

**HOUSE OF ASSEMBLY**  
**Wednesday, 24 July 2019**  
**ESTIMATES COMMITTEE B**

**Chair:**

Mr S.J. Duluk

**Members:**

Hon. L.W.K. Bignell  
Hon. S. C. Mullighan  
Mr F.J. Ellis  
Dr R.M. Harvey  
Mr P. N. McBride  
Ms A. Michaels

*The committee met at 09:00*

*Estimates Vote*

**DEPARTMENT OF TREASURY AND FINANCE, \$141,310,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,**  
**\$2,058,173,000**

**Minister:**

Hon. R.I. Lucas, Treasurer.

**Departmental Advisers:**

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

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

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

Mr E. Brooks, Executive Director, Industrial Relations and Policy, Department of Treasury and Finance.

Mr B. Gay, Executive Director, Commercial and Economics, Department of Treasury and Finance.

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

Mr G. Raymond, Director, Revenue and Intergovernment Relations, Department of Treasury and Finance.

**The CHAIR:** Good morning. The estimates committee is a relatively informal procedure and, as such, there is no need to stand to ask questions. I understand that the minister and the lead speaker for the opposition have agreed to an approximate time for the consideration of proposed payments, which will facilitate a change of departmental advisers. Can the minister and the lead

speaker for the opposition confirm that the timetable for today's proceedings previously distributed is accurate.

**The Hon. R.I. LUCAS:** Yes, sir.

**The CHAIR:** Changes to committee membership will be notified as they occur. Members should ensure that the Chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the Clerk Assistant via the answers to questions mailbox no later than Friday 5 September 2019.

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

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

There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length.

All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. The committee's examination will be broadcast in the same manner as sittings of the house are broadcast, that is, through the IPTV system within Parliament House via the webstream link to the internet and the Parliament of South Australia video-on-demand broadcast system.

I will now proceed to open the following lines of examination: the Department of Treasury and Finance and administered items of the Department of Treasury and Finance. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 4. I call on the Treasurer to make a statement, if he wishes, and to please introduce his advisers.

**The Hon. R.I. LUCAS:** Thank you, Mr Chairman. With me at the table is the Chief Executive, Mr Reynolds; the Deputy Chief Executive, Mr Hocking; and the Executive Director, Budget and Performance, Ms Pribanic. In the interests of getting as many questions in as possible, I do not propose to make an opening statement, Mr Chairman.

**The CHAIR:** Thank you, Treasurer. Member for Lee, would you like to make an opening statement?

**The Hon. S.C. MULLIGHAN:** No. Likewise, I am happy to go straight into questions. I draw your attention to Budget Paper 5, page 6, Land tax—aggregation. At the top of that page there is a table that forecasts revenue estimates from the change to the land tax arrangements. How was that additional revenue estimate of \$40 million arrived at?

**The Hon. R.I. LUCAS:** It was arrived at by calculations by Treasury based on, essentially, the application of the New South Wales and Victorian model of approaching aggregation in those two jurisdictions and the inclusion of a 0.5 per cent surcharge on trusts. As the government has indicated, we are going through a process of consultation prior to the introduction of the bill, which is scheduled to be sometime later in September, so the final shape and structure of the bill will potentially impact on Treasury estimates of what revenue might or might not be collected.

At the time of the budget announcement, that was the estimation that Treasury provided. I note that when the former Labor government released the state tax paper in 2015, there was a similar proposal. I am advised the estimate at that time was \$30 million in terms of potential estimated revenue.

I think it is acknowledged that it is very difficult to be as definitive in terms of the estimation in this particular area as opposed to some other areas of state tax changes because, clearly, there are some people who under the current arrangements are not paying any land tax and under the

proposed arrangements would commence paying land tax. It is a difficult estimate, but the answer to your question is it was a Treasury estimate similar to the one that was provided to the former government in around about 2015.

**The Hon. S.C. MULLIGHAN:** Following on from your answer, you said that it was based on the experience in New South Wales and Victoria. Do I take it that refers to the policy settings of how they have implemented their land tax arrangements, or is it based on some proportionate share of ownerships, company structures and trust structures within those jurisdictions that is perhaps scaled down for a South Australian experience? What are these assumptions that have informed this \$40 million?

**The Hon. R.I. LUCAS:** I think it is the policy settings in New South Wales and Victoria, then estimated on the basis of the experience of company structures, trust structures and individuals who pay land tax in South Australia within South Australia, not based on what the structure might be in terms of different companies and trusts, etc., in New South Wales and Victoria.

**The Hon. S.C. MULLIGHAN:** So the revenue estimate of \$40 million does not necessarily have regard to a quantum of land or a value of land that is likely to be captured, or a number of ownerships or company or trust structures that may be in scope? It is more just applying those policy settings from interstate; is that correct?

**The Hon. R.I. LUCAS:** No, what I have indicated is that if, for example, someone is not currently paying land tax because of the arrangements they have entered into, then RevenueSA is unlikely to have line of sight in relation to what the potential impact in that particular area will be. They have to make those sorts of estimations based on their best estimates, as they did in 2015, of what the impact might be.

As I understand from the advice I have received, they have looked at, for example, payroll tax groupings and other sorts of information that only Treasury would have, as opposed to independent accounting firms and others who would not have access to that sort of information or data. I am advised, cross-referencing with other information that RevenueSA would have available to it, as I said, under payroll tax, for example, there are grouping provisions and a variety of other things like that. So there is a line of sight in relation to that sort of information, which has helped better inform the Treasury estimate.

**The Hon. S.C. MULLIGHAN:** Is there a quantum of land or number of ownerships that has been used to inform this revenue estimate?

**The Hon. R.I. LUCAS:** What do you mean by quantum of land?

**The Hon. S.C. MULLIGHAN:** A number of landholdings or a value of landholdings that has been used as an assumption to inform this \$40 million revenue estimate.

**The Hon. R.I. LUCAS:** I will just ask Mr Hocking. The answer to the question is if you interpret quantum in your question as being—we know, for example, those who are currently paying land tax, whether it be through a trust or whether it be through a company structure or individually, without having established themselves in that, we know the landholdings in those particular areas. But, as I said earlier, if someone is not currently paying land tax then they are the particular ones who may well be beyond line of sight in terms of—that is, if you own a property beneath the threshold and you are not paying land tax then there is no line of sight in terms of RevenueSA having collected land tax from that particular individual.

**The Hon. S.C. MULLIGHAN:** Was there a range of revenue estimates that Treasury was looking at, or was it a solid \$40 million that you anticipate arriving at?

**The Hon. R.I. LUCAS:** The \$40 million was the estimate that Treasury arrived at. As I said earlier, it is a very difficult estimate and I think that Treasury concedes that there might have been a range that they had to look at. But, ultimately, as they did in 2015 for the former Labor government with the \$30 million estimate, this was their final and best estimate in terms of what the impact might be, acknowledging that we are about to go through a process of consultation that may well vary the precise final form of the bill that is being introduced. We are looking at New South Wales and Victoria but there is also experience in Queensland as well which in our consultation process has been raised

with us, and we are having a look at all of those in terms of what would be the best and fairest way of applying this particular principle.

**The Hon. S.C. MULLIGHAN:** What was the range?

**The Hon. R.I. LUCAS:** There was no range presented to me. This was ultimately their final estimate. What I am saying is clearly, because it is an estimate, they would have been looking at a variety of options in terms of what it might be.

**The Hon. S.C. MULLIGHAN:** Are your officers able to advise you so that you can in turn advise me of what that range was?

**The Hon. R.I. LUCAS:** No.

**The Hon. S.C. MULLIGHAN:** It is possible, apparently, that it may be more than \$40 million. In that case, I think—

**The Hon. R.I. LUCAS:** I have seen the sum from the Property Council estimating that it might have been, firstly, \$300 million, \$200 million, and I think their latest best guess, that I saw on television last night, was that it might be \$80 million to \$100 million.

**The Hon. S.C. MULLIGHAN:** Are you waiting until next week until their estimate is \$40 million?

**The Hon. R.I. LUCAS:** Well, I am not sure, you need to speak to them as to whether it keeps coming down. You would need to speak to the Property Council. I think the answer is that the Property Council cannot accurately predict. Treasury, which has access to all of the RevenueSA databases, as I said, has the ability to cross-reference with payroll tax grouping arrangements and those sorts of things, which clearly the Property Council would not have access to, and, indeed, anyone that they would commission would not have access to either.

The reality is that some of the claims that this was going to collect \$300 million, then \$200 million, and now \$80 million or \$100 million, are sort of wildly speculative and highly improbable, if I can use some phrases to describe them. We accept the fact that in the end, depending on what we finally put to the parliament, and what if anything the parliament finally approves, whatever estimate is put on that particular number, whether it is \$40 million or slightly different to that particular number, ultimately until it is applied, and in some cases tested by challenges and appeals through our court system, we will not really know what the final impact will be.

**The Hon. S.C. MULLIGHAN:** It is, of course, possible that it is higher, and you have made comments in the media that, if it is higher, then you would look at accelerating some of the other land tax changes that you have previously canvassed and, indeed, the parliament has considered. Is that correct?

**The Hon. R.I. LUCAS:** Not specifically, no. It is not just the previous ones; it is actually the ones that we are proposing.

**The Hon. S.C. MULLIGHAN:** Sorry, my mistake. The reduction is in the top rate.

**The Hon. R.I. LUCAS:** Yes, exactly. So there is a package. Last year, we have locked and loaded and the parliament supported the reduction of 3.7 per cent down to 2.9 per cent for landholdings between just over \$1 million and up to \$5 million. But the top rate, which we are uncompetitive in at 3.7 per cent, remains for landholdings at \$5 million and above. So in this particular package of reform we keep the reforms, obviously, from last year, which has increased the threshold, and those particular changes I have just described, but we propose over seven years to reduce the 3.7 per cent down to 2.9 per cent.

What we have said, as a combination of both of those, is that if, ultimately, through the further consultation and discussion—and clearly there is the viewport already publicly and privately—you are going to do what New South Wales, Victoria and Queensland have done in varying ways, then you need to move much more quickly than seven years the 3.7 down to 2.9, and that is a pretty clear message from the Property Council and, indeed, many other stakeholders. That will be one of the issues that we will address in our final package that we look at.

As I understand it, the Property Council are commissioning their own best estimate from somebody else. With that information and further work that we do in terms of our consultation we will look at, as the Premier and I have both said on a number of occasions publicly, bringing forward more quickly that seven-year phase at 3.7 per cent. As I said to the Press Club, or maybe subsequent to that at press conferences, it may well be that we do it over three years or maybe even immediately. They are the sorts of issues that we will have to address as a part of our consultation.

**The Hon. S.C. MULLIGHAN:** You have advised that it is likely or, indeed, that Treasury did have a range of estimates. On that basis it is not unreasonable to assume that a \$40 million estimate to be placed in the budget papers is arrived at somewhere between the range of estimates, the extremes of those estimates. So it is possible, is it not, that on the current settings what you are currently contemplating before any changes that you might anticipate from external consultation, \$40 million might not be raised; it might be something less.

**The Hon. R.I. LUCAS:** Anything is possible. Again, it will depend on the final bill that we put to the parliament after consultation. If upon consultation we make further decisions which would lead to a lower best estimate from Treasury, that is entirely possible.

**The Hon. S.C. MULLIGHAN:** I am talking about based on your current policy settings, not changed policy settings post-consultation.

**The Hon. R.I. LUCAS:** That is possible. I mean, the former government in 2008, with the best will in the world, tried to—and I think former treasurer Kevin Foley referred to, and these are his words not mine, anti-avoidance mechanisms in terms of these particular provisions. If ultimately courts find that the way the parliament drafted the legislation does not achieve the legislative intent, which is not uncommon in terms of tax law changes, it can impact both up and down the collections that we have got.

Can I just hasten to say that, when I am talking about this being the best estimate from Treasury, it is indeed the best estimate. I am assuming, therefore, it is best estimate and that there must have been a range of calculations that they entered into. I was never presented with a range of calculations that said, 'Here is the range of calculations and here is your choice,' sort of thing. This was the best estimate from Treasury in relation to the \$40 million. I subsequently advised it was higher than the estimate given to the former Labor government in 2015 for the state tax paper at \$30 million, which did not seem unreasonable, given it had been three years since then in terms of the estimate.

As Treasurer, I was not presented with a smorgasbord of options, and \$40 million was not then the choice. This was Treasury's best estimate, bearing in mind it is very difficult for some of the reasons we have explored, but there are many other reasons why it is very difficult to estimate what this might bring in should it be implemented. My natural assumption, having some experience in these matters, is that because it is their best estimate there would have been numbers at both below and above that might have been able to be incorporated if they had made different assumptions.

**The Hon. S.C. MULLIGHAN:** On the current policy settings, aside from decisions that you might take in addition to this measure post consultation, aside from any court challenges about the applicability of these measures to certain ownerships, on the basis that Treasury, as it continues to do its work on this measure, arrives at the conclusion that it might not be 40, that it might be 35, or some other figure below 40, what will the government do in that respect? You have said that if the revenue is higher than 40 you will accelerate change. If it is lower than 40, what then?

**The Hon. R.I. LUCAS:** I think if the number was 30 or 35, the government would not make changes on the downside. In a \$22 billion budget, \$5 million or so is relatively small in terms of the calculations. As I think the Premier outlined yesterday, and I outlined in this chamber yesterday as well, this package is going to see many thousands of taxpayers in South Australia who will actually benefit. We are hearing, and inevitably—as the Premier indicated yesterday and as I have—there will be people who end up paying more land tax, but there are thousands of land tax payers who currently pay land tax who will not pay land tax anymore because the threshold has been increased to \$450,000.

There is a significant number of land tax payers who might have a property valued at between just over \$1 million and \$5 million who are currently paying 3.7 per cent who will pay 2.9 per cent. They will pay significantly less land tax. The tax reform package is estimated to collect, in 2020-21, as a combination of last year's changes and this year's changes, just under, I think, about \$9 million less land tax revenue from the land tax reforms.

It is estimated that by 2022-23 that it is just under \$20 million less because there is a significant number of land tax payers who will be paying less tax or will not be paying any land tax at all. But, clearly, where the publicity is at the moment, where the concern is, is that there is a number of people who might not have been paying land tax who will now pay land tax, or some who have paid a lower level of land tax who will pay a higher level of land tax as a result of the reform.

**The Hon. S.C. MULLIGHAN:** Yesterday, the Premier told the media that you were getting your own additional independent modelling. Who is doing that work?

**The Hon. R.I. LUCAS:** No, we have not finally commissioned anyone. One of the leading accounting firms is going to provide an independent set of eyes in terms of the reasonableness of Treasury's estimates. The point I made earlier in relation to the Property Council—who said they were commissioning somebody to do their estimates—even the very best of independent accounting firms do not have access to the information that Treasury has in terms of, as I said, the payroll tax grouping issues and a whole variety of other issues, in terms of the land tax base of RevenueSA, and that is the same for anyone that we commission.

Whilst one of the big league accounting firms that we commission to provide an independent set of eyes to look at the reasonableness of Treasury's assessment will be given access to the information that is available, again, they do not have access to any more information than Treasury officers have. However, it will provide the government—and we hope the community—with a degree of comfort that, whilst it is a difficult task and they may well report that it is a difficult task to me as Treasurer, the assumptions from Treasury were reasonable, or when we do the final package, which may be different to the ones that are finally here, that the estimate ought to be adjusted either up or down.

**The Hon. S.C. MULLIGHAN:** And that will be used as a counterfactual against the Property Council's modelling assertions, essentially.

**The Hon. R.I. LUCAS:** I am not sure; you would have to ask the Property Council, I guess, ultimately, as to what, if anything, they are able to commission. I am not aware, other than what I have seen publicly indicated, that they are getting someone to do their modelling. It is on the Property Council, I guess, to indicate who they are getting to do their modelling.

**The Hon. S.C. MULLIGHAN:** No, I am not interested in their modelling, more the use of your modelling: it is just to give a sense check, is it?

**The Hon. R.I. LUCAS:** I beg your pardon?

**The Hon. S.C. MULLIGHAN:** It is just to give a sense check of your assumptions and your model.

**The Hon. R.I. LUCAS:** I do not know what you mean by 'sense check'. What I have said, and I repeat it, is that it is an independent set of eyes to look at the reasonableness of the Treasury estimates. It would give me further comfort but, more importantly, it would give not just the Property Council but others a degree of comfort that the estimates that Treasury have given are the best estimates and that they have not been artificially manufactured in some particular way either up or down and they are the best estimates.

**The Hon. S.C. MULLIGHAN:** Can you explain—you have nominated the 0.5 per cent surcharge on trusts—how that is intended to be applied?

**The Hon. R.I. LUCAS:** We are still consulting on that particular issue and we are looking at the models. They are slightly different in New South Wales and Victoria, different again in Queensland, so that is one of the issues. It is one of the most complicated issues of all in terms of trusts. We have indicated that in New South Wales and Victoria a range of trusts, including complying superannuation funds and charitable trusts and others, are exempt and that is our intention in South

Australia as well. But there are slightly different tweaks between New South Wales and Victoria in terms of how they are applied, so that is one of the issues we are consulting on.

The independent accounting firm might be able to provide us with some advice, but we are also in the process, if we have not already, of commissioning an independent tax accountant, an individual in this particular case, who has considerable experience, if I can put it this way, on the other side of the fence in terms of structuring arrangements and providing advice to taxpayers. Again, I thought it would be very useful to have somebody from outside the Treasury who had experience from the other side of the fence.

I must admit when I visited New South Wales recently, I met with their—I am not sure what his title is but the equivalent to our RevenueSA tax commissioner. He had come from the other side of the fence in terms of being either a tax lawyer or an accounting lawyer and had been appointed to the position of head of revenue in whatever that body is called in New South Wales. I think it is useful from the government's and Treasury's viewpoint, and others', that we inform our final decisions with the best advice we can get from the private sector.

**The Hon. S.C. MULLIGHAN:** Why was this work not done before the budget?

**The Hon. R.I. LUCAS:** As with budgets, and I think the member has had experience in terms of budgets, tax issues are not generally put out for public consultation prior to—

**The Hon. S.C. MULLIGHAN:** No, just procuring the advice.

**The Hon. R.I. LUCAS:** Again, for the reasons; on tax issues, we do not go out for public consultation prior to—

**The Hon. S.C. MULLIGHAN:** I am not talking about the public consultation. I am talking about the two engagements, one with the independent accounting firm and one with the individual accountant.

**The Hon. R.I. LUCAS:** Because the process that we were implementing was a process unlike any other tax bill, in my long experience, that this parliament has ever engaged in. That is, the normal process for tax bills under Labor and Liberal governments is that the tax bill is sent to a confidential group called the state tax liaison group, or some title like that, who are sworn to confidentiality. They give advice to the treasurer and the treasury of the day, and then it is introduced into the parliament.

Because we were going to go down a different process this time, we were committed to delaying the implementation from 1 July next year. We were committed to going to a second stage of public consultation. That is, we will do that targeted consultation first and then put it out for everyone to consult on before we make a final decision. The issues about procuring independent advice and those sorts of things are only finally relevant when the final shape and structure of the bill is introduced to the parliament.

We have left ourselves open to the detail on this. As Treasurer, my experience with doing anything in relation to trusts is that it is very vexed, complicated and complex. Just to finalise a decision in the normal budget process, in my view, was going to create even more significant problems, not only for the government but the community generally. The process we are adopting leaves us open to criticism because we are not in a position to definitively rule things in and out at this particular stage and, therefore, to rebut some of the claims that are being made, which in the end will be shown to be erroneous.

But the reality is, because we are committed to consultation, we leave ourselves open to that criticism but we think it is worthwhile because we want to get the best possible bill and the best and fairest possible provisions to apply to this aggregation issue.

**The Hon. S.C. MULLIGHAN:** When will these two pieces of advice be received?

**The Hon. R.I. LUCAS:** I think in the case of the individual person it is not going to be a piece of advice. This particular individual will just continue to work and provide advice in an ongoing way. It is not as if he—I think, as opposed to she—will provide a final report or whatever it is. I suspect the position in relation to the accounting firm will be similar—that is, they will continue to provide advice

on a range of issues—so I am not sure whether or not there will be a final advice. We will work with that particular accounting firm. Essentially, what we want is people from the other side of the fence who have experience of having structured these sorts of arrangements to provide us with advice.

**The Hon. S.C. MULLIGHAN:** Were these both direct approaches or were they open calls for tender responses?

**The Hon. R.I. LUCAS:** They were direct approaches.

**The Hon. S.C. MULLIGHAN:** What is the budget for each of these pieces of work?

**The Hon. R.I. LUCAS:** I have not allocated a specific budget. We will meet it from our general consultancies and contractors budget. In particular relation to the individual, he will work on an ongoing basis, but I have not allocated a budget to say, 'Here's the budget and you cannot go over it.' The Under Treasurer is very frugal. He has an overall budget and he will have to manage it within his overall budget. He will not be coming back to the Treasurer and saying, 'I need more money for these two particular pieces of advice.'

**The Hon. S.C. MULLIGHAN:** There is no cost estimate or limit that has been placed on the engagements?

**The Hon. R.I. LUCAS:** No. As I said, I have not placed a limit on it because we want to get the best possible advice. The only limit I place on the Under Treasurer, which he willingly accepts, is that Treasury has an overall budget, and he has to manage it all within the overall budget.

**The Hon. S.C. MULLIGHAN:** Do you have an estimate of how many land tax payers will be affected by these changes?

**The Hon. R.I. LUCAS:** Not at this stage. Until we finalise the final shape of the bill, you are not in a position to give even best guesses in relation to that. With any other issues, even with the final shape of the bill, you do not know what you do not know, that is, the number of people who are out there who are currently not paying any land tax at all who might then be caught up in the new arrangements in relation to aggregation. Again, there might be estimates that might be able to be done in relation to that, but you will not be able to say definitively, 'This is the exact number of people who are going to be impacted.'

**The Hon. S.C. MULLIGHAN:** So you do not have an estimate, then, of how many trusts or companies might be impacted by this?

**The Hon. R.I. LUCAS:** No. As I said, if someone has currently structured a company or a trust and they are not paying anything in tax, then RevenueSA does not have line of sight of them in terms of land tax.

**The Hon. S.C. MULLIGHAN:** Are you comfortable that you are able to secure the necessary company and trust data for you to go through this process, subjecting them to revised aggregation arrangements?

**The Hon. R.I. LUCAS:** When you say 'comfortable', we will get as much information as we are physically able to.

**The Hon. S.C. MULLIGHAN:** Do you have some bilateral relationship with ASIC or other federal agencies that might be able to provide you more and necessary data for you to be able to implement this?

**The Hon. R.I. LUCAS:** I do not know. If there is access to information that we are lawfully entitled to get or access, I am sure Treasury and its advisers will look at that, but I am not aware of what other information the commonwealth or indeed other jurisdictions might have that we might be able to access.

**The Hon. S.C. MULLIGHAN:** For example, there is a relationship between the Housing Trust and Centrelink for obvious reasons. Do we have a similar relationship between RevenueSA or Treasury and similar federal agencies for these sorts of purposes?



**The Hon. R.I. LUCAS:** I am advised that there is a data sharing agreement with the ATO, but what, if any, information they might have that might be able to assist and what, if any, information they might be prepared to share is not something that we have explored at this particular stage.

**The Hon. S.C. MULLIGHAN:** So you will just have to rely on basically whatever is in the RevenueSA database in order to impose any changes, let alone model any changes?

**The Hon. R.I. LUCAS:** The answer to the question is yes. Essentially, what RevenueSA has and what it will be able to get will be the principal source of information that the government, and Treasury in particular, will have in terms of being able to estimate.

**The Hon. S.C. MULLIGHAN:** Was there any economic analysis undertaken about the impacts of these changes?

**The Hon. R.I. LUCAS:** If you mean did we commission anybody else to do input, output analysis or economic modelling, the answer to that is no.

**The Hon. S.C. MULLIGHAN:** What about from the Economics Branch?

**The Hon. R.I. LUCAS:** Within Treasury?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** Again, they do not have access to that sort of economic modelling, which is done at the national and state level. As very competent as they are as a branch, they do not really have access to that sort of economic modelling.

**The Hon. S.C. MULLIGHAN:** You said earlier that you were not presented with a menu of options about this; this was just the option. Is that correct?

**The Hon. R.I. LUCAS:** In terms of the estimated revenue return.

**The Hon. S.C. MULLIGHAN:** What about in terms of generating similar amounts of revenue from the land tax base? Were you presented with any other options?

**The Hon. R.I. LUCAS:** My recollection is no. In terms of the total budget, there was a range of options.

**The Hon. S.C. MULLIGHAN:** No, just about land tax, I mean.

**The Hon. R.I. LUCAS:** No. My recollection is no, I cannot recall. If I subsequently recall something, I am happy to correct the record, but no, this was essentially, I think, the land tax option.

**The Hon. S.C. MULLIGHAN:** Did you consider reversing the changes of last year's land tax measures?

**The Hon. R.I. LUCAS:** I had to consider it because I think SACOSS and a number of other groups went out and publicly campaigned for it. For a millisecond, I considered it and rejected it. If you call that consideration, technically yes, but no, I never considered it. It was a clear commitment from the government when in opposition. We believe that the former system—and still the current system in part—is unfair and uncompetitive. For whatever reason, the former government left the 3.7 per cent at that particular rate. We are massively uncompetitive.

Admittedly, Queensland, as a result of the GST writedown, has just increased their top rate up to 2.75 per cent, and we are heading back down to 2.9 per cent, so we are getting closer to Queensland, but New South Wales and Victoria are at 2 and 2.2 per cent. We have been committed to trying to get 3.7 down to something with a 2 in front of it—just, with 2.9—and last year's commitments were the most we could afford at that particular stage, which was to do it for land values between just over \$1 million and up to \$5 million. We could not afford to do the \$5 million and above issue.

In terms of driving further reform, one way of further reducing the 3.7 for all property values above \$5 million, albeit over a long period of time—seven years—was to introduce this particular reform in terms of aggregation. That is what has driven the government in relation to the 3.7 per cent mark, but no, I never seriously contemplated breaking the promise and reversing the decision of last year.

**The Hon. S.C. MULLIGHAN:** So no analysis was done of the two respective measures and the impacts that they would have on landowners?

**The Hon. R.I. LUCAS:** Can you clarify the two respective measures?

**The Hon. S.C. MULLIGHAN:** Last year's land tax package and the land tax aggregation.

**The Hon. R.I. LUCAS:** You mean reversing that, as opposed to doing this?

**The Hon. S.C. MULLIGHAN:** Yes, and what the impacts would be.

**The Hon. R.I. LUCAS:** No, I ruled that out immediately on the basis that we had made a promise and we were not going to break that particular promise.

**The Hon. S.C. MULLIGHAN:** I refer you to a different budget paper, Budget Paper 3, page 17. In the middle of that page, the fourth paragraph, I think, talks about land tax and says that has been revised down slightly across all years, primarily reflecting the impact of billing data. Could you colour in between the lines to explain that a bit better?

**The Hon. R.I. LUCAS:** 'Billing data' is the correct phrase, but essentially all it is is that when RevenueSA and Treasury looked at what was actually collected in terms of land tax bills in 2018-19 it was slightly less. The Under Treasurer has referred me to page 16, Land tax—private. It is the parameter and other changes line there, the third line, which is minus \$2 million, minus \$1 million, minus \$1 million; so it is relatively minor. That is what they refer to in terms of billing data. It was just—

**The Hon. S.C. MULLIGHAN:** It is just an adjustment in 2018-19 and that flows through to the following years?

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** What impact on land tax revenue estimates is the Valuer-General's revaluation program having?

**The Hon. R.I. LUCAS:** I am delighted you have asked a question on this particular one, member for Lee. This is an issue that does not cover the former treasurer in great glory in relation to this issue. The former treasurer, the member for West Torrens (I think is his seat), approved additional funding to the Valuer-General—

**The Hon. S.C. MULLIGHAN:** I know the history. I am wondering about the impact on land tax.

**The Hon. R.I. LUCAS:** Yes, but I am just wanting to point out—you have raised the question—and the estimate that Treasury provided to the former treasurer at that stage of additional revenue to be collected from the revaluation exercise was ultimately about \$19 million a year, but the former treasurer actually hid it in contingency. He did not actually put it into the estimated land tax collections over the forward estimates. When I became Treasurer, because this issue had been raised on a number of occasions, I was advised that it had been put into the contingency.

**The Hon. S.C. MULLIGHAN:** In which year was that \$19 million to impact?

**The Hon. R.I. LUCAS:** I think it was over a period of time. The \$19 million was ultimately by 2021-22, I am advised.

**The Hon. S.C. MULLIGHAN:** Per year?

**The Hon. R.I. LUCAS:** Nineteen million dollars extra in 2021-22 but, as I said, that estimate—

**The Hon. S.C. MULLIGHAN:** What was it for 2018-19?

**The Hon. R.I. LUCAS:** Can I just finish? That estimate was provided to the former treasurer. It was included in his budget, but not put into the estimated land tax collections.

**The Hon. S.C. MULLIGHAN:** The difficulty is that no-one believes you because you cannot point to it—

**The Hon. R.I. LUCAS:** The deceitfulness of that—

**The Hon. S.C. MULLIGHAN:** —and it just sounds like you are making it up.

**The Hon. R.I. LUCAS:** —is self-evident.

**The CHAIR:** Order! Member for Lee, you asked the question of the Treasurer—

**The Hon. S.C. MULLIGHAN:** He is not answering that question.

**The CHAIR:** Member for Lee!

**The Hon. S.C. MULLIGHAN:** If he is not answering the question, he can expect to be badgered.

**The CHAIR:** Member for Lee, you asked a question in regard to—

**The Hon. S.C. MULLIGHAN:** Yes, I understand what is going on. If he is not answering the question he can expect to be badgered.

