed—

The Hon. C.C. FOX: —that to have contingency funding is unorthodox?

Ms CHAPMAN: If you were to suggest that \$6.5 million a year allocated as a contingency—

The Hon. C.C. FOX: I do not know; I am not an accountant. Is it unorthodox?

Ms CHAPMAN: Minister?

The CHAIR: One at a time please.

The Hon. C.C. FOX: I am just checking something in relation to your many unusual statements. No, it is quite normal to have contingency funding in budgets—

Ms CHAPMAN: Absolutely—

The Hon. C.C. FOX: —this gentlemen said so.

Ms CHAPMAN: —but in the budget measures it does not say that that \$8 million plus a year is for a contingency. It says that it is for the purposes of the north-south service. It is not as a contingency; it actually says it is there for that service. Ms Thomas has explained that she has gone off and reviewed a number of other routes that need to be considered, and there is going to be a cost associated with it, so it is put in the budget. That is pretty normal, we accept that. I think we are at the stage where you are indicating that you will go off and check when you were first told about that.

The Hon. C.C. FOX: You wish to know precisely where that was, and I will find out for you.

Ms CHAPMAN: That would be excellent. When you do, if you could come back with an explanation—having found out about it, particularly if that is before the budget was published, as I assume you read it in the budget—why you have not told the South Australian public in a ministerial statement, a press release, or a question to the parliament, as to that extra cost that is now going to be incurred to improve the service.

The Hon. C.C. FOX: I find that quite mischievous, member for Bragg, and let me tell you why I find that quite mischievous. Your implication there is that I have gone out of my way to hide something—

Ms CHAPMAN: No; I am just simply asking you—

The Hon. C.C. FOX: No, no, no. I hear your—

Ms CHAPMAN: —when did you know about it—

The Hon. C.C. FOX: I hear your language—

Ms CHAPMAN: —and give us some explanation as to why—

The Hon. C.C. FOX: I hear your language—

Ms CHAPMAN: —you did not tell the public of South Australia—

The Hon. C.C. FOX: I hear your language. I hear your language and I hear your innuendo; it is boring, it is predictable. As I said to you previously, I will get the answer back to you.

Ms CHAPMAN: I will look forward to receiving your answer, minister.

The Hon. C.C. FOX: I know you will.

Ms CHAPMAN: On the public transport fines (on page 178) there was a recent media report that fines issued for noncompliance with ticketing on public transport had jumped this year. How many fines were issued this year compared to last year, and how many fines have actually been paid?

The Hon. C.C. FOX: Thank you, member for Bragg. I will have to take that question on notice.

Ms CHAPMAN: Thank you. Again on page 178, what is the total estimated payment to private operators for Adelaide metropolitan services in 2012-13 and what is the estimate for 2013-14?

The Hon. C.C. FOX: Mr Crackett.

Mr CRACKETT: We are talking about the metropolitan bus contracts, are we, here?

Ms CHAPMAN: Adelaide Metro services, yes.

Mr CRACKETT: The total estimated payment for 2012-13 is \$178,207,000. The total amount for 2013-14 is \$188,077,000.

Ms CHAPMAN: Thank you. I refer to page 179. The performance indicators show there has been an improvement on last year. Accordingly, my question is: why are you not aiming for a further improvement in 2013-14, or is 82 per cent as good as it is going to get for a bus running on time?

The Hon. C.C. FOX: Thank you, member for Bragg. I will pass you to Mr Fragoulis.

Mr FRAGOULIS: Eighty-five per cent is considered world's best practice, and that is coming out from UITP, and that is cities like Oslo where they have full bus priority measures. I think 82 per cent, which we have put, is actually a stretch target for us, and we are getting quite close to

it. I believe that when we get there, with today's infrastructure, we are doing quite well. With all the unpredictability of traffic, unlike rail, we are doing quite well.

Ms CHAPMAN: Why has the government stopped publishing quarterly bus performance data on the Adelaide Metro website?

The Hon. C.C. FOX: I think you will find that we have not. I will ask Ms Thomas to respond in detail.

Ms THOMAS: I must apologise on behalf of the department for the last quarter. We have not released that last quarter yet because we had been focusing on May's performance changes. We have not yet advised the minister of that performance data, so we are running behind, but our intent is to continue to publish that quarterly data.

Ms CHAPMAN: So, when do you expect the 31 March quarter to go on the website?

Ms THOMAS: As soon as we have completed briefing the minister. I have only just sent her a note yesterday. So, it is the department's fault, in that instance, as to why that data has not been put up yet.

The CHAIR: Member for Bragg, you have one more question and then you need to do your omnibus questions for this section.

Mr WHETSTONE: I will read the omnibus questions:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2012-13 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 2012-13, please provide the number of public servants that are (1) tenured and (2) on contract, and for each category provide a breakdown of the number of (1) executives and (2) non-executives?

3. In financial year 2012-13 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2013-14?

4. Between 30 June 2012 and 30 June 2013, 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?

5. For each year of the forward estimates, provide the name and the budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2012-13 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 grants and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

6. For each department or agency reporting to the minister, what is the budget for targeted voluntary separation packages for financial years 2013-14, 2014-15, 2015-16 and 2016-17?

7. What is the title and total employment cost of each individual staff member in the minister's office as at 31 May 2013 including all departmental employees seconded to ministerial offices and ministerial liaison officers?

The CHAIR: Thank you, members. There being no further questions, I declare the examination of the proposed payments for the Department of Planning, Transport and Infrastructure and administered items for the Department of Planning, Transport and Infrastructure adjourned to committee A.

At 16:07 the committee adjourned until Friday 28 June 2013 at 10:30.