**The CHAIR:** Member for Lee, you asked the question in regard to page 17 of Budget Paper 3 and the Treasurer is answering the question.

**The Hon. S.C. MULLIGHAN:** He is not answering the question and that is why he is being badgered.

**The CHAIR:** You are wasting your time, member for Lee.

**The Hon. S.C. MULLIGHAN:** If only you had a standing order to resolve the situation.

**The CHAIR:** We are lucky there are some really good ones to use, and I am keen to exercise that.

**The Hon. R.I. LUCAS:** Mr Chair—

**The CHAIR:** Treasurer.

**The Hon. R.I. LUCAS:** —thank you for your protection. I need it. So the \$19 million was included in the budget, but it was in contingency. When I became Treasurer—

**The Hon. S.C. MULLIGHAN:** You can come back to the committee with where it was in the budget papers?

**The Hon. R.I. LUCAS:** When I became Treasurer, I asked that question—

**The Hon. S.C. MULLIGHAN:** You can't, can you?

**The Hon. R.I. LUCAS:** —and in last year's budget—

**The Hon. S.C. MULLIGHAN:** You are making it up, that is why.

**The Hon. R.I. LUCAS:** —we included the \$19 million in the forward estimates of land tax for 2021-22. So that was the estimate that I was given in terms of the impact of the revaluation, which was the member's question.

**The Hon. S.C. MULLIGHAN:** And you claim this was in the 2017-18 budget; is that correct?

**The Hon. R.I. LUCAS:** It was the estimate that the former treasurer was given. The only difference was that I included it in the land tax forward estimates. The former treasurer did not; he hid it in the contingency because he did not want that to become apparent, obviously, prior to the election.

**The Hon. S.C. MULLIGHAN:** But the contingency lines only are provided for the estimated result and the budget year—not the forward estimates.

**The Hon. R.I. LUCAS:** You should put that question to the former treasurer.

**The Hon. S.C. MULLIGHAN:** But you are the Treasurer now—

**The Hon. R.I. LUCAS:** I know—

**The Hon. S.C. MULLIGHAN:** —and you are making the allegation.

**The Hon. R.I. LUCAS:** —and I included it. I included it in the land tax forward estimates.

**The Hon. S.C. MULLIGHAN:** The difficulty for you, Treasurer, is that you cannot substantiate it, can you, because you cannot point to a line in either the 2017-18 budget or in the Mid-Year Budget Review where that number is allegedly contained? So I put it to you that you are making it up.

**The Hon. R.I. LUCAS:** Because the former treasurer hid it.

**The Hon. S.C. MULLIGHAN:** So it was hidden so well it is unable to be identified.

**The Hon. R.I. LUCAS:** Yes. Your former treasurer was very clever in terms of hiding things.

**The CHAIR:** Order! Treasurer, member for Lee—

**The Hon. S.C. MULLIGHAN:** I would appreciate your protection, sir.

**The CHAIR:** As I said in my opening remarks—

**The Hon. S.C. MULLIGHAN:** Let's not be biased now.

**The CHAIR:** —I am happy—

*Members interjecting:*

**The CHAIR:** I am pretty happy to allow—

*Members interjecting:*

**The CHAIR:** That is fine. We are here all day, so it does not really bother me. I am happy to allow pretty open debate but, as you know, you have to reference a page and a budget line item. If we want to go down this path, please reference that budget line item, member for Lee, and we can keep going.

**The Hon. S.C. MULLIGHAN:** So the valuation growth in—

**The CHAIR:** The member for Lee!

**The Hon. S.C. MULLIGHAN:** I am asking a question.

**The CHAIR:** Okay. What budget page and line item?

**The Hon. S.C. MULLIGHAN:** Budget Paper 3, page 40.

**The CHAIR:** Forty?

**The Hon. S.C. MULLIGHAN:** Yes. Can you let us get back to it now? You finished grandstanding? Thank you. So we received evidence in the Economic and Finance Committee that property valuations had increased by just over 4 per cent for the purposes of the ESL bills, yet in the budget papers the increases which inform these revenue lines I understand are 5.9 per cent. Is that correct?

**The Hon. R.I. LUCAS:** My advice, for the benefit of the member for Lee, is that ESL is actually a different tax base; it is actually capital value—

**The Hon. S.C. MULLIGHAN:** Yes, I appreciate that.

**The Hon. R.I. LUCAS:** Land tax is actually site value. There are two different valuations.

**The Hon. S.C. MULLIGHAN:** So you think land is going up more than—

**The Hon. R.I. LUCAS:** It is not what I think. It is the advice—

**The Hon. S.C. MULLIGHAN:** —the improved value; is that correct?

**The Hon. R.I. LUCAS:** That is the advice that Treasury has, but they are two different tax—

**The Hon. S.C. MULLIGHAN:** And what is that based on? Is that based on the Valuer-General's—

**The Hon. R.I. LUCAS:** Sorry, there are two different tax bases in relation to the ESL—

**The Hon. S.C. MULLIGHAN:** Well, they are not, actually. They are both fixed property. One is the capital value and one is the unimproved land value.

**The Hon. R.I. LUCAS:** One is the site and one is the capital value.

**The Hon. S.C. MULLIGHAN:** That is right.

**The Hon. R.I. LUCAS:** You have confused the two.

**The Hon. S.C. MULLIGHAN:** No I haven't. I am drawing it to your attention. I am asking you to explain the discrepancy about why the land value is increasing at a faster rate than the improved value. Are you able to explain that?

**The Hon. R.I. LUCAS:** You would need to talk to the Valuer-General in relation to those particular issues. But look, in relation to the issue of the Valuer-General, what I will say—

**The Hon. S.C. MULLIGHAN:** And the revaluation program, because she does not report to you.

**The Hon. R.I. LUCAS:** And the revaluation program. The Valuer-General is completely independent of the government of the day, whether it be the Labor government or whether it be the Liberal government. She, in this particular case, and her officers are conducting the revaluation exercise. At this stage my advice is that her officers have concluded revaluation exercises in terms of Unley, I think Walkerville and maybe Adelaide Plains.

They are continuing to do work in relation to the other areas, and it is a process which, when I think it was originally approved in 2016-17 by way of additional resources by the former treasurer, was going to take about three years. I think there was some delay because of the privatisation of the lands titles office by the former government, so the initial program has been delayed in terms of its final implementation, so the Valuer-General is still going through that process as we speak and will continue to do so for a period of time as I understand it.

I think she and her officers have given advice to one or a number of parliamentary committees in relation to the revaluation exercise. Ultimately what the impact will be, whether the \$19 million impact on land tax, which is where this all started, this particular debate, is accurate or not we will not know until the final results of the revaluation exercise are concluded.

**The Hon. S.C. MULLIGHAN:** So the land tax thresholds are to be adjusted each year for the average growth in land values, which was a measure introduced by the former Labor government?

**The Hon. R.I. LUCAS:** I think it has been there for a number of years.

**The Hon. S.C. MULLIGHAN:** That is right. And this year they have increased by 5.9 per cent. I am wondering for the revenue estimates on table 3.3, Budget Paper 3, page 40 for land tax, we have got three things going on here. One is the impact of last year's land tax reductions, when they are implemented; we have got the aggregation impacts, when they are implemented; and we have also got revaluation program. Clearly, you will need to come back to the committee with this detail, but can you undertake to provide the respective impacts that those three different measures are having on the land tax estimates across the forward estimates?

**The Hon. R.I. LUCAS:** In relation to the first two, they were already in the budget estimates.

**The Hon. S.C. MULLIGHAN:** Indeed; I am asking for those to be separated out—

**The Hon. R.I. LUCAS:** No; they were already there.

**The Hon. S.C. MULLIGHAN:** —because they are separate measures that have separate impacts on the revenues.

**The Hon. R.I. LUCAS:** Yes, but I cannot provide you with any more information in relation to—

**The Hon. S.C. MULLIGHAN:** Why not? Why can't you provide that?

**The Hon. R.I. LUCAS:** Because it is already there: it is on the public record. You just have to read the budget papers.

**The Hon. S.C. MULLIGHAN:** Yes, we are reading it and I am asking you for further information. Are you unwilling—

**The Hon. R.I. LUCAS:** There is no further information in relation to the first two.

**The Hon. S.C. MULLIGHAN:** So you are unwilling to provide it?

**The Hon. R.I. LUCAS:** In relation to the—

**The Hon. S.C. MULLIGHAN:** That is alright; we will move on. In your comments about the Valuer-General and the revaluation—

**The Hon. R.I. LUCAS:** Sorry, there was a third part to the question, which was the revaluation. I am not aware of whether I can look and see whether, in relation to the revaluation, there is any further information, but at this stage, as I understand it, the Valuer-General has only concluded work in relation to three areas: Unley, Walkerville and Adelaide Plains. I am not sure whether that is going to be enough to adjust the estimates that were previously included in the forward estimates.

**The Hon. S.C. MULLIGHAN:** In your earlier comments you were derisive of the former treasurer and his commitment of additional resources to enable this revaluation program to be undertaken. Do you support the revaluation program?

**The Hon. R.I. LUCAS:** I support accurate valuations.

**The Hon. S.C. MULLIGHAN:** So do you support her continuing on with this program?

**The Hon. R.I. LUCAS:** I have no power to stop her. The Valuer-General—

**The Hon. S.C. MULLIGHAN:** You have no opinion on the revaluation program?

**The Hon. R.I. LUCAS:** I support the law of the state.

**The Hon. S.C. MULLIGHAN:** And she reports to the parliament?

**The Hon. R.I. LUCAS:** The law of the state says that she has a statutory responsibility—

**The CHAIR:** Well—

**The Hon. S.C. MULLIGHAN:** You are not required here; that is okay. We are going fine.

**The CHAIR:** Member for Narungga, do you have a question?

**Mr ELLIS:** I do.

**The CHAIR:** Thank you very much.

**The Hon. R.I. LUCAS:** Sorry, can I just finish? The law of the state says that the Valuer-General has a statutory responsibility to do accurate valuations and I would expect her, as I am sure all members would, to do accurate valuations. The other point I would quickly make is that the government has introduced a lower-cost measure for people to challenge the valuations; that is, to go to SACAT rather than the Supreme Court, which means that if you disagree with the valuation that the independent Valuer-General values your property at, you have a lower-cost option to challenge that particular valuation in the SACAT.

**The Hon. S.C. MULLIGHAN:** So you do not think she should desist?

**The Hon. R.I. LUCAS:** I do not have the power to stop her from doing her job.

**The Hon. S.C. MULLIGHAN:** I am not asking that. We know what the powers are. Do you think she should desist? Do you think of her own volition she should make the choice that now is not the time and she should desist?

**The Hon. R.I. LUCAS:** The Valuer-General should do the job she is required to do, which is to provide accurate valuations. I am not sure if the member is asking whether I should be

recommending to an independent statutory officer that she should not do what she is lawfully entitled to do.

**The Hon. S.C. MULLIGHAN:** That was not my question.

**The Hon. R.I. LUCAS:** You are not going to get those sorts of words coming out of my mouth, I can assure you.

**The Hon. S.C. MULLIGHAN:** That was not my question; I was asking whether you supported her program.

**The CHAIR:** The member for Narungga has the call.

**Mr ELLIS:** Thank you very much. I have a question originating from Budget Paper 3, page 28. What is the government's forecast for employment expenses across the forward estimates and the current position on the enterprise bargaining agreements and how the government is managing employment across those forward estimates?

**The Hon. R.I. LUCAS:** In relation to the second part of that question, it is a critical part of the state budget. I think employment expenses are approximately 42 per cent of total operating expenses for the government. Given the \$2.1 billion writedown in projected GST receipts over the forward estimates, it is critical that we keep the biggest factor—total employee expenses—within our control. That is why, in relation to a number of EB negotiations that are going on at the moment, the government has adopted, on behalf of the taxpayers of the state, a pretty strong line.

The most public, of course, is the EB negotiation going on with the AEU, where we have offered a 2.35 per cent pay increase and 3.35 per cent for principals and preschool directors. We think it is a very fair and reasonable offer to our hardworking teachers, principals and preschool directors in the state and it is within the expected budget for negotiating EBs for us over the forward estimates period. Given that inflation in the most recent 12-month period is only 1.3 per cent, a 2.35 per cent increase is more than reasonable.

The position of the AEU has been to demand even higher salary increases, which the taxpayers just cannot afford. Without going through all the detail of the separate EBs, which would take up too much time of the committee, it is imperative that we keep a fair and reasonable line, in terms of EB negotiations, with all of our major employee groups. In terms of total employee expenses, the budget line to which the member has referred, on page 29 in particular, what I will point out is that I guess it is easy to talk the talk in relation to these issues but the challenge is to walk the walk.

In 2018-19, the first year of the Marshall Liberal government, the increase in employee expenses was 2.7 per cent. My recollection is that in the last year of the Labor government, 2017-18, it was 5-point-something per cent, so it has almost halved in terms of the employee expense growth. If you go back over, to be fair, three and five years, there were higher numbers than the 2.7 per cent as well.

Total employee expenses are governed by a couple of factors: one is the EB settlements that you enter into but also your total employee—I am advised that the estimated result in last year's budget for 2017-18 was 5.1 per cent, so in 2018-19, our first year, it has been reduced to 2.7 per cent. Over the forward estimates, it is estimated to be lower again but it is critical, from the state budget's viewpoint, that a fair and reasonable rein is kept on employee expenses both in terms of the settlements and in terms of the FTE numbers.

**The Hon. S.C. MULLIGHAN:** Supplementary: your evidence then was that you think 2.35 per cent is fair for the teachers, and inflation was—

**The Hon. R.I. LUCAS:** It was 1.3 per cent.

**The Hon. S.C. MULLIGHAN:** —1.3 per cent. Why has your media adviser been awarded a 6 per cent pay increase of \$8,000?

**The Hon. R.I. LUCAS:** In the first instance, all ministerial advisers, with the exception of a small number including three media advisers, had 2 per cent pay increases. So the rule of thumb for all ministerial advisers, not just media advisers, was a 2 per cent salary increase, which is similar to

the wage increase which is currently being balloted for staff of the opposition and Liberal MPs as well.

**The Hon. S.C. MULLIGHAN:** But not your media adviser—6 per cent.

**The Hon. R.I. LUCAS:** In relation to a number of those positions, the biggest ones that were highlighted in the newspaper were people such as the chief of staff to the Premier, who was actually promoted from one position to another and got a pay rise of about—I think that was the headline, \$20,000 or something, and that is because she was actually promoted from a former position to chief of staff. A number of the other positions were actually promotions. In relation to my media adviser, she has taken on additional responsibilities in terms of managing the whole, what is called the GCAC process now, which is the Government Communications Advisory Committee.

I am the Chair of that committee. She has taken on additional responsibilities in addition to the media adviser position, together with additional mentoring as one of the more experienced—I was going to say 'senior' but I would probably get a kick in the backside for that—journalists in the media pool. She has taken on a mentoring role in relation to a number of the others. The prime change in responsibility in the last 12 months has been taking on the additional role. For a period of time, she was actually doing the job for both myself and the Minister for Trade, Tourism and Investment but someone has subsequently been employed in relation to that.

**The Hon. S.C. MULLIGHAN:** So Belinda Heggen is the secretary of that new government advertising committee?

**The Hon. R.I. LUCAS:** Her title is she is actually my delegate.

**The Hon. S.C. MULLIGHAN:** Right. Why is the system for approving government advertising, which was previously led by a committee of public servants and one political staffer, now being led by a political staffer, your media adviser, and a group of political appointees?

**The Hon. R.I. LUCAS:** The honest answer to that is we thought the arrangements the former government entered into were a disgrace.

**The Hon. S.C. MULLIGHAN:** Not political enough?

**The Hon. R.I. LUCAS:** You had a system which allowed premiers to involve themselves in government-funded advertising: television advertising, photos in newspapers. We are just not prepared to accept that sort of wasteful expenditure.

**The Hon. S.C. MULLIGHAN:** That is exactly what is happening at the moment.

**The Hon. R.I. LUCAS:** No, it is not.

**The Hon. S.C. MULLIGHAN:** Yes, it is. The Premier's face, message and signature was in the Tasting Australia catalogue, which was a lift-out in the paper.

**The Hon. R.I. LUCAS:** There is no Premier in television ads. There is no Premier on radio ads. The sort of disgraceful abuses that occurred under the previous government are going to be clamped down on—

**The Hon. S.C. MULLIGHAN:** Did you approve the payroll tax campaign?

**The Hon. R.I. LUCAS:** —and as the Chair of that particular committee, I will not be allowing that sort of disgraceful abuse—

**The Hon. S.C. MULLIGHAN:** Did you approve the payroll tax campaign?

**The Hon. R.I. LUCAS:** —the former process that the member for Lee seems to be lauding. We are not going to allow that sort of disgraceful abuse to continue. As Chair, I will ensure that does not happen.

**The Hon. S.C. MULLIGHAN:** So Belinda Heggen is your stand-in Chair for that committee; is that correct?

**The Hon. R.I. LUCAS:** No, she is not.

**The Hon. S.C. MULLIGHAN:** She is your delegate—



**The Hon. R.I. LUCAS:** I said she is my delegate.

**The Hon. S.C. MULLIGHAN:** —for your responsibilities as Chair of that committee?

**The Hon. R.I. LUCAS:** She is my delegate. I did not say she was the stand-in Chair. She is my delegate.

**The Hon. S.C. MULLIGHAN:** She is your delegate, so she can chair those meetings in your absence?

**The Hon. R.I. LUCAS:** No; she is my delegate, which means, in between meetings, in terms of fast-tracking what might be minor level approvals, she will process those subject to my approval.

**The Hon. S.C. MULLIGHAN:** What instrument of delegation has been formalised for that?

**The Hon. R.I. LUCAS:** There is no need for an instrument of delegation. I, in the end, make all the decisions.

**The Hon. S.C. MULLIGHAN:** Yet she signs off on them.

**The Hon. R.I. LUCAS:** No, she does not sign off on them; she is my delegate. She represents me.

**The Hon. S.C. MULLIGHAN:** Was a work value assessment conducted for her pay increase?

**The Hon. R.I. LUCAS:** I conducted the work value assessment.

**The Hon. S.C. MULLIGHAN:** Who verified that work value assessment?

**The Hon. R.I. LUCAS:** I did not need anyone to verify it.

**The Hon. S.C. MULLIGHAN:** How did you evaluate her work value before arriving at it?

**The Hon. R.I. LUCAS:** I looked at the complexity of the work that had to be done, and we made an assessment.

**The Hon. S.C. MULLIGHAN:** So it was your recommendation that she get a 6 per cent pay increase, \$8,000 a year?

**The Hon. R.I. LUCAS:** No, it was not my recommendation: it was something that was managed through the Premier's office.

**The Hon. S.C. MULLIGHAN:** But you conducted the work value assessment?

**The Hon. R.I. LUCAS:** When you say a work value assessment, this was an assessment that I made and agreed with but, ultimately—

**The Hon. S.C. MULLIGHAN:** So you do not agree with the work value assessment that you did?

**The Hon. R.I. LUCAS:** No; I said, in my own mind, the work that was going to be undertaken by the individual you are referring to justified the salary increase, but the actual decision in relation to the salary increase was taken by the Premier's office. All media advisers, even though she works for me, are actually answerable to the Premier and the chief of staff, so they are employed in the Premier's office.

**The Hon. S.C. MULLIGHAN:** What message do you think it sends to teachers who are currently being knocked back for their pay increase, which is over 3 per cent, when the media adviser responsible for briefing the media, often against them, is awarded a pay increase of double that?

**The Hon. R.I. LUCAS:** In relation to schools and employees, people who take on extra responsibilities get extra pay all the time.

**The Hon. S.C. MULLIGHAN:** Apparently not. Teachers are being asked to do more and more. They are asking for more money, and you are saying no.

**The Hon. R.I. LUCAS:** That is not correct. If, for example, you take on extra responsibilities in some areas of teaching or education, as you take on the extra responsibilities, you get extra entitlements and pay. That is just a standard practice within the education system.

**The Hon. S.C. MULLIGHAN:** And you do not think teachers are taking on sufficient additional responsibilities and requirements in their role to justify a pay increase with a three in front of it, yet your media adviser, so that she can attend meetings with you and talk to you about things in between meetings, deserves a pay increase of 6 per cent?

**The Hon. R.I. LUCAS:** All the media advisers got, as I said—

**The Hon. S.C. MULLIGHAN:** I am not talking about all the media advisers: I am talking about the one that advises you.

**The Hon. R.I. LUCAS:** I am just saying all media advisers got a 2 per cent increase, with the exception of a few. In relation to teachers, all teachers are being offered—the many thousands of them—2.35 per cent. The many hundreds of principals and preschool directors are being offered 3.35 per cent—

**The Hon. S.C. MULLIGHAN:** So they are being offered less than 40 per cent of what your media adviser got.

**The Hon. R.I. LUCAS:** —and some individual teachers and others, who take on individual responsibilities, as a result of additional responsibilities get extra pay and entitlements. That is the same position in relation to the government.

**The Hon. S.C. MULLIGHAN:** That Dorothy worked out well. Can I turn your attention to Budget Paper 3, pages 44 and 45. It talks about the changes to conveyance duty estimates. There is an impact of large one-off transfers, which has impacted the estimated result for 2018-19, but there has been a downward revision. Is that due to lower transaction numbers or is it due to lower property values?

**The Hon. R.I. LUCAS:** Lower transaction numbers, I am advised.

**The Hon. S.C. MULLIGHAN:** Going ahead, the conveyance duty estimates are forecast to increase by about 7 per cent or 8 per cent per year. Does that reflect higher transaction numbers or higher property valuations?

**The Hon. R.I. LUCAS:** A combination of both, I am told.

**The Hon. S.C. MULLIGHAN:** What is the contributor from each?

**The Hon. R.I. LUCAS:** I refer to page 45, which says this 'moderate price growth is expected to continue, with property values expected to grow by around 3.0 per cent per annum'.

**The Hon. S.C. MULLIGHAN:** Yes, but how does that impact the actual revenue forecast?

**The Hon. R.I. LUCAS:** It is a combination of both factors.

**The Hon. S.C. MULLIGHAN:** So you cannot separate those out?

**The Hon. R.I. LUCAS:** I do not have that information.

**The Hon. S.C. MULLIGHAN:** I appreciate that, but are you able to provide that subsequently to the committee?

**The Hon. R.I. LUCAS:** I am not sure. I will take advice to see if there is any further information and whether we can provide it. Just in relation to that 3 per cent estimate, very quickly, BIS Oxford Economics I think released a report in the last week, after the state budget I might note, that estimated that property growth in South Australia—I am not sure if it was South Australia or Adelaide; it might have been Adelaide, but in South Australia—over the next three years was going to be one of the strongest in the nation.

I think it was estimated at about 11 per cent which is just a little bit higher than the 3 per cent on average that we have incorporated. We are not saying that ours is definitively right, as in Treasury's, or BIS Oxford Economics is definitively wrong, but it is an indication. It is roughly the

same ballpark even though it might be more optimistic in terms of property values than the Treasury forecast has incorporated.

**The Hon. S.C. MULLIGHAN:** Every year for the last five years, Treasury has had to write down conveyance duty receipts for the budget year; the estimated result has always been lower. There have been exceptions where there have been large one-off transactions but, by and large, for those last five years that has been done, and then there is a recovery of between 7 per cent and 8 per cent in conveyance duty receipts. What makes you think that these budget estimates for these forward years will be any different?

**The Hon. R.I. LUCAS:** It is the best estimate of the experts within Treasury upon which the former government relied and upon which I rely. I do not second-guess the estimates in terms of conveyance duty receipts that I have. If I start interposing my own personal views in relation to—

**The Hon. S.C. MULLIGHAN:** You could not do that. You could not do it for the Valuer-General.

**The Hon. R.I. LUCAS:** —the Treasury estimates, heaven forbid.

**The Hon. S.C. MULLIGHAN:** Last year, we saw the introduction of exemptions for family farm transactions, for farms held within company structures but ostensibly owned by the same family. How many transactions were assessed in 2018-19 as not being liable for duty? Are you able to take that on notice?

**The Hon. R.I. LUCAS:** We would have to take that on notice, Mr Chairman, and I am happy to do that.

**The Hon. S.C. MULLIGHAN:** Are you able to provide an estimate of the revenue foregone from that?

**The Hon. R.I. LUCAS:** I am happy to take advice to see what, if any, information we are able to provide.

**The Hon. S.C. MULLIGHAN:** What is the process for Treasury assessing what is dutiable and what is not dutiable in those transactions?

**The Hon. R.I. LUCAS:** Please explain.

**The Hon. S.C. MULLIGHAN:** Alright, Pauline, I will do my best. There has to be an assessment about the company structure and the familial relationships related to that company structure when the farm is about to be transferred, so what happens? Does RevenueSA call them in and say, 'Walk us through how all this works?' Is there a letter from their accountant? What are the bona fides that need to be established in order to access the exemption?

**The Hon. R.I. LUCAS:** Mr Chairman, if it might assist the member, I am advised that when the RevenueSA commissioner is here, she would be perhaps better placed to explain the actual process that her officers go through in relation to that particular issue.

**The Hon. S.C. MULLIGHAN:** That is fine.

**The Hon. R.I. LUCAS:** If you would not mind deferring that question until then, we will bring the expert in.

**The Hon. S.C. MULLIGHAN:** Moving on to your advisers' favourite topics, I refer to Budget Paper 4, Volume 4, page 150, operating savings for Treasury. If I draw your attention to that line, it talks about the estimated result for 2018-19. Last year we spoke about the need for Treasury to find \$12 million worth of operating savings. Has that been successfully delivered?

**The Hon. R.I. LUCAS:** I am advised, yes.

**The Hon. S.C. MULLIGHAN:** How were these achieved?

**The Hon. R.I. LUCAS:** A whole variety of quite difficult, complicated and painful but, nevertheless, necessary adjustments. As with all government departments and agencies, it was mainly staffing, but there were adjustments to RevenueSA. The front counter, for example, on the

ground floor of RevenueSA, was removed as a saving. It was mainly staffing, services, supply, contractors and consultants.

**The Hon. S.C. MULLIGHAN:** Are you able to provide, not right now but subsequently, some further advice to the committee about what measures contributed how much to that \$12 million saving?

**The Hon. R.I. LUCAS:** I am able to provide further advice to the member on notice but it will be of a general nature. In the end, Treasury has a budget. It was going to be a smaller budget and they just had to deliver within it. Unlike other agencies, at the end of the year, they did not come back and say, 'We need to be forgiven for not having achieved the savings.' They achieved them somehow.

**The Hon. S.C. MULLIGHAN:** Do people ask for forgiveness, do they?

**The Hon. R.I. LUCAS:** They do actually, yes.

**The Hon. S.C. MULLIGHAN:** Really?

**The Hon. R.I. LUCAS:** They are very polite on our side of the fence.

**The Hon. S.C. MULLIGHAN:** You have driven change. That requirement from last year's budget measures grew to \$22 million a year. Have measures been identified to deliver the increased quantum of savings?

**The Hon. R.I. LUCAS:** In relation to the bulk of those, yes.

**The Hon. S.C. MULLIGHAN:** What are those measures that need to be introduced?

**The Hon. R.I. LUCAS:** Again, it will be generally issues of staffing, salaries, consultants, contractors, right across the board in terms of meeting those. There are a range of issues that we have included and, again, I am happy to provide a broad response to the member in terms of the changes we have incorporated.

**The Hon. S.C. MULLIGHAN:** If we jump back to Budget Paper 5 on page 91, the Budget Measures Statement, that includes an additional requirement on top of those savings we have just discussed of \$7.5 million a year. Have measures been identified to provide for those savings?

**The Hon. R.I. LUCAS:** Again, broadly, yes. Again, the answer to the question is, broadly, they will be more of the same; that is, more staffing, salaries, contractors, consultants and a variety of other options like that.

**The Hon. S.C. MULLIGHAN:** Do you have any understanding of how many FTEs will go as a result of these savings tasks?

**The Hon. R.I. LUCAS:** No, as with all the FTE estimates, there are notional estimates which are included in various budget documents and the like, but ultimately that is left to the discretion of all chief executives, including the Under Treasurer. In the end, they, being the chief executives, just have to achieve the savings tasks. Treasury has achieved the savings tasks. On page 91, there is a notional FTE reduction of 20 but, again, there has been a caveat issued in the budget documents each year for the last X years which indicates these are notional estimates. It is not a clear indication of exactly what the number might be. It might be that number or it might be slightly more or slightly less.

**The Hon. S.C. MULLIGHAN:** Is there any notional distribution of that FTE reduction number across your divisions or branches within the department?

**The Hon. R.I. LUCAS:** I do not know about 'notional'. The Under Treasurer may well have in terms of his implementation. I am sure he has in mind how the savings are going to be achieved but I do not think there is a notional allocation. The answer is no, I am advised. There is an overall one and they have to achieve it. Ultimately, some agencies might be better able to assist the overall savings task of the department as opposed to others.

**The Hon. S.C. MULLIGHAN:** On that same page, the Commercial and Economics Branch receives an extra \$13.5 million over four years and notionally, I take it, there is an allocation of 15 FTEs there. Why is it necessary to provide additional resources to this branch?

**The Hon. R.I. LUCAS:** It is really a continuation of existing resourcing. A version of the Commercial and Economics Branch—I think it was called something different under the former government—was project funded, that is, the many privatisations the former Labor government was indulging in such as the Motor Accident Commission privatisation and the lands titles office privatisation. There was a small group within Treasury. It did not have that exact title; it had a different title.

**The Hon. S.C. MULLIGHAN:** And you are ramping it up for what reason?

**The Hon. R.I. LUCAS:** No, it was managing all of those privatisations, and it was being project funded. So the former government, when it was allocating money for the privatisation of the MAC, would say, 'Here's a lump of money to manage the process from the government's viewpoint.' That lump of money was given to Treasury and this particular group to employ these people.

Now, as the MAC privatisation has finished and the lands titles privatisation has finished, there was the need for continuing some of the work. One of the major tasks that they are engaged in at the moment is the hidden nasty that was left in the lands titles office privatisation, which was that the new government or the re-elected government had to look at the privatisation of the motor vehicle registry or, in essence, the bulk of Service SA, otherwise we have to pay back—

**The Hon. S.C. MULLIGHAN:** But that work was already meant to be complete. I am talking about the next four years.

**The Hon. R.I. LUCAS:** No, no, it had not been completed.

**The Hon. S.C. MULLIGHAN:** It has not been completed?

**The Hon. R.I. LUCAS:** It had not been completed by the former government, and we are still undertaking that particular—

**The Hon. S.C. MULLIGHAN:** You are still undertaking it?

**The Hon. R.I. LUCAS:** Yes, absolutely.

**The Hon. S.C. MULLIGHAN:** And that will go for another four years at a cost of \$3½ million a year.

**The Hon. R.I. LUCAS:** No, no, there is a variety of other tasks that the Commercial and Economics Branch—

**The Hon. S.C. MULLIGHAN:** And what are those tasks?

**The Hon. R.I. LUCAS:** Well, with the Commercial and Economics Branch, for example, for some bizarre reason, the former government had the economic forecasting people in the Department of the Premier and Cabinet. I never understood that. They have been returned to their rightful home, which is within the Commercial and Economics Branch. You actually need economic forecasters.

**The Hon. S.C. MULLIGHAN:** So there is a corresponding reduction from another area—

**The Hon. R.I. LUCAS:** Yes, from DPC.

**The Hon. S.C. MULLIGHAN:** —that contributes to this?

**The Hon. R.I. LUCAS:** A part of it. The economic—

**The Hon. S.C. MULLIGHAN:** And how much is that?

**The Hon. R.I. LUCAS:** I would have to take that on notice.

**The Hon. S.C. MULLIGHAN:** That is okay. We will get that figure.

**The Hon. R.I. LUCAS:** Sorry, can I just complete the answer, Mr Chairman?

**The CHAIR:** Yes.

**The Hon. R.I. LUCAS:** There was another group—perhaps the same people; there was a crossover—who did the social impact bonds, etc. Again, they were within the Department of the Premier and Cabinet. Again, it made no sense to me why Premier and Cabinet would be doing this sort of work. They should be commercial and economics people within Treasury. Those people, together with the economic modelling people, were removed from the Premier's department and were transferred across to Treasury and ultimately found a home within this area.

**The Hon. S.C. MULLIGHAN:** And that is also a contributor to that?

**The Hon. R.I. LUCAS:** For those particular areas within DPC, the funding would have been removed from DPC's budget for those particular people.

**The Hon. S.C. MULLIGHAN:** Sorry to make you jump around, but Budget Paper 4, Volume 4, page 150, 'Economics Unit from the Department of the Premier and Cabinet', the only impact was in 2017-18 not 2018-19, let alone across the forward estimates.

**The Hon. R.I. LUCAS:** The Under Treasurer advised me it is ongoing across the forward estimates.

**The Hon. S.C. MULLIGHAN:** So there is no impact on the program net cost of services, as outlined on page 150 of Budget Paper 4, Volume 4? It says \$810,000 in 2017-18 and then nil impact in 2018-19 or 2019-20. So they have already been transferred in. The 2018-19 estimate does not in that measure—

**The Hon. R.I. LUCAS:** You are referring now to the trade, tourism and investment department, are you? Is that the page you are referring to?

**The Hon. S.C. MULLIGHAN:** Reconciliation to agency, 'Economics Unit from the Department of the Premier' to the Department of Treasury and Finance in 2017-18.

**The Hon. R.I. LUCAS:** If we can give a more detailed response in terms of the machinery of government changes, I am happy to do so, but my advice is it is the funding for these particular groups that were permanently removed from the DPC, which was where they were before, and transferred to Treasury.

**The Hon. S.C. MULLIGHAN:** In the previous financial year?

**The Hon. R.I. LUCAS:** Yes, but ongoing.

**The Hon. S.C. MULLIGHAN:** That is right. I am talking about the budget measure on Budget Paper 5, page 91—the additional \$3.345 million in 2019-20, \$3.377 million in 2020-21 and so on—for the Commercial and Economics Branch.

**The Hon. R.I. LUCAS:** The Commercial and Economics Branch—

**The Hon. S.C. MULLIGHAN:** Why the extra money for the future work?

**The Hon. R.I. LUCAS:** Because they have an ongoing role in a whole variety of different projects that the government is involved in.

**The Hon. S.C. MULLIGHAN:** Are they assisting with the PPPs currently underway?

**The Hon. R.I. LUCAS:** Mr Chairman, could I just finish the answer to that question before we get to the next one? They have a wide variety of roles. One of the roles, for example, has been the issue of this ongoing nasty in the lands titles office privatisation. That is an ongoing role they have.

**The Hon. S.C. MULLIGHAN:** That will go for four years?

**The Hon. R.I. LUCAS:** They also have an ongoing role in relation to SAHMRI, that is, providing advice to me and to the government in relation to the complex arrangements the former government had entered into in relation to the SAHMRI project.

**The Hon. S.C. MULLIGHAN:** There is nothing complex about it.

**The Hon. R.I. LUCAS:** The member for Lee—

**The Hon. S.C. MULLIGHAN:** If it is beyond you, that is okay.

**The Hon. R.I. LUCAS:** —is showing a touch of naivety if he thinks it is nothing complex in relation to the SAHMRI project, with the proton therapy unit and a whole variety of other quite complicated provisions—

**The Hon. S.C. MULLIGHAN:** They are not providing the treatment, surely?

**The Hon. R.I. LUCAS:** The Commercial and Economics Branch is taking a lead role in terms of managing that particular project. They are also providing advice to varying degrees to various other government departments and agencies in relation to other outsourcing propositions. In some cases they take a bigger role and in other cases they take a smaller role.

**The Hon. S.C. MULLIGHAN:** Which are those propositions?

**The Hon. R.I. LUCAS:** The Adelaide Remand Centre, for example—

**The Hon. S.C. MULLIGHAN:** Trains and trams?

**The Hon. R.I. LUCAS:** —is significantly led by Corrections, but they provided some advice there. In relation to SA Pathology, for example, and radiology, ultimately looking at the advice that various consultants provided to the government in relation to making the savings that might be able to be achieved without going to an outsourcing option, which is the government's position, and others, they have some limited role in terms of providing advice to me. My recollection is, I think, in some of the complicated arrangements that Human Services have had or entered into in terms of transferring government-run funded programs in the disability area into the NGO sector, that some of that was quite complicated. They provide advice, and will continue to provide advice, to the government.

In relation to issues such as the former government's endeavours to sell part or all of the State Admin Centre precinct or government offices and buildings, again they provide advice to me in relation to what, if anything, the government might continue to do there. There is a whole variety of commercial and economic projects right across government departments and agencies that as Treasurer I need ongoing advice about from people with expertise in this particular area. I am surprised the former government did not have an equivalent unit.

**The Hon. S.C. MULLIGHAN:** I think you already established that we did have the unit; we just called it something else. Is the Commercial and Economics Branch playing any role, or assisting the Department of Planning, Transport and Infrastructure, in the train and tram operations privatisation?

**The Hon. R.I. LUCAS:** I think that is at the end of the continuum. It is largely being driven by DPTI, but the answer to the question is yes, they do provide some role—

**The Hon. S.C. MULLIGHAN:** Bus operations and maintenance?

**The Hon. R.I. LUCAS:** —in all those areas. They also then are therefore available to provide me with advice as Treasurer in relation to the advisability or not of proceeding down a particular path. The Minister for Transport would obviously get advice from his department in relation to why a certain proposal should proceed.

**The Hon. S.C. MULLIGHAN:** Yes, I appreciate that.

**The Hon. R.I. LUCAS:** Commercial and Economics is there to provide me with advice as the Treasurer as to whether we agree or do not agree and what we might do about that.

**The Hon. S.C. MULLIGHAN:** Have they done any work considering the outsourcing of functions at Service SA?

**The Hon. R.I. LUCAS:** As I said, we are required to do that under the secret deal the former government did, because the motor vehicle—

**The Hon. S.C. MULLIGHAN:** No, I am not talking about the motor vehicle registry. I am talking about Service SA.

**The Hon. R.I. LUCAS:** The motor vehicle registry is 99 per cent of the work of Service SA. I am surprised you do not know that.

**The Hon. S.C. MULLIGHAN:** It is not, actually.

**The Hon. R.I. LUCAS:** It is, actually.

**The Hon. S.C. MULLIGHAN:** No. It is certainly the majority, but certainly not 99 per cent.

**The Hon. R.I. LUCAS:** It is the vast majority. It does limited occupational licensing and, I am told, firearms licences.

**The Hon. S.C. MULLIGHAN:** Boat licences.

**The Hon. R.I. LUCAS:** I am surprised that as a former minister you are not aware of that particular issue.

**The Hon. S.C. MULLIGHAN:** I am aware. I am just surprised the Treasurer would overstate it so much.

**The Hon. R.I. LUCAS:** The sneaky deal that the former Labor government hid about the motor vehicle registry privatisation is essentially the vast bulk of Service SA. I am surprised that—

**The Hon. S.C. MULLIGHAN:** So the shopfronts of Service SA—

**The Hon. R.I. LUCAS:** —the former minister is unaware of—

**The Hon. S.C. MULLIGHAN:** —are not being contemplated for outsourcing?

**The Hon. R.I. LUCAS:** —that particular issue.

**The Hon. S.C. MULLIGHAN:** Is that correct? Can you confirm?

**The Hon. R.I. LUCAS:** I am surprised that the former minister is unaware of that particular position. It was part of his sneaky deal that he and his former colleagues did. I must admit I was appalled when I became aware of it. I was shocked, horrified, appalled.

**The Hon. S.C. MULLIGHAN:** Now he is just running down the clock.

**The CHAIR:** Member for Lee, do you have a question?

**The Hon. S.C. MULLIGHAN:** I do. So there is no contemplation of outsourcing the functions of the Service SA branches?

**The Hon. R.I. LUCAS:** We are required to have a look at that because of the sneaky deal the former government did.

**The Hon. S.C. MULLIGHAN:** I am not talking about the registry.

**The Hon. R.I. LUCAS:** The motor vehicle registry is 99 per cent of the work of the—

**The Hon. S.C. MULLIGHAN:** It is not—we have just established that. We have talked about firearms and boating—

**The Hon. R.I. LUCAS:** —Service SA.

**The Hon. S.C. MULLIGHAN:** —and all the other things that you were not aware of.

**The Hon. R.I. LUCAS:** So the sneaky deal that the former government did is requiring us to essentially look at the whole structure and function of the motor vehicle registry—

**The Hon. S.C. MULLIGHAN:** Are any of the privatisations or outsourcing opportunities—

**The Hon. R.I. LUCAS:** —and therefore the considerable impacts on Service SA centres.

**The Hon. S.C. MULLIGHAN:** —currently being explored by the Commercial and Economics Branch?

**The Hon. R.I. LUCAS:** Sorry, I was still finishing the answer to the last question.

**The Hon. S.C. MULLIGHAN:** I am sorry for talking while you were interrupting. Are any other outsourcing or privatisation opportunities currently being investigated by the branch which have not been publicly announced?



**The Hon. R.I. LUCAS:** I am not surprised that the member moves quickly on from that embarrassment, Mr Chairman.

**The Hon. S.C. MULLIGHAN:** We are just trying to get you to answer a question.

**The CHAIR:** It would help if there was no commentary from you, Mr Treasurer, or the member for Lee.

**The Hon. R.I. LUCAS:** Thank you, Mr Chairman.

**The CHAIR:** If we just answer the questions—the ones that are asked.

**The Hon. S.C. MULLIGHAN:** I know you are new to this, but this is the committee stage, Chair.

**The CHAIR:** Member for Lee, please ask your question.

**The Hon. S.C. MULLIGHAN:** I have. I am waiting for an answer. Are there any outsourcing or privatisation opportunities that are being explored by the Commercial and Economics Branch which are yet to be publicly announced?

**The Hon. R.I. LUCAS:** The issue of SA Pathology, for example—

**The Hon. S.C. MULLIGHAN:** It is more believable the less you stutter.

**The Hon. R.I. LUCAS:** —and Medical Imaging—it depends on how you want to characterise that.

**The Hon. S.C. MULLIGHAN:** No; that has not been publicly announced.

**The Hon. R.I. LUCAS:** We have not publicly announced that.

**The Hon. S.C. MULLIGHAN:** Well, you have; it was in last year's budget.

**The Hon. R.I. LUCAS:** No, no, we did not. We indicated that if SA Pathology and Medical Imaging did not achieve the savings that were required in terms of the budget estimate—

**The Hon. S.C. MULLIGHAN:** It would be privatised.

**The Hon. R.I. LUCAS:** —the government would reserve the right to consider other options, such as outsourcing.

**The Hon. S.C. MULLIGHAN:** So other than that publicly announced one—

**The Hon. R.I. LUCAS:** So we have not announced the outsourcing. There is not much left to privatise, to be honest, given the rampant privatising of the former government. The main asset that is left is SA Water and both before the election and since the election we have ruled out any sale of SA Water, and that is still our position. The only party that had a secret plan to privatise SA Water was the former Labor government—

**The Hon. S.C. MULLIGHAN:** Now you are misleading parliament.

**The Hon. R.I. LUCAS:** —who commissioned a \$100,000—

**The Hon. S.C. MULLIGHAN:** No, no. The people sitting next to you did that.

**The Hon. R.I. LUCAS:** —scoping study to look at the privatisation of SA Water. Under their watch, the SA Water board—

**The Hon. S.C. MULLIGHAN:** No—

**The Hon. R.I. LUCAS:** —also did considerable work—

**The Hon. S.C. MULLIGHAN:** —that would be your departmental advisers.

**The CHAIR:** Order, member for Lee!

**The Hon. S.C. MULLIGHAN:** He is misleading the house.

**The Hon. R.I. LUCAS:** The only party in this state that has actually expended taxpayers' money and genuinely considered the privatisation of SA Water was the party of the member for Lee—the former Labor government.

**The Hon. S.C. MULLIGHAN:** That is just not true.

**The Hon. R.I. LUCAS:** They hid those considerable expenditures. I think it was about \$100,000 of taxpayers' money that they spent on looking at the scoping. If in the sad event they had been elected, they would have been privatising SA Water from day one of this particular parliamentary term.

**The Hon. S.C. MULLIGHAN:** Now that we have set that one aside, your advice to the committee is that there are no other operations, functions, assets or anything else of government that the Commercial and Economics Branch is currently considering for outsourcing or privatisation?

**The Hon. R.I. LUCAS:** That is not my advice at all. I will not—

**The Hon. S.C. MULLIGHAN:** Thank you, that is fine.

**The Hon. R.I. LUCAS:** Mr Chairman, I will not be verbally by the member for Lee.

**The Hon. S.C. MULLIGHAN:** That is all we came for.

**The Hon. R.I. LUCAS:** Mr Chairman, the position of the—

**The Hon. S.C. MULLIGHAN:** That is all we needed.

**The CHAIR:** Member for Lee, you have asked the question and the Treasurer is finishing it.

**The Hon. R.I. LUCAS:** I am answering the question. The position of the—

**The Hon. S.C. MULLIGHAN:** He is debating; he is not referring to me. We are at the committee stage.

**The CHAIR:** Member for Lee!

**The Hon. R.I. LUCAS:** Mr Chairman, the position of the government, as we committed to and promised prior to the election, was that we ruled out the privatisation of SA Water and separately also ruled out the privatisation of ReturnToWorkSA, but we reserved the right—and I wrote a letter to Mr Nev Kitchen from the PSA explicitly indicating that the Labor government had outsourced or commercialised a whole variety of operations and options within government and a Liberal government would reserve the right to do exactly as the Labor government had done. That is, we reserve the right to outsource or commercialise the various operations of government. If it is in the interests of the taxpayers of South Australia, we will support the private sector operation of various functions of government.

So some of the issues in relation to road maintenance, for example, to which the member has referred; the operating—not the sale—of the trams and the trains that minister Knoll is looking at, the operating of those, which are outsourcing options, were commitments we made prior to the election not to rule out the consideration. So I am not ruling out, consistent with the promise that we made, that if it is in the interests of the taxpayers, and we can do things at a lower cost to the taxpayers of the state, we will consider outsourcing options in terms of the provision of public services.

**The Hon. S.C. MULLIGHAN:** Can I refer your attention to Budget Paper 3, page 37. This is the list of revenue measures, or some of them, contained in the budget, including the increase to the solid waste levy, which commences part way through this financial year and then finds its full voice in the following financial years. What advice was received by the government about the proposal to increase the solid waste levy prior to it being adopted?

**The Hon. R.I. LUCAS:** Just to correct that, I think the first tranche of the levy is actually being implemented from 1 July, so not part way through this financial year. I think it commences on the—

**The Hon. S.C. MULLIGHAN:** Indeed, yes, it ramps up.

**The Hon. R.I. LUCAS:** It commences on the start of the financial year, and then it is further increased on 1 January. In terms of the advice, the advice, as with most budget measures, was limited to within government. It was the advice of all cabinet ministers who might have had some additional information they might be able to apply, which would obviously be the Minister for Environment, the Minister for Local Government and obviously Treasury in addition to that.

Clearly, the Minister for Environment and Minister for Local Government had considerable experience of past discussions with their stakeholder groups in terms of the various views that stakeholder groups might have had, because there was considerable experience of this levy. It was originally introduced at \$5 by the former government; it got increased to \$100 over a number of years.

So at each occasion the views of the respective stakeholder groups were quite apparent. I think at the time of the China Sword issue last year, again, the Minister for Environment, Treasury and others were well aware of the views that various stakeholder groups were putting about the level of the waste levy in South Australia and whether some opposed it, some supported it or not.

**The Hon. S.C. MULLIGHAN:** How has the revenue benefit been calculated?

**The Hon. R.I. LUCAS:** Sorry, you say, 'How has it been calculated?'

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** The same way as it has been calculated since it was introduced by the former Labor government.

**The Hon. S.C. MULLIGHAN:** So you make an assumption of the number of tonnes that are bound for landfill, and you times that by the levy and that gives you—

**The Hon. R.I. LUCAS:** Yes. Treasury used the same process that was used for the former government. We did not use any different process, I am advised.

**The Hon. S.C. MULLIGHAN:** The revenue estimate in 2021 is \$24.9 million, \$24.8 million, then \$24.7 million, so basically the same. You mentioned in your public comments that you expected there to be a significant reduction in waste diverted to landfill because of this price signal, this increase in the solid waste levy. How many tonnes less will be sent to landfill as a result of this measure?

**The Hon. R.I. LUCAS:** As Treasurer, we are obviously hopeful that will be the impact. Certainly the advice in the past has been there has been some immediate impact, but then the advice I recall receiving was, after a period of time, that dissipated. I do not have a precise calculation of the number of tonnes for each of those forward estimates years.

**The Hon. S.C. MULLIGHAN:** Clearly, there is one in the department to give the revenue estimates.

**The Hon. R.I. LUCAS:** Sure. If there is further information that I am able to provide to the committee at a later stage that might be of use, I am happy to consider that and potentially supply it, but I do not have that available here.

**The Hon. S.C. MULLIGHAN:** What advice were you provided about the reduction in diversion to landfill that would be achieved as a result of this revenue measure?

**The Hon. R.I. LUCAS:** I would again have to take that on notice. If there is anything useful that I can provide to the committee, I am happy to do so.

**The Hon. S.C. MULLIGHAN:** When you contemplated increasing the solid waste levy by 40 per cent, did you consider the likelihood that councils would have to pass on this cost to ratepayers?

**The Hon. R.I. LUCAS:** Obviously the answer is yes. We have seen that some have and some have not. Some have absorbed the cost; a number have passed on the cost to varying degrees.

**The Hon. S.C. MULLIGHAN:** Can I ask a question on something else? Budget Paper 4, Volume 4, page 186 talks about the State Local Government Infrastructure Partnership. Can I just ask what this reflects?

**The Hon. R.I. LUCAS:** My advice is that this was an arrangement the former government entered into, which might have been a 10-year deal. If that is not the correct length—

**The Hon. S.C. MULLIGHAN:** This is the small infrastructure projects thing, is it?

**The Hon. R.I. LUCAS:** That is right. If that is not correct, I will correct the record. My understanding is the former government entered into an arrangement with the local government for small infrastructure projects and that commenced a number of years ago. This just reflects part of that ongoing commitment, which we are honouring. At some stage, if it is a 10-year period, I guess the government of the day will either have to renew or not renew the project. I am advised that I get regular reporting from the Local Government Association in terms of what worthy projects are being funded by this commitment the former government made.

**The Hon. S.C. MULLIGHAN:** I am sorry to make you fossick around, but it is quite separate from the grants expenses of the budget that, in part, sees the wash-through of commonwealth local government grants that we receive and then pass through that?

**The Hon. R.I. LUCAS:** Yes, it is. The member for Lee should not apologise for moving around. We are here to assist the member for Lee and the committee in every way that we can.

**The Hon. S.C. MULLIGHAN:** I appreciate it greatly.

**The Hon. R.I. LUCAS:** You can wander wherever you want to wander, within reason.

**The Hon. S.C. MULLIGHAN:** Thank you. You probably do not need to look at the number, but I will provide the reference anyway: Budget Paper 3, page 13. Looking at that grants line, when those grants are paid through to local government, just mechanically, how are they paid? Do you get the revenue from the commonwealth and then on a particular date you just transfer it to each of the councils? Is that how it works? I am not going to ask you for the date.

**The Hon. R.I. LUCAS:** If what I say needs to be further clarified, I am happy to do so, but our advice is this is handled through the Office of Local Government in DPTI. If you are on that particular committee, you might be able to get better particulars as to whether they transfer it monthly, quarterly or how they actually manage that particular process, but our advice is it is managed through that process.

I think the normal arrangement with local government under the former government and under our government is that whenever we get the money, we pay it over; otherwise, I am sure they would jump up and down about it. If you want to direct those questions through yourself or someone else on minister Knoll's estimates, you would probably get a clearer explanation of the process.

**The Hon. S.C. MULLIGHAN:** Sure. You do not have any visibility of the timing of the payment of those grants from the Office of Local Government to local government?

**The Hon. R.I. LUCAS:** No. My advice is not here. We are not aware of whether it is done monthly, quarterly or how it is actually processed. Minister Knoll with the Office of Local Government would be the appropriate minister and agency to answer that.

**The Hon. S.C. MULLIGHAN:** To jump around further and divert your attention to pages 34 and 35 of Budget Paper 3, we are looking at the general government capital investment, which is broken down by agency. I am interested to see the significant penultimate line of that table, contingencies and other, which grows quiet significantly over the over the budget out years. I take it that it is within this line that the allocation for the Women's and Children's Hospital is located, the \$550 million?

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** Are there other publicly announced projects which are also located in this line?

**The Hon. R.I. LUCAS:** I am advised the answer to that is yes. There are a number of transport projects where the final costings might still be being worked on but they may well have been publicly announced, some of which might have been publicly announced by the re-elected federal government during the lead-up to the federal campaign. Also, the Aboriginal art and cultures gallery is in that because we are still working on a final costing.

I think the former government had—and, again, I think it was just a guesstimate—\$150 million or something for the contemporary art gallery, which had not been provided for, but I think that was a number that was being talked about. The final costings for the Aboriginal art and cultures gallery has not been concluded yet. The allocation that we have included is in that contingency as well.

**The Hon. S.C. MULLIGHAN:** How much of, particularly, the 2020-21, 2021-22 and 2022-23 years is unallocated to projects?

**The Hon. R.I. LUCAS:** We would have to take that on notice to see whether there is any advice that we might be able to provide that might assist.

**The Hon. S.C. MULLIGHAN:** Why did the Treasurer change the dividend payout ratio for government businesses?

**The Hon. R.I. LUCAS:** Because we had a \$2.1 billion writedown in projected GST revenues and we needed to spread the pain, I suppose. That is, we had various options: we could have reduced \$500 million to \$700 million annually in terms of spending on education, health and all other government departments and agencies, or we could have jacked up revenues by \$500 million to \$700 million a year, or some combination of the above, and it was some combination of the above.

One part of that was to make the policy decision that with the dividend that comes back to the government, we are the shareholders, and in relation to SA Water and a number of the others, I think we are already taking 95 per cent of the dividend. We needed the extra money so we are taking 100 per cent of the dividends. As the shareholder, we are lawfully entitled to do that.

**Mr McBRIDE:** My question is regarding the Port Adelaide office accommodation. I refer to Budget Paper 4, Volume 4, page 169, highlights 2018-19. What has the relocation of staff from the CBD to Port Adelaide cost taxpayers?

**The Hon. R.I. LUCAS:** I thank the member for this particular question because I think this was an issue that was raised in last year's estimates committee. At that estimates committee and subsequent to that, I used colourful language and I think said, 'This was another dog of a deal done by the former government.'

**The Hon. S.C. MULLIGHAN:** It is unparliamentary.

**The Hon. R.I. LUCAS:** I must have used that phrase outside parliament, then, rather than inside parliament. The former government took a decision to build office accommodation down in Port Adelaide for its own reasons. They can answer for that. Ultimately, as I indicated last year, the advice we had last year was that a combination of what is called dead rent or the vacancy rental both at Port Adelaide and at Westpac House was \$6.1 million.

I think I indicated that at that stage, DPTI was looking at pursuing options to try and attract tenants on a short-term basis into Westpac House. I am pleased to see there has been some marginal improvement in relation to the cost to the taxpayers of that particular deal. I think the most recent estimate is about \$5.1 million, a good chunk of that at Port Adelaide but a reasonable chunk also at Westpac House.

I know there has been some recent discussion about this issue in relation to the decision of the former government in terms of who would go down to Port Adelaide. I think it was being driven in part also by minister Knoll, who was involved in the decision, as office accommodation technically comes within that portfolio, but we were actively engaged.

There were essentially two options the government had. One was to, in essence, move people out of the Riverside Building, which was essentially what the former government was talking about doing. I think they were talking about Renewal SA and maybe some others being moved out of the Riverside Building on North Terrace to go down to Port Adelaide. Ultimately, we took the decision to move Shared Services out of Westpac House.

The major determinant for that was that the amount of dead rent that we would have to pay on moving Shared Services out of Westpac House was going to be considerably less because the lease there expires in December of this year, whereas, if you moved people out of the Riverside

Building, the lease there expires in December of next year. So it was almost two years of potentially trying to find people to move into the buildings or paying vacancy rental costs.

The former government had done no work in terms of who was to move in if they were to move people out of the Riverside Building. They would have been facing a situation of paying higher vacancy rental costs or dead rent in terms of trying to find people to move into the Riverside Building. That was the reluctant reason why I forced a number of Shared Services staff to move their offices from the CBD down to Port Adelaide.

The other issue that has been raised recently is that I think the member for Lee has claimed that under their proposal there would have been no taxi fares incurred in transporting people back from Port Adelaide to Adelaide. The reality is that if Renewal SA were to go down there—and Renewal SA are responsible and have been actively responsible for Lot Fourteen and a range of other redevelopments all over the CBD and also other parts of Adelaide—the notion that Renewal SA staff would not have been utilising taxis to get to essential meetings in relation to Lot Fourteen or indeed a whole variety of other functions that they have to undertake, such as, for example, the Festival Plaza redevelopment or the Riverbank Precinct redevelopment that they are actively engaged in as well, is fanciful.

The taxi costs that have been incurred by Treasury staff in having to get back to essential meetings would have been equal to or greater than the amount of taxi fare costs that Renewal SA staff would have had in order to come back to the CBD as well. There are two issues I raise again and repeat. Pleasingly, the estimated extent of the vacancy rental costs that I gave the estimates committee last year has been reduced. It is still a significant amount, and if it was or was not unparliamentary I would still describe it as a dog of a deal, Mr Chairman. We would certainly be able to use that phrase in the Legislative Council.

**The CHAIR:** Yes, but you are uncouth and poorly mannered up here.

**The Hon. R.I. LUCAS:** Our presiding member would have allowed us to use it, Mr Chairman. In relation to the alternative, it would have been significantly greater if we had to move people out in a building that has a two-year remainder of a lease, where we would have had to backfill in those particular areas.

**The Hon. S.C. MULLIGHAN:** I refer to Budget Paper 4, Volume 4, page 148, ministerial office resources. How many staff do you have in your office at the moment? Is that number there, 15, accurate?

**The Hon. R.I. LUCAS:** I am pretty sure that is still accurate, Mr Chairman. I just need to check the public sector component of the office as opposed to the ministerial advisers, but—

**The Hon. S.C. MULLIGHAN:** That was going to be my—

**The Hon. R.I. LUCAS:** —I am pretty sure 15 is—we certainly do not have more than 15 anyway; it might be less.

**The Hon. S.C. MULLIGHAN:** The positions which are the ministerial advisers component—that is your chief of staff, your advisers and, albeit from the Premier, your media adviser.

**The Hon. R.I. LUCAS:** Media adviser is not included in this number.

**The Hon. S.C. MULLIGHAN:** No, that is in the Premier's. Yes, that is fine. So the rest are departmental staff, they are employees of the Department of Treasury and Finance?

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** And that is your MLOs and your admin officers and—

**The Hon. R.I. LUCAS:** Office manager.

**The Hon. S.C. MULLIGHAN:** Office manager and that sort of thing.

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** What was the recruitment process undertaken—

**The Hon. R.I. LUCAS:** Very competent and hardworking staff, too, member for Lee.

**The Hon. S.C. MULLIGHAN:** So I am assured. Some of them even tell me that. What was the recruitment process undertaken for the position of your office manager?

**The Hon. R.I. LUCAS:** I would have to take advice in relation to that. It is not a process that I involve myself with in relation to the office manager position because it is a departmental employee. I am sure my chief of staff—

**The Hon. S.C. MULLIGHAN:** So she had a prior role within the Department of Treasury and Finance?

**The Hon. R.I. LUCAS:** I beg your pardon?

**The Hon. S.C. MULLIGHAN:** She had a prior role within the Department of Treasury and Finance?

**The Hon. R.I. LUCAS:** The office manager was there when I arrived so I am assuming the office manager might have been the office manager under the former treasurer. I think—

**The Hon. S.C. MULLIGHAN:** I do not think so.

**The Hon. R.I. LUCAS:** Okay, I will check that.

**The Hon. S.C. MULLIGHAN:** Your office manager is Laura Curran; is that correct?

**The Hon. R.I. LUCAS:** Sorry, no, there are two office managers.

**The Hon. S.C. MULLIGHAN:** There are two office managers.

**The Hon. R.I. LUCAS:** Yes, sorry. This particular budget line refers to the ministerial office staff and there is an office manager in there. The position to which you are referring is an entitlement, as a member of the Legislative Council.

**The Hon. S.C. MULLIGHAN:** I see.

**The Hon. R.I. LUCAS:** You know, as an opposition member, you have an office manager and whatever you call your second staff member—

**The Hon. S.C. MULLIGHAN:** John.

**The Hon. R.I. LUCAS:** I beg your pardon?

**The Hon. S.C. MULLIGHAN:** I call him John.

**The Hon. R.I. LUCAS:** Yes, but what is his title?

**The Hon. S.C. MULLIGHAN:** He is an electorate assistant.

**The Hon. R.I. LUCAS:** Electorate assistant. Legislative Council members only get one staff member and they are referred to as office managers.

**The Hon. S.C. MULLIGHAN:** I see, okay.

**The Hon. R.I. LUCAS:** If you are referring to that office manager, that is a position—as you do with your staff, you just select your own staff and your own office manager. In relation to the entitlement that I have as a member of the Legislative Council, she is appointed by me. I do not have to go through—sorry, I think you have to go through a process, managed through Electorate Services or something, where they might give you names and those sorts of things, as you would be familiar with, but ultimately you make the decision as to who you want to employ in your electorate office, and Ms Curran is employed by me in that particular position.

**The Hon. S.C. MULLIGHAN:** In your parliamentary—

**The Hon. R.I. LUCAS:** But they do have the same title, which is confusing.

**The Hon. S.C. MULLIGHAN:** Can I draw your attention to Budget Paper 4, Volume 4, page 153, the Berkshire Hathaway arrangement which has been entered into. When was the unsolicited proposal received?

**The Hon. R.I. LUCAS:** Again, if we need to clarify the exact record, the best recollection is that it was around about April/May 2018. Can I just say very quickly that this issue of the ongoing management of the Berkshire Hathaway deal was another issue that the Commercial and Economics Branch has been handling. Sorry, no, it was in January 2018, I am advised.

**The Hon. S.C. MULLIGHAN:** January 2018.

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** When did it proceed to the second stage of the unsolicited bids process? The first stage being that it either has something worth exploring or it is nothing and will be knocked out, out of hand.

**The Hon. R.I. LUCAS:** We will need to take that on notice in terms of when it went through.

**The Hon. S.C. MULLIGHAN:** Did you meet with any representatives from Berkshire Hathaway?

**The Hon. R.I. LUCAS:** Prior to the election, in January 2018, or subsequently—obviously it was subsequently.

**The Hon. S.C. MULLIGHAN:** No, during the process of the consideration of the unsolicited proposal, at any stage.

**The Hon. R.I. LUCAS:** I am sure I would have at some stage, but I recall meeting briefly with somebody here during a parliamentary sitting day.

**The Hon. S.C. MULLIGHAN:** While you were Treasurer?

**The Hon. R.I. LUCAS:** Yes. I have—

**The Hon. S.C. MULLIGHAN:** Given that it was—

**The Hon. R.I. LUCAS:** Sorry, could I just conclude? I have no recollection of ever meeting Berkshire Hathaway prior to the election and certainly not in relation to this. If I had met with them, it might have been for something else. In relation to whether I met with them as Treasurer, I am sure I would have, clearly. At some stage, I recall, during a parliamentary sitting day in one of these rooms in Old Parliament House having a very brief meeting during a lunch break or something saying g'day to some visiting important person from Berkshire Hathaway from overseas who was doing more detailed work with the Commercial and Economics Branch people and the other advisers the government has.

**The Hon. S.C. MULLIGHAN:** That was during the process that the unsolicited proposal was being considered?

**The Hon. R.I. LUCAS:** I would have to clarify. It would not surprise me. It might have been but I do not know. I would have to check.

**The Hon. S.C. MULLIGHAN:** When was it formally agreed to that an arrangement would be entered into between the government and Berkshire Hathaway?

**The Hon. R.I. LUCAS:** Again, with all of these issues, I am happy to take them on notice. My notes here indicate that cabinet approved it in November. I cannot recall now when it was publicly announced. I think there was further work that needed to be done. As is often the case with cabinet approval, it would be subject to certain conditions and further negotiations. My advice is that—and we will check it again—the deal was completed in December sometime, so we probably announced it either in late November or early December. We will check the exact times of when that was announced.

**The Hon. S.C. MULLIGHAN:** It is your recollection that you met with them while the process of considering the unsolicited bid was underway?

**The Hon. R.I. LUCAS:** I would have to check the record but it would not surprise me if I had. I would not have seen, and I still would not see, anything wrong with having met them through a particular process. I will check the record to see when and if I met with Berkshire Hathaway people.



**The Hon. S.C. MULLIGHAN:** Did you have a probity adviser or member of the project team with you at all times when you met with Berkshire Hathaway?

**The Hon. R.I. LUCAS:** Certainly, at the meeting at Parliament House, there were 150 people there, I think. Not really. There were a large number of people there from our side and their side. Certainly, from the project team and others, Treasury officers and others were at that particular meeting. But there were a significant number of people in one of the rooms in Old Parliament House at that particular meeting. I am happy to check the record to see whether or not there were any other meetings with representatives of Berkshire Hathaway. But the vast bulk of the discussions were being conducted by the appropriate people within Treasury and government advisers and Berkshire Hathaway people.

**The Hon. S.C. MULLIGHAN:** You went to the last election promising to establish a larger funds management industry in South Australia. Did you raise that with Berkshire Hathaway at any point?

**The Hon. R.I. LUCAS:** It had certainly been part of the discussions with Berkshire Hathaway, that is the government's commitment in relation to this. That was no secret. We have announced the detail of that. I can bring it back to the house. We have announced—

**The Hon. S.C. MULLIGHAN:** An abandoning of the policy?

**The Hon. R.I. LUCAS:** —an expression of interest process recently. It was released last Friday to the market, an expression of interest associated with the Berkshire Hathaway deal to locally manage, I think for a period of up to five years. Let me read my advice here. As part of the transaction, \$300 million of the reinsurance premium was retained in South Australia with \$100 million retained for five years for local funds management. The strategy for implementing the local funds management outcome would be managed separately from the contract with Berkshire Hathaway. Treasury, together with specialist advice from Funds SA, has prepared documentation to progress the expression of interest, which was released last Friday, seeking proposals from suitably qualified organisations to provide local funds management services for this initiative.

**The Hon. S.C. MULLIGHAN:** Was that a requirement of the contract with Berkshire Hathaway?

**The Hon. R.I. LUCAS:** It was certainly part of the contractual—

**The Hon. S.C. MULLIGHAN:** Was an up-front fee received for the contract?

**The Hon. R.I. LUCAS:** So it was separate to the contract, but it was certainly part of the discussions in relation to what the government wished to achieve as part of this particular deal. It was part of the unique nature of the deal. We do not think there is any reason why we should not have the vision of trying to start a funds management industry based in South Australia. We accept the fact that we will never be Melbourne or Sydney but we think there is the capacity to develop the start of a funds management industry with this, together with whatever other initiatives we might be able to take to try to further our policy objective.

**The CHAIR:** Alas, Treasurer, the time has expired. There being no further questions, I declare the examination of the proposed payments for the portfolio of the Department of Treasury and Finance completed.

*Sitting suspended from 11:00 to 11:15.*

#### **Membership:**

Mr Szakacs substituted for Hon. L.W.K. Bignell.

#### **Departmental Advisers:**

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

Mr R. Cordiner, Chief Executive Officer, ReturnToWorkSA.

Mr D. Quirk, Chief Financial Officer, ReturnToWorkSA.

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

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

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

**The CHAIR:** I acknowledge the Hon. Kyam Maher in the gallery. Treasurer, is your team ready?

**The Hon. R.I. LUCAS:** We seem to have lost our ReturnToWorkSA advisers, Mr Chair. I am happy to proceed.

**The CHAIR:** We do not have the member for Lee either.

**The Hon. R.I. LUCAS:** That is alright. I am happy to proceed with questioning. I am not going to delay the questioning.

**The CHAIR:** I will formally open the examination of proposed payments for ReturnToWorkSA. I declare the proposed payments open for examination. I refer members to the Agency Statements, Volume 4. I do not believe you will be making a statement, Treasurer, but if you could please introduce your advisers.

**The Hon. R.I. LUCAS:** We found them, or they found us. We still have Chief Executive of Treasury, Mr Reynolds. We have the Chief Executive of ReturnToWorkSA, Mr Cordiner, and the Chief Financial officer, Mr Quirk, who have joined me at the table.

**The CHAIR:** I do not think the member for Lee will have an opening statement, but when he is ready he can kick us off.

**The Hon. S.C. MULLIGHAN:** I refer you to Budget Paper 4, Volume 4, page 149, Reconciliation to agency FTEs, Return to Work Services from the Department of the Premier and Cabinet on 1 July 2018. What was the impact overall of the transfer from ReturnToWorkSA from one agency to the other?

**The Hon. R.I. LUCAS:** Can I just advise the member, that is actually slightly different. That is the work injury services sector, which is not really ReturnToWorkSA. They are the people who advise the government in relation to the management of Crown employees in terms of the management of workers compensation. They are not employees or directly related to ReturnToWorkSA.

**The Hon. S.C. MULLIGHAN:** Regarding the 15.5 FTEs that transferred over in 2017-18, has that level of resourcing been maintained?

**The Hon. R.I. LUCAS:** My advice is yes. They transferred into the Shared Services section of Treasury, and my advice is that they have been maintained.

**The Hon. S.C. MULLIGHAN:** There are no reductions planned or budgeted for?

**The Hon. R.I. LUCAS:** I am happy to take that on notice. I am not aware of any, but I am happy to take on notice whether or not there is any proposal to reduce the number of FTEs.

**The Hon. S.C. MULLIGHAN:** Can I perhaps ask you a question about the average premium rate for businesses for ReturnToWorkSA? That is 1.7 per cent, I understand.

**The Hon. R.I. LUCAS:** This year it has been announced at 1.65 per cent.

**The Hon. S.C. MULLIGHAN:** It is 1.65?

**The Hon. R.I. LUCAS:** Yes. It was 1.7 per cent last year, but for this financial year it has been reduced further to 1.65 per cent.

**The Hon. S.C. MULLIGHAN:** What drove the reduction in the average premium rate?

**The Hon. R.I. LUCAS:** I think, to be fair, I have acknowledged the trailblazing work of the former minister for industrial relations. I think last year he might have even made farewell appearances on the estimates committee and I acknowledged his work in terms of driving the reforms under the former Labor government, which we supported in a bipartisan fashion.

I think it is fair to say that the premium rate, which was at that time around 2.75 per cent, has steadily declined to 1.65 per cent this year. The significant driver of that was the reform that the former minister drove through, with the support of his colleagues within the Labor cabinet and the Labor government, and ultimately with the support of the then Liberal opposition. We still retain support for the nature of the changes that the former government implemented.

**Mr SZAKACS:** It is a good opportunity to indicate at this stage that before I was afforded the privilege of representing the good people of Cheltenham, I was also afforded the privilege by the former minister of serving on the ReturnToWorkSA board. I have a few questions with respect to matters of premium, but it is worth noting that these questions relate to the time after I resigned and was elected to this place.

**The CHAIR:** Which budget line item and page are you on, please?

**Mr SZAKACS:** This is Budget Paper 4, Volume 4, page 149. Treasurer, what were the total net scheme assets for the financial year 2018-19?

**The Hon. R.I. LUCAS:** I ask Mr Cordiner to respond to that in detail.

**Mr CORDINER:** We have not finalised our accounts for the 2018-19 financial year yet. The most significant moving part is the actuarial valuation, which we finalise by the first week of September normally. I cannot actually tell you what our asset position will be, but I can tell you what the range will likely be: somewhere between 108 per cent funded and 111 per cent funded.

**Mr SZAKACS:** Sorry, 118 or 180?

**Mr CORDINER:** It will be 108 to 111. It will be in that range.

**The CHAIR:** Member for Cheltenham, I just remind you that all questions should be through the Treasurer and all responses through the Treasurer, unless otherwise indicated. Thank you.

**Mr SZAKACS:** Thank you, Mr Chair. That was the funding ratio? Are you in a position to estimate the net assets?

**The Hon. R.I. LUCAS:** I ask Mr Cordiner to respond.

**Mr CORDINER:** Only by way of an estimate. It will be somewhere. Given that it is an estimate and the actuarial valuation is not in, I would suggest it would be between \$340 million net assets and \$355 million. I could be wrong.

**Mr SZAKACS:** Treasurer, these are estimates of, obviously, this year's performance versus last year's actual net assets. Can you indicate the factors with respect to the decline in total net assets of the scheme?

**The Hon. R.I. LUCAS:** Mr Cordiner.

**Mr CORDINER:** Yes, I certainly can. The underlying performance of the ReturnToWork rates and the scheme payments is fairly sound and fairly stable from last year to this year. What is markedly different is that long-term interest rates, like 10-year government bond rates, have decreased to the lowest ever in the history of 10-year bond rates, and that affects our discount rate on our liability portfolio to the tune of around \$318 million. So our underlying performance and investment performance has offset that a bit, but we will take a hit of some \$318 million in discount rate.

**Mr SZAKACS:** I understand that there is still some work to be done to finalise financial year statements. With net performance in respect to investment portfolios, Mr Cordiner mentioned that there were underlying factors which affected the climb in returns. Is there an estimate yet or to date on the returns on that portfolio?

**Mr CORDINER:** Yes, there is—about 8.3 per cent.

**Mr SZAKACS:** What was that against budget for the financial year?

**Mr CORDINER:** It is above budget by about—

**Mr QUIRK:** It is 3.15 per cent.

**Mr SZAKACS:** Treasurer, are you able to advise if that is net or gross of fees and asset consultant charges?

**Mr CORDINER:** Can I have the question again, please?

**Mr SZAKACS:** Are you able to advise whether that 8.3 per cent stated estimated return is net or gross of investment fees?

**Mr CORDINER:** That figure would be net of fees.

**Mr QUIRK:** Net of fees.

**Mr SZAKACS:** Can I take you back to the most recent premium reduction, to 1.65. Can I ask you the funding ratio at the time that that levy reduction was decided?

**Mr CORDINER:** Yes, 111.9 would have been the closest. We measure it every month. That would have been the closest month to when that decision was made.

**Mr SZAKACS:** Roughly what month was that made?

**Mr CORDINER:** The December valuation, which went to our board in March; so I am going to say March, but it might have been early April. I cannot remember.

**Mr SZAKACS:** So that roughly estimated from the December valuation at around 111 per cent funding ratio?

**Mr CORDINER:** Yes.

**Mr SZAKACS:** If I can just get the time line right on this.

**Mr CORDINER:** Yes, it is; that is the December valuation ratio.

**Mr SZAKACS:** There was a subsequent decision to reduce the average premium to 1.65, and now we are advised that the likely or the estimated funding ratio for end of financial year 2018-19 would be around 118 per cent?

**Mr CORDINER:** No; 108 to 111 was the range I gave.

**Mr SZAKACS:** I am sorry; I do not think your microphone was on before, Mr Cordiner. Just for clarity, the estimated funding ratio for 2018-19 will be in the vicinity of 108 to 111?

**Mr CORDINER:** Yes.

**Mr SZAKACS:** The funding ratio as advised in the annual reports of ReturnToWorkSA is sought to be within the bands of which the board set: up to 120 per cent funding ratio ceiling and down to, I think, 90 per cent at the bottom end. Can I ask you, Treasurer, what, if any, measures are taken or mandated if there are funding ratios that hit or decline, above and below, the ceiling or the floor and how many years that needs to take place to occur, for an event to occur, and what measures are then mandated or otherwise to address that?

**The Hon. R.I. LUCAS:** I will make a brief comment then ask Mr Cordiner to give you the detail of that. Clearly, from the Treasurer's viewpoint as the minister to which this independent body operates, I would take advice. Ultimately, these decisions—as I have indicated on a number of occasions—I see as decisions for the board and management of ReturnToWorkSA. Whilst I have acknowledged the work in terms of driving reform of the former minister, I do want to acknowledge the work of Mr Cordiner, Mr McCarthy before him and the senior management.

I am sure you would be aware, member for Cheltenham, of the hard work of the senior management and staff there. In relation to these issues in terms of the ups and downs that you have just asked about, I will ask Mr Cordiner to respond to the specific details within which the board and management would operate. But if we are looking at cataclysmic circumstances, in terms of the downside, I am sure the board would come to the government of the day and say, 'Hey, this is what

we're confronting,' but in terms of the specific details of the parameters and how they operate, I will ask Mr Cordiner to flesh out some detail.

**Mr CORDINER:** Treasurer, I can flesh out a little detail, but not a lot. There is no mandated requirement, but there is a requirement that suggests that if we were to make a lot of money, which we do not seek to do—but if we were—and if that happened for two years in a row, and we were 100 per cent funded and we made a profit from our operations in those two years in a row, it causes an event under the legislation for it to go to parliament for review.

That is, I suspect, a significant mandated activity. But similarly if we were to become unfunded, there is no question that if we were to become unfunded to a significant degree, with no prospect of that changing, then clearly the onus would be on people like me and the board to go to the government of the day and suggest changes.

**The Hon. R.I. LUCAS:** If I can add, Mr Chairman, I suspect one of the responses—in its long history, not as ReturnToWorkSA, but as WorkCover Corporation before it, it has seen the ups and downs of global markets and changes. If at some stage you get into a significantly unfunded position the board would obviously need to take decisions or provide advice in relation to very significant premium increases. That would be one of the responses that might eventuate.

At that time I would imagine the board and the management would come to the government and say, 'This is what we have to do, unless you're prepared to amend the legislation in some way to reduce whatever the particular cost impact is,' if there was a cost impact. I mean, if it was just global circumstances or whatever else it might happen to be there is not much the legislation change is likely to be able to do.

But if it was, for example, a very significant series of court decisions which meant that the payments were significantly higher than were being budgeted for, and if that was occurring at a time when revenues were down, then in those circumstances I would imagine the board and management might come to the government of the day, the minister of the day, and say, 'Hey, you might need to try to get legislative change through to assist the financial viability of the scheme.'

**Mr SZAKACS:** Further to your response then, you mentioned that in the event that there may be significant court decisions, which of course set precedent, that may be decided outside of budget, that would have an effect. Can you advise if there have been any court decisions that have been made that would indicate such?

**The Hon. R.I. LUCAS:** Look, I will speak very briefly, but Mr Cordiner is box and dice. There are a whole series of decisions that have just been taken and are still awaiting decision. He will be able to refer in some detail in relation to what is referred to as the Mitchell decision, which has now been brought down. But there are a range of other Supreme Court decisions, which I do not think, in the advice I have had, are necessarily at this stage anyway as significant as the impact the Mitchell decision might have had on the scheme viability from the board management's viewpoint. But let me hand over to Mr Cordiner, and he can give you all the detail of that particular question.

**Mr CORDINER:** For the avoidance of doubt, the Mitchell decision was a decision that went to the Supreme Court. The Supreme Court in summary terms ruled to clarify the law in favour of the current practice of ReturnToWorkSA, so to that extent it had no impact on our financial status. Had it have gone the other way, it would have had significant impact on our financial status.

There are some two handfuls—I cannot remember the exact number—of matters; they are matters that we appeal or that a worker might appeal or an employer, in an unusual circumstance, might appeal, that are yet to be handed down. But none of them carry anything like the \$100 million to \$500 million price tag that go with them. Right now, they simply change practice more than change the economic factors of the scheme. To that extent, we watch them and we implement them when they come down, but we are not concerned about them in terms of your question.

**Mr SZAKACS:** Thank you. Picking up from that theme in respect to key decisions, has the government responded to the independent Mansfield review?

**The Hon. R.I. LUCAS:** No, not formally at this stage. I have had a series of discussions in relation to what, if anything, the government might do. For a long period of time, the government

reserved its position pending the decision in relation to Mitchell. If there was to be any legislative change, the advice I was receiving from ReturnToWorkSA was that there may well need to be legislative change in relation to the Mitchell decision. That has now been brought down and that is not the case. It is still with me and the government in relation to what, if anything, we might do in relation to the recommendations of the Mansfield review.

**Mr SZAKACS:** Will you be responding, Treasurer?

**The Hon. R.I. LUCAS:** Yes. In terms of a time line, I have not put a specific time line at this stage. I am still taking further advice, so at this stage I cannot indicate when that will be, but at some stage I will. Mitchell has clarified a number of issues. One of the issues the government will need to address is the likelihood or otherwise of changes in parliament to the ReturnToWorkSA legislation. They are all matters that I, as minister, and the government will ultimately need to reflect on as to whether or not we proceed.

**Mr SZAKACS:** Would it not be reasonable, some 11 months after the tabling of the report in parliament, that some certainty is given in respect to your response and time frames attached to it to both workers and to businesses in this state?

**The Hon. R.I. LUCAS:** I think it is a reasonable question. The certainty is that, at this stage, we have taken no decision to make any changes to the scheme the former Labor government implemented and we support it. Certainly, in all the discussions I have had with industry and worker representatives and others, and in the absence of any formalised response from the government to the Mansfield review, we are continuing with the scheme as implemented by the former government, supported by us. So that is the position.

If, ultimately, we decide to take up any of the recommendations of the Mansfield review, then we would announce that at that particular time. I have the good fortune of just taking on in my office as an adviser someone who worked as the assistant—I am not sure that was his technical term—to Mr Mansfield when he did his review. So I am now privileged to be able to get some detailed advice from that particular individual in relation to matters that Mr Mansfield considered and reported on.

In the absence of any decision from the government, my advice to stakeholders has been that the government is comfortable with where the scheme is. In terms of certainty, they should operate on the basis that that is what is going to happen, unless at some stage we decide to seek to make some changes.

**Mr SZAKACS:** Can I ask you again, in respect to ReturnToWorkSA, have there been any recommendations made out of the Mansfield review that have been implemented administratively, or that a review of operations may have taken place in respect to the application of those recommendations?

**The Hon. R.I. LUCAS:** My understanding is that Mr Cordiner can give you some detail on exactly the issue of administrative issues as opposed to legislative or government issues. I will ask Mr Cordiner to advise what actions ReturnToWorkSA might have taken subsequent to that review.

**Mr CORDINER:** When we had a look at the review, we looked at those things within our control. Not all matters were within our control, but on those that were, we did a bit of a review of: what can we do? What can we do quickly and what might take a long time? And we set about doing something on those we could do quickly. There were a number of them—I do not have the review with me so I could not tell you how many or which ones—but most of the easy ones we just implemented because they were not a requirement for anyone in particular, they were just observations, often, in his report of things that could improve, so we have done that.

**Mr SZAKACS:** Treasurer, would you be so kind as to take that on notice?

**The Hon. R.I. LUCAS:** I am happy to take that on notice and get further advice from Mr Cordiner in terms of what administrative action and provide a more detailed response to the member's questions.

**Mr SZAKACS:** There is one recommendation in particular that I would like to ask you a little more about. I quote from the Mansfield review:

That RTWSA keep records in respect of all disputed decisions, comparing the decision with the outcome of the dispute.

It goes on to say:

That data should be published in RTWSA's annual report and must include the type of decision and whether the SAET confirmed the decision or, if the dispute is resolved at conciliation...

It goes on. I ask you, Treasurer, whether that recommendation has been implemented and, if not, why not?

**The Hon. R.I. LUCAS:** I will ask Mr Cordiner.

**Mr CORDINER:** It is one of the recommendations that was looked at that we can do. The issue for us is that we cannot do it by ourselves. There is a relationship with the South Australian Employment Tribunal. They have a new case management system which they are changing. Their data interacts with our data. That process will take a little while, in my understanding. It has already taken a little while but it will take a little longer. So to fully implement that recommendation is not simply dependent upon us; it will take longer.

I do not entirely, though—one of the things we learnt in looking at that recommendation is that it is not as straightforward as Mr Mansfield suggests, simply because, on the way, the nature of the dispute changes. One side or the other brings in new information and the initial dispute may vary substantially by the time you get to the end of a dispute, so it does not become quite a confirmed or not confirmed, the number of issues change. That was not foreshadowed in his recommendation but to implement systems that track that for what is a small number of disputes relative to the entire scheme then becomes an issue of, 'Is it worthwhile?' We have not entirely done that one at all. It is one of the ones that is hard.

**Mr SZAKACS:** I refer to Budget Paper 4, Volume 4, page 166, which does discuss two points around that particular project that Mr Cordiner has just referred to in respect to the IT systems within SAET. May I ask you whether Mr Cordiner or anyone else from ReturnToWorkSA has made representations to you about the adequacy of those systems, the budget attached to it and what that may or may not mean for the implementation of the recommendation for Mr Mansfield in respect to collating and reporting that data?

**The Hon. R.I. LUCAS:** This is the SAET system you are talking about? I am sure the issue of the interrelationship between ReturnToWorkSA and SAET probably has been the subject of an oral discussion that Mr Cordiner and maybe Mr McCarthy and I might have had. SAET are, with great respect, a law unto themselves. I am very mindful of what authority—I think it is basically very limited if not none at all, in relation to their case management systems.

To the extent that they report through me and also the Attorney-General—because the Attorney-General appoints the judges and magistrates and I get to appoint the commissioners—but to the extent that they have a reporting relationship through Treasury, we do have the capacity to take advice (this is 'we' being Treasury here and me as Treasurer and Minister for Industrial Relations) from ReturnToWorkSA and from SAET.

Clearly, we would expect ReturnToWorkSA and SAET to have discussions as to the advisability or not of proceeding with that particular recommendation and, ultimately, from the government's viewpoint, we are happy to facilitate those particular discussions. In relation to their particular system, I do not have any control over SAET's software system and neither does ReturnToWorkSA, so it would be an issue of cooperation and collaboration between the two, in the end, if there was a decision taken by ReturnToWorkSA that this was a worthwhile goal to be achieved.

If they were to come to me at some stage, after they have had initial discussions, to say, 'Hey, this is worthwhile, it is not going to cost too much and there's value in it,' if this were to happen from SAET, then they can have discussions with SAET and I can have discussions of SAET, too, if we got to that particular stage, but we have not got, from my point of view anyway, to that particular stage yet. I am happy for the two agencies to see whether or not they can resolve the collaboration between them, and then we can take advice as to whether it is a worthwhile goal in the end from ReturnToWorkSA's viewpoint.

**Mr SZAKACS:** Turning to a very important part of the scheme, which is within a closed system, of course, returning injured workers to work and finding meaningful work for those injured workers, may I ask you for the projections for financial year 2018-19 in respect of those workers, at the inclusion of their last and final entitlement period, who are still in receipt of income maintenance payments?

**The Hon. R.I. LUCAS:** I will ask Mr Cordiner whether he has any detail on that or whether we might need to take it on notice.

**Mr CORDINER:** Treasurer, I can give some information on that. The return to work rates in the scheme have remained for the last four years fairly stable in our best ever performance in the 30-year history of the scheme. To that end, between 95 per cent and 96 per cent—it seems to jump between those numbers—of people at the end of their entitlement period are fully at work. That is the case in 2018-19 as well.

**Mr SZAKACS:** Treasurer, can I ask specifically about the measure of that return to work, particularly at the two-year or at the end of the entitlement period? I am interested in two parts to this question: firstly, the measure of return to work. That is, is a worker deemed to be returned to work if they are there for one hour or if they have returned to previous existing duties or somewhere in between? I am also interested in what strategies or otherwise that ReturnToWorkSA may be putting in place to monitor or measure the ongoing sustainability of those post the two-year return to work.

**The Hon. R.I. LUCAS:** Mr Cordiner?

**Mr CORDINER:** Treasurer, if I understand the question, the one hour does not mean anything to me. That figure I quoted is for people who are fully at their pre-injury duties at the end of their entitlement period. So if they are a 40-hour-a-week worker, it is 40 hours a week. If they are a 20-hour-a-week worker, it is 20 hours a week. So that is those who are fully at work. If we were to count people who are partially at work, that figure obviously rises by another per cent, roughly, at the end of the entitlement period. It is not based on whether it is a particular hour. They are pre-injury work hours compared with their injury work hours at the time they return to work at the end of the scheme. That was the first part of the question. Were you asking if we have strategies in place?

**Mr SZAKACS:** What if any strategies or measures or otherwise are in place from ReturnToWorkSA to monitor, once a worker has returned to work within that 94 to 96 per cent cohort, whether they stay at work or whether they may reduce their hours for some other reason? I am interested in what strategies, if any, are in place.

**The Hon. R.I. LUCAS:** Mr Cordiner.

**Mr CORDINER:** Treasurer, it is fair to say that, when someone has fully returned to work, whether they return to work in one week, 104 weeks or anywhere in between, it is ultimately that person's responsibility as to what happens with them after that other than we continue to pay medical expenses to those people for a year after they return to work. If during the course of that year it becomes clear that the person needs some more support, then it is true that part of those medical and other expenses include return to work services support during that additional year. That is the main strategy: those services are supplied during an additional year after someone returns to work.

It is also true that we do from time to time undertake some, you would call it, ad hoc surveys—they are not structured—just to see whether it is sustainable or not. The only other mechanism we have is that in the workers compensation schemes in Australia, and ours is no exception, roughly half—it varies, so I am saying roughly—of all new claims that have come into the scheme in the last 15 years are people who have had prior claims.

It does not mean it is for the same injury, but that is another way. If that number was to go up, for example, which it has not since the new scheme was introduced, that would be an indicator that people have not been able to sustain their return to work. But we do measure that all the time; that is a genuine indicator in the scheme.

**The Hon. R.I. LUCAS:** I might just interpose: I suspect where the member for Cheltenham was coming from with one hour was that the ABS calculates someone who is employed as having one hour of employment. I suspect that is where he might have come from, but I think that Mr Cordiner has adequately answered your particular question.



**Mr SZAKACS:** I might take this opportunity to read into *Hansard* a number of omnibus questions but potentially also questions on notice while we have time.

**The Hon. R.I. LUCAS:** Sure.

**Mr SZAKACS:** The questions are: what was the total number of disputes brought by workers under section 18 of the Return To Work Act, and what is the breakdown of those disputes by way of resolution or hearing and decisions? What was the number of these applications where the grounds of dispute were upheld?

What were the total regulated costs paid to workers and/or their representatives in financial year 2018-19, for the same period total costs paid to employers and/or their representatives, and the total expenses of ReturnToWorkSA itself in that period? For the purposes of the question and response it may be helpful to break those figures down into old and new act matters.

Of disputes lodged under the new Return To Work Act, the number lodged by workers and the number lodged by employers? Of the disputes lodged under the new act, the number of disputes resolved by consent or other like means, and those resolved by at least a single member of the tribunal. Of those matters resolved by at least a single member of the tribunal, how many overturned the original decision of ReturnToWorkSA?

What was the number of investigations conducted by ReturnToWorkSA in 2018-19, broken down by employer, worker and provider? What is the total number of referrals made to Crown or other legal advisers for opinion on the matter of prosecutions arising from investigations, broken down into the cohort of worker, employer and provider?

What was the number of prosecutions in 2018-19 brought against workers, employers and providers? What is the total amount paid out in common law claims for workers in financial year 2018-19? What is the total premium paid by labour hire operators in financial year 2018-19, and the total premium as a total and as a percentage of all registered employers?

**The CHAIR:** Are there any final questions to the Treasurer?

**Mr SZAKACS:** I note that in last year's estimates, as well as in Budget Paper 4, Volume 4, page 149, a whole-of-government approach iterated around labour hire. Mr Cordiner last year provided some very useful information and evidence to this committee with respect to ReturnToWorkSA's involvement in that. I would like to ask whether ReturnToWorkSA can identify any trends or any matters of status quo in respect of those matters around labour hire, particularly phoenixing, that Mr Cordiner discussed last year?

**The Hon. R.I. LUCAS:** If Mr Cordiner provided very useful information to the committee last year, he may well have more useful information to share with the committee and I would invite him to do so.

**Mr CORDINER:** Treasurer, I have not given it any thought prior to coming here. I do not; I will have to take that on notice.

**The Hon. R.I. LUCAS:** Mr Chairman, we will take that on notice and if Mr Cordiner has any more useful information to share, I will be happy to provide that in terms of response to a question on notice.

**Mr SZAKACS:** Treasurer, can I ask whether ReturnToWorkSA is continuing to participate in the whole-of-government approach and task force, as identified by the Attorney-General? I note on the record those agencies which have been noted to be involved include SafeWork SA amongst many others. May I ask if ReturnToWorkSA is continuing to participate in that task force?

**The Hon. R.I. LUCAS:** Mr Cordiner has advised that they were involved originally and provided advice. He is not aware of any recent involvement of ReturnToWorkSA in that task force. It may well be that the task force has not met. I do not know. Again, we are happy to take that on notice to find out whether the task force has been meeting and what, if any, ongoing role it has. It may well be that ReturnToWorkSA had information which they have shared and there was not much more they could offer in terms of an ongoing involvement in relation to the issue. I will take further advice on the issue and, if there is anything useful I can further add, I will do so by way of further clarification.

**Mr SZAKACS:** I note that the matter of the task force at large would be for the Attorney.

**The Hon. R.I. LUCAS:** Yes.

**Mr SZAKACS:** But may I ask you the last time—being a month, a quarter, or otherwise—that ReturnToWorkSA participated in that task force?

**The Hon. R.I. LUCAS:** We can take that on notice. In relation to the ongoing role, you or one of your colleagues, I am sure, will be able to ask the Attorney during the estimates about the ongoing role of that particular task force. But in terms of ReturnToWorkSA, I would take that within the previous question and answer that I have taken on notice that, if we can provide any useful further information, I am happy to do so.

**Mr SZAKACS:** I preface my question again by noting that the task force at large will be a matter for the Attorney to answer but I ask this specifically of your portfolio, ReturnToWorkSA. The Attorney noted, when announcing the government's intention to repeal the Labour Hire Licensing Act, that the task force, which ReturnToWorkSA was part of, formed a view and determined to have adequacy of protection for workers outside of or in addition to the Labour Hire Licensing Act. I am interested in ReturnToWorkSA expanding on that conclusion in respect of their area of interest around premium evasion, and particularly removing the ability for, as the labour hire act provides, for those premium-evading labour hire firms to have their ability to undertake business taken away.

**The Hon. R.I. LUCAS:** I thank the member for his kind invitation but I would not even have the courage to explain on behalf of the Attorney-General reasons for the conclusions that—

**Mr SZAKACS:** No, I am seeking ReturnToWorkSA's as part of that.

**The Hon. R.I. LUCAS:** Yes, but what I am saying is I am not even prepared to venture into that area and certainly ReturnToWorkSA, I am sure, would adopt the same position.

**Mr SZAKACS:** Mr Cordiner is about to retire, so it is the perfect time.

**The Hon. R.I. LUCAS:** If the Attorney-General has made a statement—and I am not doubting that that particular statement was made. But if she has made that particular statement, then I think it is probably best addressed to her. As I said, in relation to ReturnToWorkSA's involvement in the committee as opposed to its conclusions and the Attorney-General's statements in relation to potentially those conclusions, I think that particular matter is best addressed to the Attorney during the estimates committee or indeed any other forum that is available to the member for Cheltenham. But in relation to ReturnToWorkSA's involvement at the early stage, I have taken that on notice and I am happy to bring back whatever information we can to assist the member and the committee.

**The Hon. S.C. MULLIGHAN:** I am sorry to get you to switch budget papers, but if I could return your attention to Budget Paper 3, page 85. I think the evidence provided earlier was that the 2018-19 investment returns were stronger than expected, 8.3 per cent versus 5.15 per cent; was that right?

**Mr QUIRK:** The expected return at present is 8.33 to 8.4 per cent, compared to a budget return of 5.15 per cent. I note that in the budget papers it refers to poor investment experience. Those budget papers were written just after December. If you look at investment markets, I noticed when waiting in parliament today that the Australian stock exchange was at a record high. That has occurred in the last seven months.

Also, the structure of our investment portfolio, which is aimed to support the insurance liabilities, has improved because of fixed interest. With the decrease in interest rates, which has increased the outstanding claims because of a lower discount rate, the investment portfolio has performed by those fixed interest investments increasing, so in the period of time from when the budget paper was written to where we said at 30 June, investment performance has improved to that point.

**The CHAIR:** Alas, time has expired, unless you want to carry over to the next one, Mr Mullighan?

**The Hon. S.C. MULLIGHAN:** It is a mere bagatelle of a question. Would that now mean, that stronger investment performance, that ReturnToWorkSA will be required to pay an income tax equivalent? You can take it outside, that is fine

**The Hon. R.I. LUCAS:** I think we might take it on notice. I will get advice from both Treasury and ReturnToWorkSA. On these issues of dividends and income tax equivalents, I would like to hear the advice from both parties and then come to one view. We will take that on notice and resolve that issue.

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

#### **Departmental Advisers:**

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

Ms E. Ranieri, Commissioner, Office of the Commissioner for Public Sector Employment.

Mr E. Brooks, Executive Director, Industrial Relations and Policy, Department of Treasury and Finance.

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

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

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

Ms V. Collins, Manager, Governance and Advice, Department of Treasury and Finance.

Mr A. MacKay, Executive Director, HR Transformation, Department of Treasury and Finance.

**The CHAIR:** If we can move to the portfolio of the Office for the Public Sector. The minister appearing is the Treasurer. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 4.

**The Hon. R.I. LUCAS:** Mr Chairman, I would like to introduce the commissioner, Ms Ranieri, and also Mr Brooks, who is the Executive Director, Industrial Relations and Policy.

**The CHAIR:** Member for Lee, I assume you would like to kick us off.

**The Hon. S.C. MULLIGHAN:** Sure. I hope I am directing my question to the appropriate budget reference. I will give it a go: Budget Paper 4, Volume 4, page 190. I think this is where we find the budget for the—

**The Hon. R.I. LUCAS:** I think it is almost the only reference to the commissioner.

**The Hon. S.C. MULLIGHAN:** Is that regular, not declaring it as a separate sub-program?

**The Hon. R.I. LUCAS:** I think previously it was a sub-program within DPC; was that right? I will ask Ms Ranieri.

**Ms RANIERI:** Yes, it was. I think it was actually under 'public sector performance' or whatever, under DPC.

**The Hon. R.I. LUCAS:** Yes, so it was previously under DPC. But anyway—

**The Hon. S.C. MULLIGHAN:** We are here now.

**The Hon. R.I. LUCAS:** We are here, ready and available. If you have an appropriate reference, fire away.

**The Hon. S.C. MULLIGHAN:** Indeed; we will fire away. Can you explain the variance in the 2018-19 budget—and indeed the estimated result for 2018-19—and the 2019-20 budget? I am

looking at the employee benefit payments for the Office of the Commissioner for Public Sector Employment.

**The Hon. R.I. LUCAS:** Are you talking about the operating expenditure line?

**The Hon. S.C. MULLIGHAN:** Yes, employee benefit payments.

**The Hon. R.I. LUCAS:** So the significant reduction in the operating expenditure line, essentially?

**The Hon. S.C. MULLIGHAN:** Yes, \$7.549 million down to \$5.355 million from the 2018-19 budget to the 2019-20 budget.

**The Hon. R.I. LUCAS:** What document are you referring to?

**The Hon. S.C. MULLIGHAN:** Budget Paper 4, Volume 4, page 190, about two-thirds of the way down the page, Office of the Commissioner for Public Sector Employment.

**The Hon. R.I. LUCAS:** My advice is that it is the completion of a number of projects and programs. In particular, the Disability and Domiciliary Care reform changes finished in 2018-19, and that was \$1 million. The Senior Management Council (SMC) public sector stewardship projects—\$700,000—finished in 2018-19. They are the essential ones. I think the figure to which you are referring is about \$7 million to \$5 million, or something, is it?

**The Hon. S.C. MULLIGHAN:** That is right, roughly.

**The Hon. R.I. LUCAS:** Yes. So there is about just under \$2 million there, and there are various other odds and sods in terms of savings that have been incorporated.

**The Hon. S.C. MULLIGHAN:** Is the office subject to a savings requirement or efficiency dividend?

**The Hon. R.I. LUCAS:** My advice is that the agency will deliver its full savings requirement of \$727,000 for the 2018-19 financial year. We did not give the commissioner anything more in 2019-20. I am appalled.

**The Hon. S.C. MULLIGHAN:** Are you really?

**The Hon. R.I. LUCAS:** Thank you for asking the question.

**The Hon. S.C. MULLIGHAN:** At the end of 2018-19, what was the FTE number for the office, and what is it projected to be in 2019-20?

**The Hon. R.I. LUCAS:** My advice is that, at the end of 2018-19, the estimated result—the actual will come later, but it will not make much difference to this—was 56.7, and that at the end of 2019-20 it is predicted to be 40.7. It has an asterisk next to me, which says it excludes positions funded by one-off funding, such as the one-off SMC projects and one-off leadership income.

**The Hon. S.C. MULLIGHAN:** What would be a more accurate FTE reduction number due to savings, netting off those one-off projects?

**The Hon. R.I. LUCAS:** There are actually no additional savings in 2019-20. That explains the full reduction.

**The Hon. S.C. MULLIGHAN:** That is fine.

**The Hon. R.I. LUCAS:** My advice is, because there are no additional savings in 2019-20, the office achieved its savings in 2018-19, so that is where we ended at the end of that, 56.7-ish, and we are projected to go to 40.7, not because of any additional savings but because these other projects have been discontinued or have finished their life.

**The Hon. S.C. MULLIGHAN:** If I can skip back to page 163 of the same budget paper, which enterprise agreements are set to expire in the 2019-20 financial year?

**The Hon. R.I. LUCAS:** Expire in 2019-20? We are heavily involved in the AEU one, but I suspect that might have expired before. I do not know whether this assists, so we can perhaps provide further information if you want us to. In 2019-20, enterprise bargaining negotiations will occur

for school and preschool staff, which we are obviously talking about, SA Police, assistants to members of parliament, you will be familiar with that one, the South Australian Ambulance Service, and nursing and midwifery. Negotiations will commence for TAFE SA education staff; the wages parity group—which is a biggie—salaried, weekly paid and trades; firefighters; the Rail Commissioner's train and tram employees; and salaried medical officers. So it is a combination of those that are continuing and those that we are going to commence negotiation on in 2019-20.

**The Hon. S.C. MULLIGHAN:** Perhaps that is to be taken on notice. I appreciate that is the work program as set out in the budget papers, but for all those employment groups, if I can put it like that, could you perhaps later provide to the committee the expiration dates of the agreements?

**The Hon. R.I. LUCAS:** Yes, I am happy to take that on notice and provide that to the committee. The only additional issue I would add for the benefit of the members is that some of these EBs, as I am learning to my cost and my interest, have complicated arrangements. Whilst the EB might have expired, there is a requirement for a retroactive or retrospective payment during the period of the previous agreement. It occurs after that agreement expires, but it actually includes a requirement to make a payment of some sort retrospective to a particular period in time within the former agreement.

Not all of them are like that, but there are a number like that in terms of the arrangements the former government entered into. To answer your question, I am happy to get the formal expiry date of the EBs, but just bear in mind that the formal expiry does not mean that there are these other issues that have to be resolved.

**The Hon. S.C. MULLIGHAN:** Feel free to indicate on those which have those specific provisions, if you would like.

**The Hon. R.I. LUCAS:** I like sharing a lot of information with you, member for Lee, but I am not sure whether I want to share all that information with you. I will reflect on the request and see what we can provide.

**The Hon. S.C. MULLIGHAN:** Which agreements are due to commence during 2019-20 that may or may not have already been agreed to?

**The Hon. R.I. LUCAS:** You mean commence?

**The Hon. S.C. MULLIGHAN:** Come into effect—have a commencement date.

**The Hon. R.I. LUCAS:** There will be a number of these that we are negotiating. If we go back to the previous question, which I have taken on notice, if the formal expiry has already occurred or is occurring during 2019-20 then that will give you an indication that they should come in, too. If you asked the question specifically: how many agreements have we formally concluded already rather than how many we are still negotiating, I think we have advice and there were two—

**The Hon. S.C. MULLIGHAN:** I will not talk around it. Maybe if I can try to explain what I am seeking. That is, there are enterprise agreements that have expired and are being negotiated and are likely, once agreed to, to take effect from the previous expiry date. There are enterprise agreements that are coming up to expiration, which may or may not be in the process of being agreed to, which may seamlessly carry on or will have a lag period. I am after the detail of what those different types of agreements are in terms of whether they have expired and are yet to commence a new one because the negotiations or the process of reaching agreement is not yet complete.

**The Hon. R.I. LUCAS:** My advice from Mr Brooks and other learned officers in that division is that until there is a new agreement that applies the existing enterprise bargain agreement just continues.

**The Hon. S.C. MULLIGHAN:** No, no—I appreciate that.

**The Hon. R.I. LUCAS:** So whilst there is an expiry date, it continues until there is a new agreement. So the terms and conditions in relation to—

**The Hon. S.C. MULLIGHAN:** True.

**The Hon. R.I. LUCAS:** —those protections still remain for the workers who are involved.

**The Hon. S.C. MULLIGHAN:** Of course; I appreciate that. It was more just if there are some of those situations. I know it happens, I would not say regularly but from time to time, where agreements are not able to be agreed or there has not been a particular urgency on behalf of the employee group or their representatives to start negotiations and there is a lapse either generating conflict or not. I was just interested in which of those are expired and not yet commenced with anyone?

**The Hon. R.I. LUCAS:** We can certainly take that on notice.

**The Hon. S.C. MULLIGHAN:** I am not after it now.

**The Hon. R.I. LUCAS:** I think that will probably be answered in the first question anyway, that is, when we come back to you and say, 'Hey, this particular agreement actually expired at the end of 2018.' It will be clear that that has already expired and we are still negotiating a new agreement in relation to that. I think the response that we provide to that earlier question should give you the information you seek in relation to that as well.

**The Hon. S.C. MULLIGHAN:** Can I confirm that the train and tram drivers' agreements are two separate agreements—one for trains and one for trams; is that correct?

**The Hon. R.I. LUCAS:** That is correct.

**The Hon. S.C. MULLIGHAN:** Does the train agreement cover drivers as well as maintenance staff or is that separate as well?

**The Hon. R.I. LUCAS:** My advice is, to answer your first question, there is a Rail Commissioner's train operations agreement, which is approximately 380 employees; there is a Rail Commissioner tram operations one, which is approximately 100 employees; and there is a separate Rail Commissioner maintenance employees enterprise agreement, which has been, I think, concluded. There are so many agreements I am sure you are familiar with in this area.

The Rail Commissioner maintenance employees enterprise agreement has been concluded, and the operative date of that was 4 June 2019; the expiry date is 31 December 2021. For the Rail Commissioner infrastructure employees enterprise agreement, the operative date is the same, 4 June 2019; its nominal expiry date is 31 March 2021. So those two agreements have been concluded.

**The Hon. S.C. MULLIGHAN:** Is it anticipated that these agreements, which are yet to be completed, will be done so before the privatisation of the train and tram operations takes place?

**The Hon. R.I. LUCAS:** My advice is we cannot say in terms of the timing of those. In relation to the government's decision to outsource those particular operations, that is essentially being managed by minister Knoll and DPTI. We are obviously negotiating the enterprise agreements, obviously with close collaboration with minister Knoll's department, etc., but I cannot give you advice as to when we might conclude our negotiations. In relation to the outsourcing proposals, you would need to direct that question to minister Knoll in terms of his projected time line as to when that might be concluded.

**The Hon. S.C. MULLIGHAN:** Is it an aim to get it done before any transfer of business to the operator?

**The Hon. R.I. LUCAS:** Our aim is always to get them done as soon as possible, so if that was the case our aim would be to get it done as soon as possible but—

**The Hon. S.C. MULLIGHAN:** But it is not a requirement?

**The Hon. R.I. LUCAS:** I am advised that the Rail Commissioner tram operations one does not actually nominally expire until 30 June next year. The Rail Commissioner rail operations enterprise agreement also nominally expires 30 June next year. If the minister has announced, as I think he has, the outsourcing arrangement now, I am assuming his timetable—but you would need to ask him the question for his timetable—would be prior to 30 June. My recollection is certainly in relation to trams it is, but you would need to direct that question in terms of his timing there. These agreements do not conclude until 30 June 2020.

We have entered into new arrangements. IRAP, as it is now referred to, the acronym for industrial relations and policy, has now been brought within Treasury, and as minister for industrial relations I now have the authority to manage the negotiations. Under these new processes we have entered into, which have taken a while to transition to because the old arrangements were from our point of view unsatisfactory, 12 months prior to the expiry date—so I have probably just written to minister Knoll and the department—we say, 'Your agreement is going to expire in 12 months' time. We want you to have management proposals to Treasury or to IRAP six months prior to the expiry date.'

This is so that we do not get to a situation which has occurred in the past where we get to the end of the agreement and at that stage the agency and the minister start thinking about what it is they are seeking from the enterprise agreement, from employees within their particular area. We are hoping under the new arrangements that six months prior to that we have come to a landing on what it is the management and the government are seeking so that we can enter into those discussions ready at the nominal expiry date, or prior to the nominal expiry date with some agreements, to have those discussions.

**The Hon. S.C. MULLIGHAN:** So for these groups, there is an intention to start the process of negotiation for a new agreement, notwithstanding the fact that it may not be necessary?

**The Hon. R.I. LUCAS:** Not at this stage, no. The current process is that I have just written to the minister, saying, 'What are the management proposals for when this agreement expires in June next year? What are you seeking from the agreement?' They will have those discussions with me and with the industrial relations people and we will come to that landing.

Roughly six months before the expiry, which might be after Christmas or New Year, we will have our position so that when we have to negotiate or commence the negotiations with the particular agreement, we are in a position to be able to do it. It would not occur in this six months prior to Christmas and New Year; it may well occur early next year.

Some agreements actually stipulate—I am not sure about these two—that you shall commence negotiations X months prior to the expiry of the old agreement; for others, it just occurs at the expiry of the agreement. I would imagine on my current understanding—if I need to clarify it, I will—that the earliest we would start the discussions or negotiations with employee representatives would be sometime through the first six months of next year.

**The Hon. S.C. MULLIGHAN:** So negotiating instructions or management requirements are far from being developed. According to that time line, there are still months before that—roughly five months now. Are there any intentions or have there been any considerations of whether current staff in those agreements, who may find their roles transferred to an outside operator after the privatisation, will be guaranteed a public sector role?

**The Hon. R.I. LUCAS:** Until the expiry or a new agreement is reached, as I said earlier, the existing provisions of the existing agreements apply. So the answer to part of your question is if the government chooses to go down an outsourcing path, which is what we have done—we are going out to is expressions of interest, if that is the correct phrase—then we will have to negotiate what opportunities there are for existing staff within the structure of the existing enterprise agreement. We are required by industrial law to work within those provisions, so whatever arrangements might be entered into.

There have been any number of other examples of differing arrangements, both under the former government, with lands titles office and the like, and under the new government, where we have to go through that within whatever the existing enterprise agreement is and through the advice we have. Most of these EBs have a requirement in relation to consultation with respect to workplace changes. This would clearly come within that, so there would need to be consultation.

Within the structure of the existing enterprise agreement, if minister Knoll and the department are proceeding with let's say trams this year, then the existing agreement is the industrial law and there is requirement for consultation around workplace change, so that will have to occur. Any opportunities to either move to another operator or to stay within the public sector would all be negotiated as part of that particular process.

**The Hon. S.C. MULLIGHAN:** We only have 30 minutes for this line, so I will try to keep at least the questions succinct. We have two more areas to canvass. The second dot point under highlights for 2018-19 on page 163 says the Office of the Commissioner for Public Sector Employment coordinated the merit-based recruitment of Public Service chief executives and some statutory officers. Which ones?

**The Hon. R.I. LUCAS:** Could I ask Ms Ranieri to answer that question?

**Ms RANIERI:** You want to know which chief executive roles?

**The Hon. S.C. MULLIGHAN:** Yes, which positions.

**Ms RANIERI:** For 2018-19, chief executive processes that I coordinated were Department of the Premier and Cabinet; Department of Planning, Transport and Infrastructure; Department for Environment and Water; Office of the South Australian Productivity Commission; South Australian Housing Authority; Department for Trade, Tourism and Investment—in fact, that has just been recent—and I have been assisting SAFECOM and the Metropolitan Fire Service. That is the list.

**The Hon. S.C. MULLIGHAN:** Thank you. Which external recruitment agents assisted in this work?

**Ms RANIERI:** I can give you the exact list. Some of them I did myself through my office; for others, I went and got three quotes and got the one that I thought suited that particular role. I have used Hender for Environment and Water. I used Stillwell for Planning, Transport and Infrastructure. For some of the emergency services, I have used Vuka. So part of the way I approach this is to use several of them just to see which one has strengths in actually finding the best candidates. But I have also just used my office and we tend to do a good job of that as well.

**The Hon. S.C. MULLIGHAN:** Are we including those costs incurred by your office, for example, advertising costs?

**Ms RANIERI:** Yes.

**The Hon. S.C. MULLIGHAN:** Could you perhaps come back to the committee with an itemisation of the costs incurred?

**Ms RANIERI:** Sorry, I do not pay for that. I charge the agency.

**The Hon. S.C. MULLIGHAN:** Sure. Those charges are fine.

**Ms RANIERI:** But you would like the cost.

**The Hon. S.C. MULLIGHAN:** Yes.

**The CHAIR:** I remind you that all questions through the Treasurer and all answers through the Treasurer, thank you, Ms Ranieri.

**The Hon. R.I. LUCAS:** I am happy to take the question on notice and see what if any information we can provide to the committee that might assist the member.

**Mr SZAKACS:** Budget Paper 4, Volume 4, page 163: Treasurer, you are appealing the decision of the SA Industrial Tribunal in respect of the annual leave loading decision handed down this year. Are you still proceeding as publicly reported?

**The Hon. R.I. LUCAS:** The answer to the question is yes. An appeal by me as the minister responsible for the administration of the Fair Work Act, and the Chief Executive of the Department of Treasury and Finance as the declared employer, pursuant to regulation 4 of the Fair Work (General) Regulations 2009, was filed on 2 May 2019 with the Supreme Court against the judgement of the Full Bench regarding its decision to vary the award. It is yet to be heard.

**Mr SZAKACS:** You may wish to take this on notice. It is some data in respect to those workers who currently earn less in the public sector and are affected by the annual leave loading award: those who earn less than \$74,000 and therefore receive the full entitlement of the cap, and those who earn more and therefore effectively cap out. If you could I would like to have the two cohorts of employees.



**The Hon. R.I. LUCAS:** I am happy to take the question on notice to see if we do have that sort of detail. If we do, I would be happy to try and assist the member with a response.

**Mr SZAKACS:** Treasurer, who is government's counsel before the Supreme Court on this matter?

**The Hon. R.I. LUCAS:** I am advised that we have instructed the Crown Solicitor's Office.

**Mr SZAKACS:** Are you or the government using any external legal providers?

**The Hon. R.I. LUCAS:** My advice is not to our knowledge but, if upon further investigation, we require clarification, I am happy to expand on that by way of a further answer to the member.

**Mr SZAKACS:** If you could take on notice, too, I appreciate if you must, Treasurer, the rough estimate in respect of the work undertaken by the Crown Solicitor's Office and the chargeback to your department in respect of this matter being appealed in the Supreme Court.

**The Hon. R.I. LUCAS:** I am advised there is no charge from the Crown Solicitor's Office because it is an issue of statutory interpretation, and under their guidelines agencies like ours do not get charged for that. That is the role and responsibility of the Crown Solicitor's Office to do that on behalf of the government of the day.

**Mr SZAKACS:** Finally, Treasurer, it has been publicly reported, and it also is contained within the decision of the Industrial Court in respect of this matter, but I would just like for you to confirm or otherwise that the amount per employee that is being appealed is \$30.87?

**The Hon. R.I. LUCAS:** I am happy to take on notice the precise calculation of the amount. The issue that the government is pursuing is the jurisdiction of the tribunal to make decisions in relation to this particular issue. In terms of the precise dollar amount, I am happy to take that on notice.

**Mr SZAKACS:** Thank you, Treasurer. If you are taking that on notice, you may wish to take this one on notice too: the \$30.87 is in respect to the full flow-on of the national wage case at 3.5 per cent, and I understand it is the grounds of appeal from the government that that should be limited to 2 per cent. I would like you to confirm either here or on notice that that is in fact the difference between the 3.5 per cent flow-on of \$30.87 down to the 2 per cent flow-on, which is the grounds of appeal from the government.

**The Hon. R.I. LUCAS:** I am advised that the specific legal advice in relation to this is that the appeal itself is not about the quantum, although obviously there is an impact; it is about the jurisdiction in relation to the tribunal, that is, there is an important principle from the government's viewpoint in relation to what jurisdiction the employment tribunal has. It either has authority to make decisions in a certain area or it does not. We are seeking clarification. It might be this decision; there might be a whole series of other decisions. It might, therefore, seek to make decisions where it might not have jurisdiction. Ultimately, the law of the land says it has jurisdiction for certain things and in certain areas we are seeking to clarify that. If it has authority, it can make those particular decisions.

**The CHAIR:** Thank you, Treasurer. There being no further questions, I declare the examination of the proposed payments for the portfolio of the Office for the Public Sector completed.

*Sitting suspended from 12:31 to 13:30.*

#### **Departmental Advisers:**

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

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

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

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

Mr K. Cantley, Executive Director, SAFA, Department of Treasury and Finance.

Ms J. Townsend, Chief Executive Officer, Funds SA.

Ms J. Holmes, Commissioner of State Taxation, RevenueSA, Department of Treasury and Finance.

Mr P. McAvaney, Director, Super SA.

**The CHAIR:** Good afternoon, everyone. We have a quorum present. I would like to open up the portfolios of SAFA, Funds SA, RevenueSA, Super SA and the South Australian Employment Tribunal. The minister appearing before us is the Treasurer. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 4. Treasurer, could you please update your advisers for the committee?

**The Hon. R.I. LUCAS:** With me at the table is the Chief Executive, Mr Reynolds; the Executive Director of SAFA, Mr Cantley; the Commissioner of State Taxation, Ms Holmes; the Funds SA Chief Executive Officer, Ms Townsend; and the Director of Super SA, Mr McAvaney.

**The CHAIR:** Thank you, Treasurer. The member for Lee.

**The Hon. S.C. MULLIGHAN:** Perhaps we might finish off on that last issue that we thought might be better placed for RevenueSA regarding assessing dutiable family farm transactions, with the changes in 2018-19, the exemptions which are introduced for those family farms. What is the process for RevenueSA assessing which transactions would be dutiable and which are not? What sort of bona fides does the proponent of the transaction or the transaction itself need to establish for it to be exempt?

**The Hon. R.I. LUCAS:** Mr Chairman, I will ask Ms Holmes whether she has any information she can share with the committee, and if it requires further clarification we can take some parts of it on notice. Ms Holmes.

**Ms HOLMES:** From your question, I understand you are talking about the exemption relating to section 71CC of the Stamp Duties Act in relation to interfamily transfers of land.

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms HOLMES:** The amendment last year was relating specifically to company to company transfers. Previously, natural person to natural person, natural person to trustee and trustee to trustee were already available. The same rules apply in relation to company to company transfers. In order to be exempt from stamp duty for a transfer of land, the land must be above 0.8 hectares in area. There must be a business relationship with respect to the use of the land for the preceding 12 months prior to the conveyancing date. There also must be a family relationship between the transferor and the transferee.

**The Hon. S.C. MULLIGHAN:** What company information do you need to access in order to establish whether a transaction is dutiable or not dutiable?

**The Hon. R.I. LUCAS:** Ms Holmes.

**Ms HOLMES:** We need to receive evidence that the shareholders are family members, so within the definition set out in section 71CC(5), the definition of 'relative'. All the shareholders in both the company that is transferring and the one receiving the land need to be relatives.

**The Hon. S.C. MULLIGHAN:** Does RevenueSA require the shareholders of that company to provide the company information to them?

**The Hon. R.I. LUCAS:** I am happy to put that to Ms Holmes.

**Ms HOLMES:** The vendors and the purchasers, I guess if you can call them that in this situation, both need to provide, particularly under the new rules with the commonwealth reporting, certain information, so they both need to provide the relevant information. The parties who are transferring can do that on behalf of the other shareholders in the company.

**The Hon. S.C. MULLIGHAN:** Under those commonwealth reporting arrangements, Treasurer, does RevenueSA have access to that information when transactions arise or is it able to interrogate that company information at any point in time regardless of whether a transaction is occurring or not?

**Ms HOLMES:** The application for an exemption is one that has been determined as able to be self-determined, so the onus is on the parties wanting to transfer the property to provide the relevant information. There is an exemption form that they need to fill in with relevant information that they would attach, and they would either identify it as being self-determined and, therefore, they would comply with all the rules that are set out—and those rules are set out on the RevenueSA website—otherwise, they would apply for an opinion. In that opinion they would set out why they believed and what they were unsure about, so where they could not self-determine, I suppose.

**The Hon. S.C. MULLIGHAN:** That is a very different circumstance, is it not, Treasurer, from what will be required to make new, more accurate assessments of land ownerships for the land tax aggregation measure, where somebody will not be applying to receive a benefit and, hence, be providing their own company information in order to access that benefit. RevenueSA will have to make its own determinations to the exclusion or to some distance of the landowners trying to work out what their liability should be.

**The Hon. R.I. LUCAS:** The arrangements for land tax in this particular provision will be different if that is the import of the member's question. I think it is self-evident that the practices will be different to the particular arrangements that the commissioner has just been responding to. If the member is asking if the processes will be different, the answer is yes; nevertheless, they will need to be—as RevenueSA has sought over a number of years in relation to these particular aggregation issues—apply whatever the new rules or laws might happen to be.

Should the parliament pass them, RevenueSA will need to apply those particular laws, consistent with their past practice. So there are aggregation provisions there. I think I referred this morning to an attempt by the former government to make changes in relation to the aggregation provisions in around about 2008, so this is not uncommon for RevenueSA and they will have to apply whatever law the parliament ultimately determines should apply in relation to these particular provisions.

**The Hon. S.C. MULLIGHAN:** Has RevenueSA sought to seek from the commonwealth, or any other agency, access or greater access to company and trust-related data so that it is prepared to implement whatever form the final land tax aggregation measures take?

**The Hon. R.I. LUCAS:** I provided some answers this morning and I am happy to seek further advice. If there is any further advice that I can provide to the member and the committee I am happy to do so. Certainly, the advice I received this morning is that we were not aware of any—whilst there was a data sharing agreement with the ATO, we were not aware that that had been used at this particular stage or whether there was any contemplation of doing so. We will take further advice on that, as Treasury, with assistance from RevenueSA and others, and if, as I said, there is any further information we can provide we are happy to do so.

#### **Membership:**

Ms Hildyard substituted for Mr Szakacs.

**The Hon. S.C. MULLIGHAN:** Could I draw your attention to Budget Paper 4, Volume 4, page 157, Sub-program 2.1: Revenue Collection and Management, under targets 2019-20 it talks about land tax aggregation. When did the work commence for land tax aggregation in RevenueSA, or is it yet to commence?

**The Hon. R.I. LUCAS:** When you say 'when did the work' this work would have been put together by Treasury with the assistance of RevenueSA, so perhaps you might be more specific in terms of work. Clearly, there was work, if you want to put it that way, done back in 2015 at the time of the state—

**The Hon. S.C. MULLIGHAN:** For the aggregation measure.

**The Hon. R.I. LUCAS:** Yes—tax reform paper for the former government. There was work done by Treasury and others, I assume, at that time to come up with a \$30 million estimate. So, over the years, there has been work done in relation to these and, as I said, in 2008 there were changes.

**The Hon. S.C. MULLIGHAN:** The dot point is quite specific. It says, 'Implement changes to land tax aggregation and introduce a trust surcharge with effect from 1 July 2020.' So has work started on that?

**The Hon. R.I. LUCAS:** That is for this year. That is the work we are doing at the moment.

**The Hon. S.C. MULLIGHAN:** Has that started?

**The Hon. R.I. LUCAS:** When you say 'started', we are consulting as I indicated this morning in relation to it.

**The Hon. S.C. MULLIGHAN:** I am talking specifically about RevenueSA now.

**The Hon. R.I. LUCAS:** Yes, so am I. This is what we are talking about.

**The Hon. S.C. MULLIGHAN:** So RevenueSA is doing the consultation?

**The Hon. R.I. LUCAS:** Can I answer? In relation to RevenueSA, RevenueSA cannot go out to consult on anything until the government and the parliament have finally determined a particular land tax reform package. So RevenueSA has been actively engaged with me, with Treasury and others, as I outlined this morning, in terms of the final shape and structure of what the government's proposal will be. Then ultimately, that will be up to the parliament.

They cannot yet implement changes to those until the parliament ultimately determines they can do so. This is a target for the financial year 2019-20 and it presupposes clearly that as at some stage the parliament will pass some measure in relation to this particular area. If it does not, they will not be implementing anything which is new. They will not be implementing changes. They will just be implementing the existing land tax aggregation provisions.

**The Hon. S.C. MULLIGHAN:** Does RevenueSA have a view about whether they need access to anything else in order to accurately determine an aggregated landholding within a trust or company structure?

**The Hon. R.I. LUCAS:** RevenueSA is actively engaged with me and with Treasury in terms of the final shape and structure. When we have actually determined what the shape and structure is, we will be able to determine what additional information they might require or might not require in terms of implementing that particular change. RevenueSA is actively engaged in all of the discussions. They are advising what the implications might be of a particular change or not, so they are actively engaged in relation to all of the discussion processes as we proceed.

**The Hon. S.C. MULLIGHAN:** Regarding the first dot point underneath the target 2019-20 to do with payroll tax compliance, what are the areas of potential noncompliance that will be targeted?

**The Hon. R.I. LUCAS:** The specific compliance strategies that I am advised will be looked at will be unregistered entities, focusing on those employers or groups of employers identified by RevenueSA whose wages exceed the threshold and have failed to register for payroll tax purposes with RevenueSA, and secondly, verification audits, audit registered entities with a focus on high-risk or high-error areas such as contractors, rebate schemes and grouping provisions. This will include targeting contractors that should be classed as employees for payroll tax purposes. Specific risk areas that have been identified by RevenueSA include building, cleaning, security and meat processing industries. There is a whole variety of areas in the compliance section within RevenueSA.

**The Hon. S.C. MULLIGHAN:** So meat processing, building and cleaning, you said?

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** Any others?

**The Hon. R.I. LUCAS:** Building, cleaning, security and meat processing.

**The Hon. S.C. MULLIGHAN:** Security and meat processing.

**The Hon. R.I. LUCAS:** It does not preclude others but it includes these particular areas. It does not preclude others from being included.

**The Hon. S.C. MULLIGHAN:** You might need to take this on notice. Are you able to advise the committee how much revenue is currently generated from each area of compliance activities that RevenueSA undertakes—for example, stamp duty, land tax, payroll tax, first-home buyers and so on?

**The Hon. R.I. LUCAS:** I am happy to take that on notice to see whether there is any information we might be able to provide which will be of use to the member and the committee, so I will take that on notice.

**The Hon. S.C. MULLIGHAN:** How many staff are engaged in these compliance activities?

**The Hon. R.I. LUCAS:** For payroll tax, you are talking about?

**The Hon. S.C. MULLIGHAN:** Just compliance activities.

**The Hon. R.I. LUCAS:** Generally. I am advised it is approximately 40 to 45, together with these additional FTEs. So pre-existing, there were 35 to 40 approximately. If, on further investigation, I can provide any more specific advice, I will share that with the committee.

**The Hon. S.C. MULLIGHAN:** They work across all areas of revenue or do they specialise?

**The Hon. R.I. LUCAS:** They specialise. I do not know whether there are omnibus compliance officers or they all specialise in particular areas. I am advised they generally specialise in their particular areas and develop expertise in those areas, but RevenueSA is trying to cross-skill officers to give them opportunities in other areas. It is such a complex and complicated area. Having had two looks at this over a number of decades now, the issues are broadly similar; that is, those officers who have developed years of expertise are generally the ones who are best placed to recognise there might be an issue and pursue it.

**The Hon. S.C. MULLIGHAN:** Can I draw your attention to Budget Paper 3, page 84. I am directing some questions about SAFA now. If you could look at the change between the 2018-19 net contribution amount and the estimated result for 2018-19, what is the reason for the variation?

**The Hon. R.I. LUCAS:** Are we talking just about SAFA?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** Are you talking about the difference between \$42.7 million and \$48.8 million?

**The Hon. S.C. MULLIGHAN:** Yes. I am sorry; it was just the dividend amount that I was looking at at the bottom of page of 84 that you referred to before, Treasurer.

**The Hon. R.I. LUCAS:** At the bottom of page 84 is the dividend amount.

**The Hon. S.C. MULLIGHAN:** Correct.

**The Hon. R.I. LUCAS:** Is that your question?

**The Hon. S.C. MULLIGHAN:** Yes, the reason for the variance.

**The Hon. R.I. LUCAS:** It is a similar issue to the one we addressed before that you asked me a question about. We are now taking 100 per cent of the dividend from these government authorities, so as the shareholder we are taking 100 per cent. I think under the former government it was 90 per cent of the dividend, so that is the difference, as I understand.

**The Hon. S.C. MULLIGHAN:** This represents an increase of 10 per cent from 90 to 100 in the dividend payout ratio?

**The Hon. R.I. LUCAS:** That is my advice, yes.

**The Hon. S.C. MULLIGHAN:** When did that policy become effective?

**The Hon. R.I. LUCAS:** We announced it as part of this budget.

**The Hon. S.C. MULLIGHAN:** No, but it was applied during the course of—

**The Hon. R.I. LUCAS:** No, we applied it in this budget to the 2018-19—

**The Hon. S.C. MULLIGHAN:** Correct.

**The Hon. R.I. LUCAS:** —because dividends are calculated at the end of the financial year, and so we announced the policy in the budget. We applied it—

**The Hon. S.C. MULLIGHAN:** To 2018-19.

**The Hon. R.I. LUCAS:** Yes, to 2018-19. I think you asked questions this morning about one other authority, and there was an extra dividend payment in 2018-19, together with the forward estimate years as a result of the application of the—

**The Hon. S.C. MULLIGHAN:** Could you just explain why the forecast dividends then drop from 2019-20 onwards?

**The Hon. R.I. LUCAS:** I might ask Mr Cantley to explain. As I understand, the advice I am getting is that underlying profitability of SAFA is predicted to remain the same, but because of some arrangement in relation to the insurance profitability over past years, that has impacted on what is now projected to be lower dividends. I will invite Mr Cantley to—

**The Hon. S.C. MULLIGHAN:** That is more than sufficient.

**The Hon. R.I. LUCAS:** Are you sure?

**The Hon. S.C. MULLIGHAN:** Yes, given the time we have spent on it, that is fine. You have exhausted my interest.

**The Hon. R.I. LUCAS:** He could talk for 10 minutes about it. If I could just quickly say, for the benefit of the member, the underlying profitability of SAFA, I am advised, stays in and around the \$40 million or \$41 million mark, but this complicated provision about roll forward of profits from insurance and stuff has impacted on what we actually get as a dividend.

**The Hon. S.C. MULLIGHAN:** Okay, thanks. Sorry to make you jump around, but in Budget Paper 3, in the table on page 66, when it comes to borrowings there seems to be a significant jump from the 2018-19 estimated result and the 2019-20 budget.

**The Hon. R.I. LUCAS:** This is an accounting provision change. I will not go through the detail and waste the time of the committee, but I refer you to Budget Paper 3. There is a complicated explanation between netting off and grossing off various accounting treatments, and this is one of those examples where that has impacted significantly on this particular number. And plus leases, which is again accounting treatment.

**The Hon. S.C. MULLIGHAN:** Did the change in the government's dividend policy for SAFA require any changes to the SAFA policy manual?

**The Hon. R.I. LUCAS:** The answer is yes, because the policy manual would have had 90 per cent under the former government, which has been changed to 100 per cent. Yes, there would have been a change.

**The Hon. S.C. MULLIGHAN:** And that is the only change it requires to the policy manual?

**The Hon. R.I. LUCAS:** That is the only change for that, yes. There might be other changes for other reasons—

**The Hon. S.C. MULLIGHAN:** But for that reason?

**The Hon. R.I. LUCAS:** —but in relation to this, no.

**The Hon. S.C. MULLIGHAN:** Have there been any other changes to the policy manual?

**The Hon. R.I. LUCAS:** If you want to spend a long time, I can ask Mr Cantley to explain. It is a 150-page manual. The answer to your question is yes, there is a significant number of other

changes but mainly of a technical nature, and nothing as significant as the 90 per cent to 100 per cent dividend policy.

**The Hon. S.C. MULLIGHAN:** What is the current amount of debt that is on issue?

**The Hon. R.I. LUCAS:** As of 30 June, the current borrowings by SAFA at the moment is \$21.45 billion.

**The Hon. S.C. MULLIGHAN:** How much is that projected to increase as at 30 June for each year across the forward estimates? I am happy for you to take that on notice.

**The Hon. R.I. LUCAS:** I think we might need to take that on notice.

**The Hon. S.C. MULLIGHAN:** You may need to take this on notice as well. Could you provide to the committee how much debt is currently held—perhaps at that point in time that you mentioned the \$24 billion figure for—and across the forwards for each government entity, for both the PNFCs and the PFCs?

**The Hon. R.I. LUCAS:** I am happy to take further advice on that, and if I can provide further information of use I will do so.

**The Hon. S.C. MULLIGHAN:** How much revenue for SAFA does the guarantee fee generate each year from each of the PNFCs and PFCs?

**The Hon. R.I. LUCAS:** I do not have the number here, but again I am happy to take the question on notice and bring back a reply to the member.

**The Hon. S.C. MULLIGHAN:** Thank you. Is there one guarantee fee which is charged equally to all PNFCs and PFCs?

**The Hon. R.I. LUCAS:** I am happy to take that on notice, but the initial advice is that the only agency that might pay a different guarantee fee might be the Local Government Finance Authority to which the state obviously guarantees their borrowings. They are a slightly different creature that, nevertheless, the state guarantees and they pay.

I am advised that it depends on the credit rating of the individual agencies, and the LGFA's credit rating might be slightly different from some of these others; therefore, they attract a different guarantee fee. I am happy to take the detail of the question and bring it back. Essentially, my advice at this stage is that with the exception, possibly, of the LGFA, all the others have the same guarantee fee.

**The Hon. S.C. MULLIGHAN:** Does that then mean that the LGFA is higher or lower than the others?

**The Hon. R.I. LUCAS:** I am advised, lower.

**The Hon. S.C. MULLIGHAN:** And you are able to provide later to the committee what the guarantee fees are for each of the entities?

**The Hon. R.I. LUCAS:** I am advised that there is no issue with providing that sort of detail to the committee on notice.

**The Hon. S.C. MULLIGHAN:** How many issues of securities were there in the 2018-19 financial year?

**The Hon. R.I. LUCAS:** I am advised, six.

**The Hon. S.C. MULLIGHAN:** You may want to take this on notice: how much was raised for each issue and what were the terms of these issues and the maturity date of the coupon, etc?

**The Hon. R.I. LUCAS:** I am happy to take that on notice. I think I might have recently answered or am in the process of answering a similar question from the Hon. Mr Maher, but I am happy to either share that information or—

**The Hon. S.C. MULLIGHAN:** He can wait.

**The Hon. R.I. LUCAS:** If it is not already on the public record, we are happy to take whatever needs to be added to it to respond to the member's question.

**The Hon. S.C. MULLIGHAN:** How many respondents were there, if you have the number, to each of these issues?

**The Hon. R.I. LUCAS:** I am told that that is probably a question that we might not be able to provide an answer to because in some cases we are just not in a position to be able to tell. We know we issue, but the processes are going through. Again, I am prepared to unleash Mr Cantley on the committee to give you the detail, but my advice is that that might be a question that we cannot provide any great detail on in terms of the numbers. We have information in relation to broad categories as to whether they are Australian, whether they come from Asia and that sort of thing, but in terms of responding to the actual question of what is the number that respond to each, my advice is that we are probably not going to be able to answer that particular question.

**The Hon. S.C. MULLIGHAN:** How many issues are planned for the 2019-20 financial year?

**The Hon. R.I. LUCAS:** My current advice is that SAFA has to be flexible, but at this stage a rough estimate is about four, but it does depend on market conditions. If there are significant shifts or moves in the market, SAFA needs to be nimble on our collective behalf, so that might change. The current best estimate is about four, but that is on advisement subject to market conditions and the capacity to have to be nimble and make changes, if required.

**The Hon. S.C. MULLIGHAN:** Insofar as SAFA has them planned, are you able to take on notice the same questions about those issues that you did for 2018-19, so how much was raised by each one and under what terms?

**The Hon. R.I. LUCAS:** Well, the terms would be impossible until you actually go to market, but in terms of how much we are proposing to raise, we would have an idea. We are happy to take that element of the question.

For the benefit of the member, I am advised, if he or one of his many staff members that I am sure he has in opposition wanted to go to the SAFA website, there is a press release dated 18 June 2019 which is SAFA's annual funding program for 2019-20. It outlines in some reasonable detail, in terms of the funding strategy, the total funding task, which is \$5.2 billion, and the make-up of those. It is a four-page press release. I can briefly say that the release says:

SAFA's 2019-20 funding strategy is likely to include—

so it is flexible—

- Continue to tap existing even year Select Lines with a view to building those liquid benchmark lines to \$3 billion

I should remember that. I was with the SAFA representative at presentations in Sydney and Melbourne; Mr Kennedy outlined exactly that. Secondly:

- Subject to client requirements investigate the option of issuing a new 2032 fixed rate Select Line bond

So that would be, what? Thirteen years. And:

- Extend the maturity profile of SAFA's debt out to 15 years
- Investigate buybacks of SAFA's shortest dated Select Line.

So that is again all part of a press release on the website.

**The Hon. S.C. MULLIGHAN:** Terrific. Can I draw your attention to Budget Paper 3, page 71. Does SAFA have a position on interest rates outside the range of one to five years?

**The Hon. R.I. LUCAS:** When you say a position, we obviously have debt maturing beyond that period. Your question was about interest rates beyond one to five years, was it, or the duration of the debt?

**The Hon. S.C. MULLIGHAN:** I will read you the reference:

Debt is managed within a duration range of one to five years. There is no discretion to have an interest rate position outside that range.



**The Hon. R.I. LUCAS:** Yes, but your question is specifically what?

**The Hon. S.C. MULLIGHAN:** Do you have a position outside five years? Are you in breach of that—

**The Hon. R.I. LUCAS:** The answer to that question is no. We are currently at 3.4 years, is the answer to that specific question.

**The Hon. S.C. MULLIGHAN:** For your maximum duration or your average duration?

**The Hon. R.I. LUCAS:** No, that is our current duration.

**The Hon. S.C. MULLIGHAN:** Can I draw your attention to the paragraph which precedes the one that I was quoting from, which I think is the fifth one down, we are now looking at, talking about borrowing rates declining over the 2018-19 financial year. It talks about SAFA's three-year select bond having fallen from 2.26 to 1.61, whereas the corresponding government bond has fallen from 2.11 to 1.31. It seemed to me that there was a difference of 15 basis points in the initial position between state and commonwealth and that has grown to 30 basis points. Why is that?

**The Hon. R.I. LUCAS:** My advice is that demand for commonwealth bonds has obviously generated that particular differential. My advice again is that it moves around all the time, but that is the current market preference for commonwealth government bonds.

**The Hon. S.C. MULLIGHAN:** Are any of the activities engaged in by SAFA being considered for outsourcing or have they been investigated to be outsourced? For example: managing debt or raising debt, managing insurance arrangements and claims, investing funds on behalf of clients—sorry, that is Funds SA—or the management of superannuation funds, in the case of Super SA.

**The Hon. R.I. LUCAS:** Sorry, could you go through those again?

**The Hon. S.C. MULLIGHAN:** Sure: Funds SA, SAFA and Super SA.

**The Hon. R.I. LUCAS:** No, the government is not contemplating and I am not contemplating outsourcing, privatising, or whatever word you want, Funds SA or Super SA. Whether there are particular functions that Super SA might be undertaking that they are looking at, I am not sure, but it is certainly not anything that the government is driving.

**The Hon. S.C. MULLIGHAN:** And nothing in SAFA?

**The Hon. R.I. LUCAS:** I understand that, under the former government, SAFA have employed LeasePlan to manage the fleet, but that was a decision the former government took. I think you might, these days, characterise that as privatisation or outsourcing, but that was a decision the former government took and we have continued what I am advised is a sensible process.

**The Hon. S.C. MULLIGHAN:** With regard to Funds SA, how many FTEs are currently employed at Funds SA?

**The Hon. R.I. LUCAS:** Is that the end of SAFA? We can move Funds SA—

**The Hon. S.C. MULLIGHAN:** Yes. We will have to leave the policy manual for another day.

**The Hon. R.I. LUCAS:** It will be a long day.

**The CHAIR:** I might just go to the member for Newland, who has been waiting for five hours and 10 minutes to ultimately ask a question.

**Dr HARVEY:** Thank you, Mr Chair. Can the Treasurer outline medical malpractice claims since 2013?

**The Hon. R.I. LUCAS:** This is an area that relates to SAicorp, a section of SAFA, and also obviously has an impact on the health department. It is an issue that—

**The Hon. S.C. MULLIGHAN:** Aren't we doing SAicorp after the break?

**The Hon. R.I. LUCAS:** SAicorp is within SAFA.

**The Hon. S.C. MULLIGHAN:** I just do not want to be denuded of Funds SA time, that is all.

**The Hon. R.I. LUCAS:** We have an hour here and much less time for the others. The member has asked a question and he has only had one question this afternoon, so it is hard to begrudge him.

**The Hon. S.C. MULLIGHAN:** Too many.

**The CHAIR:** I just find it incredible that you knew the question was coming, Treasurer. If you could answer the question, please.

**The Hon. R.I. LUCAS:** I think the government members have been very generous to the member for Lee, so it is hard to begrudge the member for Newland one question. The issue of medical malpractice is an issue that I think is important. It is certainly important to me as Treasurer and it is to the government.

It is inevitable; clearly, the less there is of it, the better for the health of patients but also the costs that are involved. In recent times, I have noticed the significant number of very significant claims that, as Treasurer, I have been asked to authorise settlement of, so it is an area that I have started to ask some questions about. I propose, maybe by next year's estimates committees, to report again what we might be able to establish.

In brief, the situation is, as I am advised, that from 2013 to 2019 SAFA, through SAicorp, paid medical malpractice settlements totalling \$142 million, inclusive of the plaintiffs' legal costs and disbursements, on 31 significant claims. The ones I am seeing now—clearly as a passage of time because it was 100 years ago I was last Treasurer—are very significant in terms of the extent of the settlement proposals that are being, in essence, suggested to me for approval.

The situation is that the Department for Health and Wellbeing pay an overall insurance premium to SAFA for all of its types of insurance coverage which, in their case, includes a medical malpractice that covers claims over \$1 million and they have a deductible up to \$1 million. The total premium, which is treated as an expense by SA Health, was \$22.3 million in 2018-19. Of that, \$19.425 million was for medical malpractice coverage. So Health and Wellbeing are paying \$19.425 million for the insurance and then they have to meet the costs of the deductibles for each claim up to \$1 million and so that is an ongoing expense.

I am advised, at which I was surprised, that new claims for the last two years, 2017-18 and 2018-19, the insurance expenses were only \$478,000 and \$413,000 respectively, yet in 2017-18 they paid out \$10.5 million in their share of the deductibles and \$7.88 million in 2018-19, again in their share of the deductibles. Because of the way the accounting treatments treat these things, some of these are budget impacting and some are not.

I raise the issue, and I will not delay the committee much longer other than to say I do think it is a significant issue, obviously in terms of the health of individual patients who are impacted and their ongoing care, but in terms of managing the budget this is an extraordinarily large sum of money on an annual basis and on an ongoing basis. I think it is an issue that merits attention from Treasury and from Health in terms of: are there better ways, and there might not be, of managing this and are there better ways of incentivising Health to clearly minimise the extent of medical malpractice?

Ultimately, in terms of bringing pressure to bear in terms of their budget, there is a reasonable recognition on an annual basis of the cost to the community and individuals, but also what the cost to their budget might be in terms of how we manage medical malpractice claims.

I welcome to the table Ms Townsend, who is the CEO of Funds SA. The member for Lee's question, as I recall, was in relation to FTEs, and my advice is that the estimated FTEs for 2019-20 is to be 56.

**The Hon. S.C. MULLIGHAN:** How many staff of those 56 are directly engaged in managing the investments?

**The Hon. R.I. LUCAS:** I am advised that we currently have 14 staff with roles within the investment team.

**The Hon. S.C. MULLIGHAN:** Broadly, how would you describe the duties of the other remaining employees, other than managerial and executive?

**The Hon. R.I. LUCAS:** I might ask Ms Townsend to briefly outline the nature of it. It would appear to be a very broad range of additional responsibilities for the other staff who are not directly or indirectly involved in funds management, so if Ms Townsend could perhaps respond to that.

**Ms TOWNSEND:** Within our operations team, the functions undertaken there are around fund accounting and unit pricing. We will undertake transitions between managers and cashflow funding from different clients. We have a data and analytics capability within the organisation as well that is doing a lot of the reporting that actually goes to government and to our different clients. We have a corporate engagement team because we currently have nine clients, and also just the other functions that you would expect to see around HR, for example, and business services.

**The Hon. S.C. MULLIGHAN:** What is the instrument under which employees of Funds SA are employed? Is it an enterprise bargaining agreement?

**The Hon. R.I. LUCAS:** I am advised there is a combination of staff who are covered by an enterprise agreement, but there are also contract staff. I am also advised that, under the terms of the Funds SA legislation, the board has the legal authority to employ staff on terms and conditions that it sees fit. Some of the contract staff would be employed within that head of power that they are given by way of legislation.

**The Hon. S.C. MULLIGHAN:** Are any employees at Funds SA able to receive additional payments, wage supplements, bonuses or other forms of additional remuneration?

**The Hon. R.I. LUCAS:** I am advised that the only staff member for which there is a variable component to the salary package is the chief executive officer. The other 50, or whatever it is, staff do not have a variable component to their salary package.

**The Hon. S.C. MULLIGHAN:** When you say 'a variable component', what does that mean?

**The Hon. R.I. LUCAS:** I am advised it was entered into under the former government, so it is nothing new. My understanding of the variable component is that it will be a judgement call for the board in terms of whether or not the variable component is paid to the chief executive officer. When it was established under the former government, I think it would have been a variable component on the basis of some judgement about performance of the task at hand. That would be the obvious inference of the arrangement, and that continues under the new government.

**The Hon. S.C. MULLIGHAN:** Was that activated in 2018-19?

**The Hon. R.I. LUCAS:** My advice is that the variable component is activated in all of the years so that the chief executive officer has been paid some if not all of the variable component by the board as a result of their judgement about performance.

**The Hon. S.C. MULLIGHAN:** Aside from the euphemistic description of variable component, can you enumerate the variable component and its value in 2018-19?

**The Hon. R.I. LUCAS:** I would need to take advice on that, Mr Chairman. I am not sure what the position has been in the past about issues in relation to the remuneration and the components of that for the Chief Executive Officer of Funds SA. If the former government was transparent and accountable about the issue, there would be no reason why the new government would not be. If the former government chose not to release details about the individual package of the variable component of Funds SA or the total package, I might reflect on that and see whether or not I will adopt the same position as the former government. I do not have a recollection of what line of sight the former government gave to the issue prior to the change of government in March last year.

**The Hon. S.C. MULLIGHAN:** Just to be clear, it is only the chief executive and no other employee at Funds SA that has access to any sort of performance based or bonus provision for their remuneration.

**The Hon. R.I. LUCAS:** That is the advice I have just received, so I can only share the advice I have just received. I think, as the member will understand, Funds SA rightly is treated as an independent authority and agency with its own legislation. I do not have much direct line of sight in terms of the employment practices and financial arrangements of individual staff members.

**The Hon. S.C. MULLIGHAN:** What are the total funds under management of Funds SA as at 30 June 2019?

**The Hon. R.I. LUCAS:** Approximately \$33 billion.

**The Hon. S.C. MULLIGHAN:** How many fund managers does Funds SA engage or did they engage as at that point in time?

**The Hon. R.I. LUCAS:** The advice I have is there are about 50 active funds managers that Funds SA has a relationship with.

**The Hon. S.C. MULLIGHAN:** Previously, you have provided a distribution of the funds under management by manager. Are you able to do that again?

**The Hon. R.I. LUCAS:** If we have done it before, I am sure we can do it again. Was this last year's estimates committee?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** We are obviously a very transparent and accountable government, so a big tick in the box there. If we were then, I am sure we can be again, so we will take that on notice.

**The Hon. S.C. MULLIGHAN:** One thing that was not provided was the management fee per fund manager. It was explained in the response that for reasons of commercial confidentiality that could not be disclosed, but could you disclose the average management fee across those fund managers?

**The Hon. R.I. LUCAS:** The answer to the question I think is yes. We might even be able to do a little bit better than that, being a transparent and accountable government. We might be able to provide the average for various investment options. It would appear that we might be able to answer the immediate question of the member but we will take it on notice and provide what information we can.

**The Hon. S.C. MULLIGHAN:** Can I ask for one further measure of transparency, and that is the range of management fees across those managers? What is the lowest and what is the highest?

**The Hon. R.I. LUCAS:** We will take that on notice. I think with averages there seems to be some willingness there to be able to share that sort of information. As to whether or not in terms of the ranges, I will take that on notice and take advice from Funds SA, but it may well be that we are not able to do that. We will take it on notice and if we can, we will; if we cannot, we will not.

**The Hon. S.C. MULLIGHAN:** Could you also provide the total fees payable to fund managers who were engaged by Funds SA to place funds into the market in 2018-19?

**The Hon. R.I. LUCAS:** The answer is yes, we can do that. That is reported each year in the financial statements, so we are happy to do that. I am not sure whether the final figures for 2018-19 would be available yet but, given there might be some lag between when the estimates committee questions are answered and the report is done, we might be able to get into a position to mix the two.

**The Hon. S.C. MULLIGHAN:** It is hours, is it not? What was the average return for the 2018-19 year for, say for example, the balanced fund?

**The Hon. R.I. LUCAS:** My advice is that for the balanced fund it is 8.1 per cent.

**The Hon. S.C. MULLIGHAN:** Terrific. Is there a date when Funds SA is planning to release the performance over all of its investment groups?

**The Hon. R.I. LUCAS:** Its financial statements, do you mean?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** It is a requirement, of course, to report to parliament, through me, which is in September. I am advised that there will be various public reports which Funds SA makes available prior to September. There are various reports Funds SA makes to its various clients.

I was advised that it was being provided to clients but I forgot that Super SA is one of its clients. Super SA, once it gets the information from Funds SA, will provide it to its members on its website or whatever it might happen to be. Funds SA provides their returns to their clients, one of which will be Super SA. I think Ms Townsend indicated there were nine clients and they would share that information with their members, so it would be public from that period, but it is certainly then public as part of the annual report to parliament in September, or whenever that date is.

**The Hon. S.C. MULLIGHAN:** I have some brief remaining questions for Super SA.

**The Hon. R.I. LUCAS:** I welcome to the table Mr McAvaney representing Super SA.

**The Hon. S.C. MULLIGHAN:** Budget Paper 4, Volume 4, page 161 is about some performance and activity indicators, and the numbers are given for members of state schemes and members of the Triple S scheme. Am I right in reading those numbers, say, for the 2018-19 estimated result, that the members' number is the total number, including people who are retired, and the Triple S scheme contributors are the active members, the ones who are actively contributing to these schemes?

**The Hon. R.I. LUCAS:** So the 30,275 number refers to the active contributors within Triple S. There will be many other members of Triple S who have retired who would be part of that first group which is the 217,007 number.

**The Hon. S.C. MULLIGHAN:** I might ask you some questions which you may wish to take on notice. How many members are there of defined benefit schemes and which schemes are they members of—for example, parliament, judges and so on? What is the total estimated value of these defined benefits for each of these schemes and what is the average value of the defined benefit per member within each of those schemes?

**The Hon. R.I. LUCAS:** I am happy to take that question on notice and bring back a reply to assist the member.

**The Hon. S.C. MULLIGHAN:** On the same page or perhaps page 160, why was there an increase in costs of \$2.2 million for the Super SA ICT Solution Project?

**The Hon. R.I. LUCAS:** The simple answer to this question is that there was a software proposal entered into prior to the election—I think it commenced in the period 2016-17—called Bluedoor and I think it is fair to say it suffered significant problems that many ICT projects suffer. It incurred additional significant costs in terms of trying to correct the problems in that particular project. It has incurred significant additional cost.

The advice to me is that Super SA says they have self-funded the project out of reserves and scheme reserves, but the reality is that the project was meant to cost a certain amount and it has ended up costing significantly more and has had to be reduced in scope. The member has just referred to one element of the cost pressure that Super SA has had to manage in terms of implementing this system.

**The Hon. S.C. MULLIGHAN:** You may wish, in the brief time we have, to take this on notice. Who is the supplier? What are the details of the new contract? What is the duration of the contract? Also, when did it first emerge that there were problems that were going to incur additional expenditure?

**The Hon. R.I. LUCAS:** Very quickly, I will take most of that on notice, but the problems were emerging before March 2018.

**The Hon. S.C. MULLIGHAN:** If you could provide the date, that would be terrific.

**The CHAIR:** There being no further questions, I declare the examination of the proposed payments for portfolio SAFA, Funds SA, RevenueSA, Super SA and South Australian Employment Tribunal completed.

*Sitting suspended from 14:30 to 14:45.*

**Departmental Advisers:**

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

Mr K. Cantley, Executive Director, SAFA, Department of Treasury and Finance.

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

Mr M. Carey, Executive Director, Government Services, Department of Treasury and Finance.

Mr I. Nightingale, Industry Advocate, Office of the Industry Advocate, Department of Treasury and Finance.

Mr T. Burfield, Director, SAFA, Department of Treasury and Finance.

Ms K. Birch, Chief Executive, CTP Insurance Regulator, Department of Treasury and Finance.

Mr B. Gay, Executive Director, Commercial and Economics, Department of Treasury and Finance.

**The CHAIR:** Good afternoon. Can we please look at the portfolios of SA Government Insurance and Fleet, Office of the Industry Advocate, Strategic Procurement, Motor Accident Commission and CTP Insurance Regulator. The minister responsible is the Treasurer. I declare the proposed payments open for examination and refer members to Agency Statements, Volume 4. Treasurer, can you please introduce your advisers for the committee?

**The Hon. R.I. LUCAS:** Yes. Mr Reynolds, the Chief Executive, remains with us. We have Mr Cantley, who is the Executive Director of SAFA, and Mr Carey, who is the Executive Director of Government Services. We have available Ms Birch, who is the Chief Executive of the CTP Insurance Regulator, and Mr Nightingale, who is the Industry Advocate from the Office of the Industry Advocate. I think if there are any specific questions that I or the Under Treasurer are unable to answer in relation to MAC, we have Mr Gay, who is the Executive Director, Commercial and Economics, who will be available to me.

I might just very quickly say—and it might be a discussion I have with the shadow Treasurer—that it seems to be potentially an accident of history that the way these have been structured is that SAicorp and Insurance and Fleet are done in two separate sections. I am led to believe it might have been because these reported to a Minister for Finance at one stage, and SAFA might have reported to the Treasurer. It was divided up because it was sub-programs, and it is just an accident of history that it has continued. At some stage we might have a discussion as to whether we sensibly amalgamate them again, because SAicorp, Fleet, etc., are all part of the SAFA.

**The CHAIR:** I look forward to 2020 estimates with an exciting change of program, Treasurer. Member for Lee, would you like to kick us off?

**The Hon. S.C. MULLIGHAN:** As at 30 June 2019, what are the number of claims—

**The CHAIR:** Member for Lee, if you could just let us know where you are looking at.

**The Hon. R.I. LUCAS:** And which area are you talking about?

**The Hon. S.C. MULLIGHAN:** Page 159, Insurance. What are the number of claims outstanding or currently being managed by SAFA?

**The Hon. R.I. LUCAS:** I was going to say 'approximately', but I am advised the precise number is 524, comprising liability, medical malpractice, property, volunteers.

**The Hon. S.C. MULLIGHAN:** And how many per each of those categories?

**The Hon. R.I. LUCAS:** As of 30 June, I am advised liability, 386, which is the biggest component; medical malpractice, 93; property, 45; and volunteers, 7.

**The Hon. S.C. MULLIGHAN:** What, if any, provisions have been identified and/or set aside for the potential settlement of those claims in each of those areas?

**The Hon. R.I. LUCAS:** I am advised our estimated costs for each of those subcategories, if I can put it that way, is: \$84.6 million for liability, which is the biggest by number. I now come to medical malpractice, to which I referred earlier: \$321.7 million. That is for 93 claims that are being managed. Then it is \$15.4 million for property, and then zero—it is a small number, but it is rounded to zero.

**The Hon. S.C. MULLIGHAN:** That is the lost wages for volunteers, is it? That was facetious.

**The Hon. R.I. LUCAS:** No, no.

**The Hon. S.C. MULLIGHAN:** We will move on.

**The Hon. R.I. LUCAS:** I think we insert 'LOL'.

**The Hon. S.C. MULLIGHAN:** Indeed. How many claims have been lodged for the National Redress Scheme for Institutional Child Sexual Abuse?

**The Hon. R.I. LUCAS:** Zero, I understand, I am advised.

**The Hon. S.C. MULLIGHAN:** None?

**The Hon. R.I. LUCAS:** Zero, the same as none, yes.

**The Hon. S.C. MULLIGHAN:** Have there been any inquiries from potential claimants, or representatives of potential claimants?

**The Hon. R.I. LUCAS:** My advice is that the system is that the inquiries would go to the commonwealth, and it is only when the payments have to be made that they come to us. There may well be inquiries, but they would be being processed or handled at the commonwealth level, not by us.

**The Hon. S.C. MULLIGHAN:** Is there some regular reporting regime between the commonwealth and the state government about lodgements, etc.?

**The Hon. R.I. LUCAS:** If I need to provide further information, I am happy to do so. My advice is probably at least quarterly, but it is done through the Attorney-General's Department. That is the process, but the answer to the question is yes, we think it is probably at least quarterly and it is done through the Attorney-General's Department. If, on further checking, we can add anything further to the answer, we will do so.

**The Hon. S.C. MULLIGHAN:** Is it still the government's assumption that up to 1,690 claims could be made through the course of the scheme?

**The Hon. R.I. LUCAS:** My advice is that it is still too early for us to tell. We have no evidence at this stage to the contrary; it is still too early for us to tell.

**The Hon. S.C. MULLIGHAN:** In those quarterly or periodic updates that the commonwealth provides to the state, to the A-Gs, which flows through, are we aware of what the interstate experience is, whether claims are being made?

**The Hon. R.I. LUCAS:** My advice is that we understand it has been—the phrase I was given was 'pretty slow'—low numbers across the country, that our experience here has not been too dissimilar to what appears to be occurring in the other states, but I offer that advice with a note of caution, and that is that we would obviously get information as it relates to South Australia. I am not sure whether we do or do not get detailed information about the other states. Certainly, the advice from one of the officers here is that it is relatively limited.

**The Hon. S.C. MULLIGHAN:** Just jumping back to the claims across the different funds and the different categories, and the provisions or the total costs allowed for the settlement of those, do you have an average duration metric in terms of the resolution of those claims?

**The Hon. R.I. LUCAS:** My advice is that we would have access to that information. We do not have it here, so I am happy to take the question on notice and provide some sort of answer to the member.

**The Hon. S.C. MULLIGHAN:** Are there any SA Health related claims that have been lodged during the course of 2018-19?

**The Hon. R.I. LUCAS:** This is medical malpractice, just to clarify?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** My advice is yes, there are new ones. When you say new, are you talking about for 2018-19 or for 2019-20?

**The Hon. S.C. MULLIGHAN:** It is a bit early for 2019-20. I am thinking for 2018-19.

**The Hon. R.I. LUCAS:** Yes; well, there would be, because I think I quoted figures earlier, about \$450,000 or something expenses, provision for new claims in 2018-19. It is whatever that number is I quoted earlier in relation to medical malpractice, which was of the order of \$400,000 and something. I might be able to find it. Here it is: \$413,698.01 is the insurance expenses for DHW for 2018-19. We will take that on notice and try to find out the number of claims to respond to the specific question the member has asked for 2018-19.

**The Hon. S.C. MULLIGHAN:** Was that figure the cost of managing the claims or the provision for potentially settling the claims?

**The Hon. R.I. LUCAS:** The advice I have read before and I read again is: full year insurance expenses worth \$413,000 for 2018-19 but that in 2018-19, as I indicated earlier, DHW paid out \$7.88 million towards settlement of such prior year claims. In relation to new ones, the nature of the briefing I have would lead me to believe that in 2018-19, on the advice here, an expense which impacts on the budgets recognised each year based on total payments actually made for new claims made throughout that particular year and an accrual of a liability for all estimated future payments associated with those claims.

That would lead me to believe, on the basis of the briefing I have, that their budgeted costs for new claims in 2018-19 was \$413,698. When I had a brief discussion with the Under Treasurer earlier, I thought these were extraordinarily low numbers, given the size of the other numbers. It is part of the reason why I put on the record earlier that this is a matter of some interest to me as to how we actually address these issues in the budgetary sense but also in a human cost sense, and I will be seeking further work to be done by Treasury, SAFA and Health in relation to all these particular issues.

I am further advised, but I think the member will probably be aware, that some of the cases of medical malpractice that I have been asked to settle on recently had their genesis a decade ago in terms of when the actual event occurred. They take a long time to work their way through the legal processes and others, so that payouts in a particular year may well relate.

**The Hon. S.C. MULLIGHAN:** Do not correspond, yes.

**The Hon. R.I. LUCAS:** SAFA tell me they are currently managing 94 current claims, so I cannot believe that all those are at the lower end of the spectrum. All I highlighted earlier, and I highlight it again here now, is that I think this is an area that the government and the public sector need to do further work on in terms of how we—and I am repeating myself—better manage this whole process in the system.

**The Hon. S.C. MULLIGHAN:** What is the estimated end-of-year profit position for insurance activities within SAFA?

**The Hon. R.I. LUCAS:** Can I issue a cautionary note, which is similar I think, maybe, to the cautionary note Mr Cordiner issued in relation to ReturnToWorkSA: there is still actuarial advice and an audit being done on the 2018-19 accounts, but the early estimate—subject to getting the actuarial advice and the final audit advice—is in and of the order of about \$34 million.



**The Hon. S.C. MULLIGHAN:** What has been the impact of the change in dividend policy to the insurance activities within SAFA? Is it swallowed up within SAFA's dividend or is it separately calculated?

**The Hon. R.I. LUCAS:** This is where we did not unleash Mr Cantley before. This particular aspect has not changed. That pre-existing 50 per cent roll forward policy on insurance matters has not been changed by the new government or the government's new policy.

**The Hon. S.C. MULLIGHAN:** I now have some questions on Fleet. I refer to Budget Paper 4, Volume 4, page 158. Which vehicle is slated to replace the Holden Caprice in the ministerial fleet?

**The Hon. R.I. LUCAS:** That is a very interesting question, member for Lee, and it is one that I have had advice on my desk for a number of weeks. So the answer to the question is: no decision has been taken yet, but there has to be. I am advised I am already late in terms of making that particular decision. I have had advice from the appropriate section, fleet management, within Treasury. On a never-ending basis I get advice from government drivers in relation to—

**The Hon. S.C. MULLIGHAN:** Only drivers?

**The Hon. R.I. LUCAS:** I suspect some ministers may well have particular views as well, but to be fair they have not been as prolific or active in terms of their lobbying of me in terms of the decision. The answer to the question is I am already delayed in terms of when the decision needs to be taken, but no decision has yet been taken. It is not an easy choice in terms of the replacement of that particular vehicle.

#### **Membership:**

Mr Gee substituted for Ms Hildyard.

**The Hon. S.C. MULLIGHAN:** In the meantime, as vehicles reach their usage limits, will ministers be free to choose from the existing list of fleet vehicles such as Prados, etc.?

**The Hon. R.I. LUCAS:** The answer to that is: not free to choose, no. Some ministers have been given approval by me, as occurred, I think, under the former treasurer, to have access to a Prado. They are not just ministers because, as the member will be aware, there are three cars available to the opposition, one member of which does have access to a Prado, I am not sure which particular model, but a Prado of some model. So, no, they do not have access to a variety. At this stage it is being managed within the existing fleet and by extending by some period the usage of the existing vehicles until the Treasurer comes to a landing in relation to what the replacement vehicle will be.

**The Hon. S.C. MULLIGHAN:** How many vehicles are in the state government fleet, say, as at 30 June 2019?

**The Hon. R.I. LUCAS:** This is the total fleet you are talking about, yes? I am told 6,815 passenger and light commercial vehicle assets.

**The Hon. S.C. MULLIGHAN:** And are you able—

**The Hon. R.I. LUCAS:** I can give you a split.

**The Hon. S.C. MULLIGHAN:** Perhaps not right now, but by agency?

**The Hon. R.I. LUCAS:** By agency.

**The Hon. S.C. MULLIGHAN:** It is perhaps best enjoyed after.

**The Hon. R.I. LUCAS:** I could give it to you, but it would take up another 10 minutes, and I can take that on notice if you want to.

**The Hon. S.C. MULLIGHAN:** That would be fine and also, perhaps, if you like—

**The Hon. R.I. LUCAS:** I can tell you the biggest one, of course, is Health and Wellbeing, followed by Police and Education, not unexpectedly. Defence and state emergency services only have one. So it varies between them.

**The Hon. S.C. MULLIGHAN:** Let's hope there is not a war.

**The Hon. R.I. LUCAS:** We are not at the forefront of fighting those things.

**The Hon. S.C. MULLIGHAN:** Let's hope not. How many are private plated vehicles and how many are blue plated?

**The Hon. R.I. LUCAS:** We do not have that answer. We will have to take that on notice.

**The Hon. S.C. MULLIGHAN:** Indeed, if you are able, while you are providing the agency split, to also split it like that, that would be appreciated as well. And are you able to provide a cost by agency for fleet vehicles?

**The Hon. R.I. LUCAS:** My advice is yes, we can provide that information. I advise that we can advise what they are paying SAFA for their fleet vehicles.

**The Hon. S.C. MULLIGHAN:** Yes, correct. And a breakdown of the fleet by manufacturers of those vehicles?

**The Hon. R.I. LUCAS:** Yes, I can tell you that. That is easy. There are 44 per cent Toyota, 17 per cent Holden, 11 per cent Ford and 9 per cent Subaru. What does that add up to? About 80 per cent, so there is another 20 per cent of odds and sods, I assume.

**The Hon. S.C. MULLIGHAN:** Does the government have a preferred manufacturer or preferred manufacturers now that South Australia no longer manufactures motor vehicles? Has the list been opened or does it stay the same?

**The Hon. R.I. LUCAS:** The answer to the first question, as to whether we have a preferred manufacturer, is no. As I have just indicated in terms of the spread, we are open to a range of vehicles that meet the particular needs of the agency and also, I assume, the cost profile that we would allow.

**The Hon. S.C. MULLIGHAN:** Are there any other policy parameters that are imposed on fleet composition, such as fuel efficiency, estimated depreciation and those sorts of things, that influence what vehicles are available to the fleet?

**The Hon. R.I. LUCAS:** I think the answer is yes to all of the above. There has always been a range of policies that apply to fleet purchases. Clearly, cost is an impact. Saleability, safety and a whole variety of other issues like that are obviously important parts of the purchasing of the government fleet.

**The Hon. S.C. MULLIGHAN:** On Budget Paper 4, Volume 4, page 159, can you explain why the percentage of low-emission vehicles in the fleet was higher, at 41 per cent for the 2018-19 estimated result?

**The Hon. R.I. LUCAS:** I assume it is because we are a clean and green government. I am advised the former government had the target of 30 per cent and we have just been massively outperforming it through our low-emission purchasing policies. It would appear we are a clean and green government and we just have not updated that 30 per cent target. It may well be as we revisit some of these fleet management purchasing policies that, when next we enjoy time together at estimates committee, we might have a higher percentage target number that more closely reflects where we have got to in terms of purchasing policy.

**The Hon. S.C. MULLIGHAN:** Why were there more fleet vehicles purchased in 2018-19 than forecast and which agencies were responsible for this?

**The Hon. R.I. LUCAS:** Well, there is not much of a difference, is there? Is this the difference from 2,393 to 2,457?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** I guess in terms of 3,000, it is a difference of about 60. I will take it on notice to see whether there is anything useful we can add, but I am not sure there is. I suspect it

is probably spread over a whole variety of agencies and they have just ended up requiring more. If there is one particular significant issue, then I will provide that, but I suspect the answer is, as I have just given, that it is just a modest increase across a whole variety of agencies. We have 30 agencies, so it might be a couple of cars per agency.

**The Hon. S.C. MULLIGHAN:** That is then projected to fall by about 20 per cent. Why is that? Is there a fleet reduction in train, to mix the metaphor?

**The Hon. R.I. LUCAS:** There are a number of areas where the vehicles have gone from Human Services to the NDIS with the outsourcing arrangements, so they became issues for the NGOs as opposed to being accounted for in the government sector. There are a number of examples where that has occurred. I am also told that DPTI have earmarked about 50 vehicles for early return. I will see if there is anything useful I can find out from them as to why that is, whether that is just lower numbers that they have.

I do know, in a small way, that SafeWork SA have reduced their numbers of vehicles as well, but we will have SafeWork SA later this afternoon. I think a range of agencies are just in the process, perhaps as part of their savings tasks, of having fewer staff and, therefore, they require fewer vehicles.

**The Hon. S.C. MULLIGHAN:** I had some questions about procurement next.

**The Hon. R.I. LUCAS:** Fire away.

**The Hon. S.C. MULLIGHAN:** Budget Paper 4, Volume 4, page 170, under highlights 2018-19, 'new across government contracts for mainframe computing, travel management, master media and electricity metering services' were entered into. Who successfully tendered for these contracts?

**The Hon. R.I. LUCAS:** Let me take these one at a time. The mainframe was DXC Technology; and the travel—I think there has been some publicity for that—was QBT. What was the third one you asked about?

**The Hon. S.C. MULLIGHAN:** Master media.

**The Hon. R.I. LUCAS:** My advice on that is that that is a significant panel. There are a number of successful companies that are on that particular panel from which agencies can choose.

**The Hon. S.C. MULLIGHAN:** And electricity metering?

**The Hon. R.I. LUCAS:** We will have to take that one on notice. We do not have that answer with us at the moment.

**The Hon. S.C. MULLIGHAN:** Could you also let us know who is on the master media panel, in coming back to the committee?

**The Hon. R.I. LUCAS:** Which companies are on the panel?

**The Hon. S.C. MULLIGHAN:** Yes.

**The Hon. R.I. LUCAS:** Yes, sure.

**The Hon. S.C. MULLIGHAN:** Were all of these put to market or were any awarded after a direct approach to a supplier?

**The Hon. R.I. LUCAS:** My advice is that they all went to market.

**The Hon. S.C. MULLIGHAN:** How long are each of the contracts and what are their contract values?

**The Hon. R.I. LUCAS:** I think that information should be available on the contracts and tenders website, so I refer the member to that particular facility. I just say advisedly from my past experience with the master media contract, it is always an enormous lump of money, significantly more than—the difference is that it is the total value of the contract that is being managed, not the amount of money that is being paid to the particular company. An agency might be spending a million dollars on a campaign, or whatever it is, and that is the number that gets included there; that is not

the payment that goes to the particular agency that manages the master media contract. It is a much smaller component.

**The Hon. S.C. MULLIGHAN:** Did all of these contracts entered into have local industry participation requirements?

**The Hon. R.I. LUCAS:** My advice is, yes.

**The Hon. S.C. MULLIGHAN:** And all of the successful tenderers or panel members undertook to meet these requirements?

**The Hon. R.I. LUCAS:** My advice is that they would need to, because all of the contracts had those particular requirements, and for them to have been successful my advice is they would have had to have met them.

**The Hon. S.C. MULLIGHAN:** Are they the standard industry participation requirements?

**The Hon. R.I. LUCAS:** Given you have asked about four contracts, let us take the detail of that question and come back to you. The initial advice is we think it is probably the standard. There might be some variations between them as it applies to the various contracts, but I think the most informative response would be to take it on notice and provide the member with a reply.

**The Hon. S.C. MULLIGHAN:** In a similar vein, under targets 2019-20, procurements for major government contracts will be undertaken for 'voice and unified communications, electricity, Microsoft licensing, client computing, distributed computing services and network management services'. You may want to take this on notice, but can you advise who currently holds the contracts, what the terms of those contracts were and what their contract values were—that is the expiring ones, not the prospective ones. Are you happy to take that on notice?

**The Hon. R.I. LUCAS:** I am, but I suspect the answer might be—and I refer the honourable member to the contracts and tenders website, because, under the policy of the former government which we have continued, anyone who has got an existing contract should be on the contracts and tenders website with both the estimated value and the length of the contract. I suspect the answer to what has occurred in the past is and should be available on the contracts and tenders website.

**The Hon. S.C. MULLIGHAN:** Are there any changes in terms for each of these across-management contracts that have been contemplated by the government? For example, are they contemplating changing the duration, or moving to panel providers, or moving away from panel providers to a single provider, etc.?

**The Hon. R.I. LUCAS:** I think the frank answer to that is that for each of them there will be no blanket response for the whole lot. For each of them, hardworking staff will provide me as Treasurer with advice as to what is best suited best practice in terms of cost, delivery of a quality service, and it will probably be different for some but not for others. I have not imposed a blanket, across-the-board requirement in relation to issues other than, sensibly, it is just best practice. I would await advice from Treasury in relation to each of those contracts and then make a decision on a case-by-case basis.

**The Hon. S.C. MULLIGHAN:** What role will the State Procurement Board and the Industry Advocate play in these across-government procurements?

**The Hon. R.I. LUCAS:** The Industry Advocate has a statutory responsibility, so he and his people will be required to undertake their statutory responsibility. The Procurement Board also has a statutory responsibility. There are various reports and inquiries, which the member may well be aware of. The Statutory Authorities Review Committee is currently contemplating the Procurement Board and its policies, and I think there is a report imminent in terms of what it might or might not be recommending.

The Productivity Commissioner has released a draft report in terms of his first report on procurement, and the final report has gone to the government. Then he has a second term of reference on procurement to which he is going to report by October, I am told. One of the issues in the discussions I have had with the Productivity Commissioner is: does he have a view on the role—the appropriate role or not—of the Procurement Board and is that the practice of the other states and jurisdictions?

He is someone with considerable experience at the commonwealth level. He also comes out of Victoria highly recommended by the Labor Treasurer, Tim Pallas, to me, by the way; so he has considerable experience. One of the issues I hope he will provide advice to the government on is what the appropriate role of the Procurement Board might be. As it relates now, there is a statutory responsibility for the Procurement Board. It is required to undertake its statutory function, and I am sure it will do so.

**The Hon. S.C. MULLIGHAN:** What changes to procurement delegations were made in 2018-19, as highlighted by that page reference?

**The Hon. R.I. LUCAS:** Let me answer this sequentially. The Procurement Board delegates to chief executives of agencies at three separate levels, and that practice continues. There was a delegation from the Procurement Board to the chief executive of the Under Treasurer in relation to whole-of-government procurement. Perhaps the member might just clarify what further questions have we not answered.

**The Hon. S.C. MULLIGHAN:** Questions about the Office of the Industry Advocate, which I am about to come to.

**The Hon. R.I. LUCAS:** He has a statutory responsibility; he is required to implement his statutory function.

**The Hon. S.C. MULLIGHAN:** Can I ask what procurements the Industry Advocate has provided advice to?

**The Hon. R.I. LUCAS:** You can. I will ask Mr Nightingale to answer. I am not sure how many there are, but if it is a long list we will take it on notice. Mr Nightingale, the Office of the Industry Advocate, Mr Chairman. Did you hear the question?

**Mr NIGHTINGALE:** No. Was it advice?

**The Hon. S.C. MULLIGHAN:** What procurements has the Industry Advocate provided advice to?

**The Hon. R.I. LUCAS:** I will ask Mr Nightingale to respond to that particular question.

**Mr NIGHTINGALE:** Can I clarify the question? Do you mean by advice—to procurement?

**The Hon. S.C. MULLIGHAN:** Yes. For these procurements which have either occurred in 2018-19 or due to occur in 2019-20, have you been asked to provide any advice in relation to those procurements?

**Mr NIGHTINGALE:** To the minister or to the businesses procuring?

**The Hon. S.C. MULLIGHAN:** Either to the Treasurer or to the agency who is procuring the services.

**Mr NIGHTINGALE:** My office gets involved early with a whole lot of advice to the agencies about using the Industry Participation Policy correctly. We have a role to advise companies that are thinking about tendering for government work, so that advice is often innumerable.

**The Hon. R.I. LUCAS:** So you advise both sides of the equation, do you?

**Mr NIGHTINGALE:** Yes, before tender, and then agencies, if agencies need advice about how they are applying the policy.

**The Hon. R.I. LUCAS:** Right.

**The Hon. S.C. MULLIGHAN:** Has the Industry Advocate exercised his statutory powers to inquire into specific contracts or procurements?

**The Hon. R.I. LUCAS:** I will ask Mr Nightingale to respond to that.

**Mr NIGHTINGALE:** No, not directly. I have not issued any direction notices under the act but we do carry out quite a lot of random audits, and we are randomly selecting contracts over a particular time, but we have not used the statutory requirements of the act to this point.

**The Hon. S.C. MULLIGHAN:** Have there been any areas of concern which have been drawn to your attention as a result of those periodic audits?

**The Hon. R.I. LUCAS:** I will ask Mr Nightingale to respond.

**Mr NIGHTINGALE:** Not that could not be fixed. What I mean by that is that a lot of those random audits were more of an information issue, so there were not issues of noncompliance that I had a concern with.

**The Hon. S.C. MULLIGHAN:** Does the Industry Advocate have a view on the bundling of government contracts?

**The Hon. R.I. LUCAS:** Bundling, did you say?

**The Hon. S.C. MULLIGHAN:** Bundling, yes.

**The Hon. R.I. LUCAS:** I might offer a general comment on that and then ask the Industry Advocate if he wants to offer a view. There has been an issue raised in recent times, I think by the contractors association or whatever it might be, as it relates to a regional transport project. I was asked a question about this earlier today in a press conference and I indicated that the questions should, more appropriately, be directed to minister Knoll in relation to that particular project. However, as a general question, I will ask Mr Nightingale to see whether he wants to respond in general terms to the issue of the member indicating about bundling of contracts.

**Mr NIGHTINGALE:** The Treasurer is correct; it is a question of a relevant minister or relevant agency, if they do believe it is efficient to bundle some contracts. My view is that often those contracts that are quite complex and very large need to be bundled. Often a lot of South Australian firms may not have the balance sheet to run those contracts at the size and scale they are. The Industry Participation Policy is designed to deliver economic benefit through the subcontracts and the supplier arrangements, so you can still get the same economic benefit to the state even if they are a large aggregated contract.

**The Hon. S.C. MULLIGHAN:** Are the industry participation requirements, which were introduced by the former government, sufficient protection for South Australian companies to ensure access to large or bundled contracts?

**The Hon. R.I. LUCAS:** I will ask Mr Nightingale to offer his opinion on that.

**Mr NIGHTINGALE:** Yes, they are, because the IPP policy is designed to measure the retained economic benefit and through all the subcontracting and supply relationships.

**The Hon. S.C. MULLIGHAN:** Can I ask you, Treasurer, is it the government's intention to maintain the role of the Industry Advocate?

**The Hon. R.I. LUCAS:** It is a statutory responsibility. Even if the government—and it does not—had the wish to abolish the role, I cannot imagine the parliament even contemplating it. That is not the contemplation of government. There is an existing statutory role for the Industry Advocate and we will be pleased to see it operate in accordance with its statute.

**The Hon. S.C. MULLIGHAN:** Is it the government's intention to renew the Industry Advocate's contract?

**The Hon. R.I. LUCAS:** It is not even something that I have even contemplated. I do not even know what the—and I will not embarrass the Industry Advocate by asking what his contractual arrangements are. We have only just inherited the position of the Industry Advocate from industry and skills, now innovation and skills, so it is not an issue that I have even discussed with Mr Nightingale, and I certainly would not do so in a public forum like this.

**The Hon. S.C. MULLIGHAN:** Thank you. I have some questions regarding the Motor Accident Commission. Budget Paper 3, page 74: how much money will be saved by closing the Motor Accident Commission, each year over the forward estimates?

**The Hon. R.I. LUCAS:** I will give a response and, if there is any need to further clarify that on further investigation, I am happy to bring back a further detailed reply. The government has made a commitment that all of the funding for advertising, communications, partnerships and sponsorships

and related functions in the transfer from MAC to SAPOL and DPTI would be protected. My recollection is that that was about \$12 million.

I will take further advice on this but my recollection is that about \$12 million or just under was transferred. That was all the funding that I guaranteed for advertising, communications, partnerships and sponsorships. There are some overs and unders, and I ended up adding an additional \$20,000 to fund the independent chair of the Road Safety Committee, who has now been appointed. I think there might have been an additional staff member who went into DPTI.

I am told that it looks like there was about \$12.6 million transferred across to SAPOL and DPTI for all those functions I talked about earlier, plus that additional small amount of funding for the committee chairperson. I think the savings were about \$2 million in terms of the back-office functions and other functions which were not part of the advertising communications budget but were part of the corporate overheads which would have included things like lease payments, office payments, rent and those sorts of things which were part of that part of the MAC budget.

**The Hon. S.C. MULLIGHAN:** You might need to take this on notice. For 2017-18 and 2018-19 financial years, how much was spent by the Motor Accident Commission on advertising, research, partnerships and sponsorships?

**The Hon. R.I. LUCAS:** That is this approximately \$12 million. All of that money—

**The Hon. S.C. MULLIGHAN:** That was for 2018-19 or 2017-18?

**The Hon. R.I. LUCAS:** We would have to go back. My understanding is that it was about the same order. It might have been slightly less than in 2018-19 but my understanding is that it was roughly of the same order in terms of the funding. For all of the partnerships and sponsorships we continued, we certainly did not make any changes to their advertising or communications budgets.

**The Hon. S.C. MULLIGHAN:** Could you disaggregate it across those four areas of advertising, research, partnerships and sponsorships?

**The Hon. R.I. LUCAS:** We can endeavour to do so. The staff from MAC, of course, have now moved on, so we will have whatever information we have available in Treasury in relation to MAC. That sort of broad aggregate information we will probably be able to access because it was the subject of my guaranteeing that there would be no reduction in that, so I would be pretty sure we would have line of sight in relation to that particular expenditure.

**The Hon. S.C. MULLIGHAN:** Who directed the Motor Accident Commission not to make proactive media comment from 1 December 2018?

**The Hon. R.I. LUCAS:** No-one.

**The Hon. S.C. MULLIGHAN:** So the former chief executive of the Motor Accident Commission was incorrect in her public statements?

**The Hon. R.I. LUCAS:** If she has made that statement, yes. What I indicated to the board chair and the Motor Accident Commission, as we transitioned to the new arrangements, which was the abolition of MAC with SAPOL and DPTI taking over the road safety function—and it has always been a bit of a bugbear of mine that there was an increasing emphasis on spending money on MAC branding. For example, it was the MAC Footy Express. The point of view I made to the MAC board was that the message ought to be a road safety message. It ought to be 'speed kills footy express' or 'don't drink and drive footy express'. Why are we advertising the MAC Footy Express as the MAC brand?

If what we are about is road safety, why are we not actually advertising a road safety message? There was some opposition. People within MAC did not like that particular advice. I said to them, 'There are certain things you cannot sensibly de-brand in terms of MAC. If there is a helicopter with MAC on it, no-one is expecting you to take MAC off that, or if there is a big sign somewhere with MAC on it.'

I said, 'But if you are talking about digital advertising, if you are talking about a contract for the Footy Express,' which was coming up, 'why don't we actually advertise the road safety message and not advertise the MAC brand?' There was opposition from a number of people within the MAC

to that. They did not like that message, but I do not shy away from the fact that our money should be spent on road safety messages, not on advertising the MAC brand.

**The Hon. S.C. MULLIGHAN:** How much was received from Berkshire Hathaway for the management of the remaining MAC assets?

**The Hon. R.I. LUCAS:** It was a complicated transaction. I am happy to take that on notice and bring back a precise response to that.

**The CHAIR:** Thank you, Treasurer. There being no other questions, I declare the examination of proposed payments for portfolios SA Government Insurance and Fleet SA, Office of the Industry Advocate, Strategic Procurement, Motor Accident Commission and CTP Insurance Regulator completed.

#### **Membership:**

Mr Szakacs substituted for Ms Michaels.

#### **Departmental Advisers:**

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

Mr M. Campbell, Executive Director, SafeWork SA.

Mr G. Farrell, Director, SafeWork SA.

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

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

**The CHAIR:** We move to the portfolio of SafeWork SA with the Treasurer as minister appearing. We will have the member for Florey joining us. I declare the proposed payments for open for examination and refer members to the Agency Statements, Volume 4. Treasurer, could you please introduce your advisers for the committee?

**The Hon. R.I. LUCAS:** We have Mr Reynolds, who remains with us as Chief Executive of Treasury. We also have Mr Campbell, who is the Executive Director, SafeWork SA, and Mr Farrell, who is a Director of SafeWork SA.

Mr Chairman, in response to an earlier question, I alluded to the fact that we were having SafeWork SA coming later on. The member for Lee asked some questions about agencies that had reduced the number of fleet cars. I said I thought SafeWork SA might have been one of those agencies. I will just seek advice from SafeWork SA.

Just following on, as we are a very transparent and accountable government, my advice is that there are already 13 fewer cars within SafeWork SA and there are likely to be further reductions in the number of cars this year in relation to their requirement for fleet cars. With that, we wrap up that earlier question.

**The CHAIR:** Thank you, Treasurer. The member for Florey.

**Ms BEDFORD:** My question to the Treasurer relates to Budget Paper 4, Volume 4, page 165. What is being done to address the risks of quad bikes being used on farms and more generally elsewhere?

**The Hon. R.I. LUCAS:** My advice is that SafeWork SA is working with Safe Work Australia and the ACCC, so at this stage it is a question of providing greater information in terms of the safe use of quad bikes. The discussion that is going on at the national level, I am advised, in terms of Safe Work Australia, is the potential use of crush bars, which are rollover protection bars in relation to quad bikes, but there has been no agreement yet in relation to those issues, and that is a matter of ongoing discussion with Safe Work Australia and the ACCC.



**Ms BEDFORD:** So the minister is aware of the recent report by the National Farmers' Federation? Perhaps not. Is it possible for South Australia to take a lead in this rather than wait for things to happen at the glacial pace at which they often occur?

**The Hon. R.I. LUCAS:** I think the member would have to explain what lead she is suggesting. We are very open to suggestions from anybody in the community, including the member, so if the member has particular suggestions that she would wish the government to consider, we are always happy to consider them, take advice and get back to the member.

**Ms BEDFORD:** What suggestions are on the table already at a national level?

**The Hon. R.I. LUCAS:** Again, as I think I have just repeated, there is a discussion about whether or not you can either compel or require manufacturers, I presume from around the world, to put these crush bars or rollover protections onto these particular vehicles. Again, that is the reason why it is being discussed at a national level in terms of Safe Work Australia and the ACCC.

**Ms BEDFORD:** What about headgear—helmets? Has anyone discussed that?

**The Hon. R.I. LUCAS:** The answer to the question is yes, it has been discussed, but at this stage there has been no resolution. No government, I understand, has legislated for persons who ride motor vehicles on a private property. There are a lot of farmers who ride motor vehicles, and my experience with farmers is that I do not see any of them wearing helmets when riding motorbikes on their farms.

It is a vexed issue if the member is suggesting there should be a requirement that anyone riding a quad bike on their private property should wear a helmet. There would probably be some opposition if you extended that to say that if you are going to do that for someone riding a quad bike, why would you not do the same thing for someone riding a motorbike on private property?

**Ms BEDFORD:** That is a good question, is it not?

**The Hon. R.I. LUCAS:** It might be a good question, but I can assure you it is not something the government is currently contemplating. As I look on the government benches here, there are at least two members who represent rural constituencies.

**Ms BEDFORD:** Risk life every day by not wearing a helmet.

**The Hon. S.C. MULLIGHAN:** Especially in this place.

**Ms BEDFORD:** I just have one final question to ask, which does not relate to quad bikes. Is there any level of safe exposure to asbestos?

**The Hon. R.I. LUCAS:** My advice is no.

**Ms BEDFORD:** Terrific. Thank you.

**Mr SZAKACS:** My question refers to Budget Paper 4, Volume 4, page 164. I note the 2018-19 estimated results for FTEs being 177.9. My question is: how many staff are currently employed by SafeWork SA? Whilst you are attending to that I have a further question, which may be of assistance at the same time: what is the number of people currently employed across the investigations, the inspectorate and the education functions at SafeWork SA?

**The Hon. R.I. LUCAS:** Let's just answer the first question first. My advice is that in 2018-19—so at the end of June—it is 176.5 FTEs and that is projected to reduce to about 162.6. I think it is in the budget papers at page 164. So it declines to that. My advice is that none of those are coming from the investigations inspectorate; they are coming from other parts of SafeWork SA. The executive director has ensured the retention of all FTEs within the inspectorate.

**Mr SZAKACS:** My next question is: would you provide the number of employees in the inspectorate, in the investigations team and in the broad educative functions team?

**The Hon. R.I. LUCAS:** I can do better than that, I think. As of 1 July this year, there are 104 positions in the regulator function. There is an educator function and a regulator function. There are four managers, 11 team leaders, eight principal inspectors, which I am told is a new position,

48 WHS inspectors, eight investigators, 17 specialist support staff and eight admin and non-gazetted support staff, giving a total of 104 in the regulator function of SafeWork SA.

**Mr SZAKACS:** Are those figures that you just provided the current or the funded—

**The Hon. R.I. LUCAS:** That is at July.

**Mr SZAKACS:** Of the investigations team and the FTEs, or the real headcount within that, how many of those employees are currently gazetted appropriately for their functions?

**The Hon. R.I. LUCAS:** Are gazetted?

**Mr SZAKACS:** Gazetted. How many have been gazetted appropriate to their functions?

**The Hon. R.I. LUCAS:** My advice is that, as far as inspectors go, there is no requirement for gazetted. They are appointed by the executive director as inspectors, so there is no requirement for a gazetted.

**Mr SZAKACS:** And across the inspectorate?

**The Hon. R.I. LUCAS:** That is the inspectors.

**Mr SZAKACS:** Sorry, my first question was about the investigators in respect of the gazetted?

**The Hon. R.I. LUCAS:** My advice is that those three categories I referred to earlier—investigator, principal inspector and WHS inspector—are all appointed in the same way; that is, they are not required to be gazetted. They are appointed by the Executive Director of SafeWork SA, so all legal requirements, I am advised, have been appropriately followed.

**Mr SZAKACS:** So no additional powers are conferred upon any of those categories of employees by gazetted?

**The Hon. R.I. LUCAS:** They are not gazetted. Let me clarify further. I am advised that for the purposes of dangerous substances legislation, inspectors are gazetted for that. They get appointed as inspectors by the process I referred to earlier—by the Executive Director of SafeWork SA—and for those inspectors we give powers under the Dangerous Substances Act, for that particular act that requires gazetted. So maybe that is the issue that the member might have been referring to earlier. If he is seeing gazetted notices it would be in relation to that, I am advised.

**Mr SZAKACS:** And in respect of that cohort of inspectors, are you able to provide the numbers of those that—

**The Hon. R.I. LUCAS:** I could take that on notice, but my advice is a significant number of the inspectorate would have at varying stages been given that responsibility, so the member may well have been referring to that particular gazetted. But that is not the original appointment; it is in essence conferral of powers under the Dangerous Substances Act, so I am advised.

**Mr SZAKACS:** Treasurer, last year when we were in this place for Estimates, Mr Campbell informed Estimates that pending the outcome of ICAC and the coronial inquiry—I will quote from Mr Campbell: 'Restructuring our team is very much in our focus.' Could you please report on the progress and what restructures have taken place per last year's advice?

**The Hon. R.I. LUCAS:** I am happy to get Mr Campbell to provide the detail in relation to that, but there has been significant restructuring. I think as I have just on advice indicated, there is the new role of principal inspectors, but as the Executive Director of SafeWork SA, in relation to that particular issue I will ask Mr Campbell to outline what changes he has implemented.

**Mr CAMPBELL:** The main changes—after this time last year the main process we embarked on was consulting with the staff to understand the functions that they undertake. We looked at the industry teams, the way the inspectorate was divided, and we came to a conclusion that the management level of SafeWork was quite top heavy, so we structured that level significantly and removed a number of manager positions from the organisational structure.

We left the number of designated inspectors, and we divided them equally across the teams, depending on the volume of work that they were receiving. So the size of each of the industry teams

does vary slightly. We created a dedicated psychosocial team to look at psychosocial hazards, risks and workplace bullying. That was already there, but it was a small team within a larger team, and I deemed it important enough to be a standalone team.

That was drafted probably the end of 2018, early 2019. We held some workshops, and then it went out to the wider agency and stakeholders for consultation for a period of seven weeks. The feedback that came from that process we incorporated most of it, not all of it. The feedback that was not incorporated we had one-on-one sessions with every person who provided that feedback and explained why we were not accepting it.

Once the final organisational structure was created, we put that out with a view to implement it on 1 July 2019. And we did that. So as of 1 July that process has been in place. We are currently in the final stages of filling the vacant positions and the newly created positions within that structure.

**Mr SZAKACS:** Could you take on notice, if you are unable to provide the information now, Treasurer, the current unfilled positions that Mr Campbell just referred to in respect to that restructure?

**The Hon. R.I. LUCAS:** I am happy to take that on notice and bring back a reply to better inform the member and the committee.

**Mr SZAKACS:** Treasurer, further, does SafeWork SA track and report on rates of attrition across the organisation or within specific teams?

**The Hon. R.I. LUCAS:** Rates of attrition within SafeWork SA, you are talking about?

**Mr SZAKACS:** Yes, so effectively the number of employees coming and leaving the organisation per year and as a proportion of the total workforce.

**The Hon. R.I. LUCAS:** That sort of information would be available. We can have a look and see what information we might be able to provide without going to too much extra administrative cost. But there would certainly be some information available that we would be able to provide and share with the member.

I think it is important to note that Mr Campbell has come in at a time when SafeWork SA has been subject to very significant criticism—not Mr Campbell, but the organisation—both from a report from ICAC in terms of its evaluation, Coroner's recommendations and also criticisms of the prosecutorial review that was undertaken for the Attorney-General's Department as well.

It is a time of significant change within SafeWork SA, so I would imagine that whatever turnover or churn rates or attrition might be occurring at the moment—some of which, of course, is being generated by decisions that Mr Campbell is making for good reason, but also at any time of significant change—there may well be people who choose to move on and see other challenges. Whatever those numbers show, I would be expecting that things will settle down within the agency as, under new management and leadership, it undertakes the role for which it was charged.

**Mr SZAKACS:** To take you back to my question, it was: are rates of attrition tracked? I take it that was a yes.

**The Hon. R.I. LUCAS:** When you say tracked, there is no regular reporting of that, if that is—

**Mr SZAKACS:** No, the question—because you expressed a view around the administrative burden of providing those answers to questions on notice, which I respect—goes to if they are held, viewed or collated by SafeWork, then I trust that it would not be an extraordinary administrative burden.

**The Hon. R.I. LUCAS:** My understanding is there is no regular reporting of that, but we are talking about an organisation, at its peak, of just under a couple of hundred or something. It is not as if we are talking about the health department with 10,000 or something. In terms of line of sight of attrition and churn and turnover rate, whilst there might not have been regular reporting, it is certainly not too onerous a challenge to have kept an eye on whether or not large numbers of staff have been leaving or have not been leaving. Mr Campbell is the new executive director, so in terms of the historical perspective in relation to these issues, some of that information might need to be retrieved.

**Mr SZAKACS:** You mentioned before in a response to a question that FTE cuts across the forward estimates would be ring-fenced and those investigations, education and inspectorate functions would be untouched. Can I ask a question of you in respect to the FTE count in those functions from 2017-18 to 2018-19 and whether they had the same ring-fencing in respect to FTE reductions?

**The Hon. R.I. LUCAS:** I would have to take that on notice, but bear in mind that my earlier comments related to investigations and inspectors. I think in your last question you mentioned education, which is a separate arm of SafeWork SA.

**Mr SZAKACS:** Sure, sorry; investigations and inspections.

**The Hon. R.I. LUCAS:** The earlier response I gave related to investigators and inspectors and the inspectorial arm. I am happy to take on notice a comparison of 2017-18 and 2018-19.

**Mr SZAKACS:** What are the anticipated costs for budget year 2019-20 in respect to TVSPs for the 15.3 FTE reduction?

**The Hon. R.I. LUCAS:** The first point to make is that with an FTE reduction, they do not all have to be generated by TVSP. Some of them may well just retire or leave and there would be no TVSP. That is the first point to make. In relation to whatever number of TVSPs, I am told that has not been finalised yet, but SafeWork SA will be like all other agencies. They would have access to the centrally funded pool of TVSPs that Treasury and the budget have provided. That existed until 30 June for those TVSPs and we have extended it now to 31 December. The sort of time frame that SafeWork SA is talking about should not impact on their ongoing budget, whatever that number of TVSPs might be and whatever that cost might be.

**Mr SZAKACS:** The 15.3 FTEs reduction across 2019-20, is that part of, external to or in conjunction with the whole of DTF efficiency measures? Will SafeWork be—

**The Hon. R.I. LUCAS:** Well, it is part of, because SafeWork SA is part of Treasury.

**Mr SZAKACS:** So there are no additional efficiency measures that SafeWork will contribute toward in respect of DTF?

**The Hon. R.I. LUCAS:** No, the budget that is there is their budget, other than, obviously, they will get assistance from the TVSP package that they can access which is not included as part of their budget. If there are 10 people at \$100,000 each, if that is \$1 million, then they will be eligible to apply for the TVSP centrally funded.

**Mr SZAKACS:** Same page, Budget Paper 4, Volume 4, page 164 at the top of the page, I bring your attention to expenses. I note that there is a reduction of some \$3 million in expenses by SafeWork SA from the 2018-19 estimated results to the 2019-20 budget allocation. Can you provide some outline as to that significant reduction?

**The Hon. R.I. LUCAS:** A significant part of that will be the salary costs. We are estimating that there are 15 full-time equivalent less, so if you take the average FTE cost of a SafeWork SA employee and multiply that up, that will be a significant component of that. Then there are add-on costs. On page 165, I am advised, if you have a look at that, there is actually an additional \$1.2 million in 2018-19 of targeted voluntary separation packages, which is, I assume, money that was centrally funded, so that would have been part of that \$35.6 million.

If there are additional targeted separation packages in 2019-20, they would not be included in the \$32 million; the estimated result for 2019-20 would become an additional expense item in the 2019-20 budget. At this stage, that is not allocated. To them they have to apply and, at the end of the year, that would be accountable.

**Mr SZAKACS:** Further to that response in respect to the TVSPs from 2018-19 and the \$1.2 million, how many employees did receive now a separation payment in 2018-19?

**The Hon. R.I. LUCAS:** My advice is that during 2018-19, 25 employees, equivalent to 24.4 FTEs, were offered and accepted a targeted separation package.

**Mr SZAKACS:** Thank you. Will you take on notice, unless you have this depth of detail now, the breakdown of which functions those staff had and which roles they had within the agency?

**The Hon. R.I. LUCAS:** I think that, in part, will be answered by a response to an earlier question that you gave in relation to the inspectorial staff, but we are happy to take that on notice and provide a reply.

**Mr SZAKACS:** Page 165 of the same budget paper and volume: I note that there is an estimated shortfall of 4,000 compliance enforcement visits compared to the 2018-19 budget papers. Would you please explain that shortfall?

**The Hon. R.I. LUCAS:** My advice is that this is a by-product of the extensive change that the agency has gone through in this last year, in 2018-19, as a result of some of the issues that we have referred to earlier. In particular, as a result of the changes that Mr Campbell outlined that he was implementing, a number of people moved on or were moved on and a significant number of changes occurred.

There was a period during which consultation was going on where Mr Campbell was unable to go out and recruit replacements so there were unfilled vacancies for a period of time, so there were just not the staff there to deliver the orders during that particular financial year. They have now gone out and advertised for all those positions. The staffing employment at the agency is stabilising. The estimate for this year now goes back to the 19,000 audits, and that is the expectation of the executive director.

**Mr SZAKACS:** So the expectation is that that will right or correct?

**The Hon. R.I. LUCAS:** Yes.

**Mr SZAKACS:** On the following line we have education engagement and support activities, some of which will have been budgeted down from 2018-19 to 2019-20 by 5,000. Why is that?

**The Hon. R.I. LUCAS:** Whilst we indicated earlier—and that is why I corrected the member—that the inspectorial staff (investigators and inspectors) have been protected, there have been reductions in the number of staff in the education advisory services. That is the reason why there have been reductions in the number of staff. A number of those targeted separation packages, when we bring back the answers, are in that particular area of SafeWork SA. Mr Farrell advises me that he believes that in a number of those areas there was some overlapping of functions and things like that that they will be able to instil more than adequately and undertake the task which they are required to do in terms of education advisory services.

**Mr SZAKACS:** But is it not right to propose that the required functions will be discharged, whether there are 5,000 of these education engagement or support activities or 35,000? What I am interested in is: why was there a decision taken to reduce FTEs which have, based upon your answer, reduced the number of education engagement and support activities? Was that undertaken on a risk assessment based upon community need or was it simply because of efficiency measures imposed in the last budget?

**The Hon. R.I. LUCAS:** You are right, the major driving force was the financial mess in last year's budget that the government inherited from the former government. We had to require savings across the board, but the risk assessment was based on the critical function of SafeWork SA, which is, in our view, the investigator, inspectorial staff; that was protected. But in other areas—corporate to back-office functions, management functions and the advisory services section—there were savings made. The principal reason for that was driving efficiencies and, as I said, trying to fix the financial mess the government inherited.

**Mr SZAKACS:** Sorry, Treasurer, you said management, back staff? I am sorry, what was that third one?

**The Hon. R.I. LUCAS:** Advisory services.

**Mr SZAKACS:** Treasurer, I refer to page 164, the 2019-20 target to 'Contribute to the work injury reduction trend in South Australia'. Will you briefly outline the current work injury trends and how this has changed over the previous financial year?

**The Hon. R.I. LUCAS:** I hasten to say that I am not claiming credit as an incoming government for this particular number, but I was pleased to see in the briefing notes that I got that

the number of notifiable work-related fatalities in the first year of the Liberal government was eight; in previous years it was 12, 20, 19 and 15. As I said, I hasten to say that I am not claiming credit for that. These figures are a little bit like, sadly, road safety deaths and other things like that: they are essentially serendipitous in terms of the numbers and the impacts.

Nevertheless, I am pleased to say that whilst it is a significant reduction it is certainly not an increase in numbers. I am also advised that, from 12 June to 18 June, South Australia saw a 28 per cent reduction in serious injury claims. A serious injury claim involves 10 days or more of lost time from the base period of 2009-10 to 2011-12, exceeding the 18.95 per cent reduction target in this period by 9.18 per cent. This is obviously something that you need to monitor on an ongoing basis. SafeWork SA and the government will obviously monitor it on an ongoing basis. As I said, we hope to see sustained downward pressure on work-related fatalities.

**Mr SZAKACS:** Within that target for 2019-20, is there a projection or a target for the number of work injuries across that financial year?

**The Hon. R.I. LUCAS:** Sorry, which target are you referring to now?

**Mr SZAKACS:** For 2019-20, for work injuries. You want to reduce them. What is the target? Just hope for the best?

**The Hon. R.I. LUCAS:** I am advised that there is a national agreement: the Australian Work Health and Safety Strategy. The member might be familiar with it. It is a 10-year strategy from 2012 to 2022, so it covers the period that we are referring to, which includes an agreed national target of 30 per cent reduction in the incidence rate of claims resulting in one or more weeks off work by 2022.

I note that that is slightly different from South Australia's definition of a serious injury claim which is 10 days but, anyway, I am told that that is an agreed national strategy that was agreed to back in, I presume, around 2012. So there is a national target and South Australia has signed up to it. Clearly, we also monitor serious work injuries on another definition as well, which is different from what appears to be this national definition, but the member can rest assured that the new government is as concerned about work injuries and fatalities as one would hope and expect the former government was.

**Mr SZAKACS:** We should give that to the member for Narungga, to inform his view. Treasurer, in respect of the theme in regard to lowering the incidence of workplace injury, can I ask you for an update on SafeWork SA's work that may or may not have been undertaken in respect of the coronial inquest into the fatality of Jorge Castillo-Riffo. In particular, there was a recommendation made by the Coroner in that inquest, and I paraphrase, around the investigation and reporting around best practice for scissor lifts. Could you please report on progress made in respect of that recommendation?

**The Hon. R.I. LUCAS:** I am happy to report on that. SafeWork SA has been actively engaged in providing advice to me and consulting with a significant number of stakeholders in relation to half a dozen or so recommendations. They are not just that particular recommendation from the Coroner in relation to that particular area.

There was a recent meeting of various stakeholder groups that I attended that was convened by SafeWork SA which, in particular, provided advice in relation to specifically two of the recommendations: one was the use of spotters and the other was in relation to the general area of national uniformity in terms of the construction of elevated work platforms.

We had representatives from unions, employer groups, SafeWork SA, the Elevating Work Platform Association, Pam Gurner-Hall and her legal representative, etc. In the Legislative Council, I was asked a question I think yesterday as to whether or not I had met with the MBA, because they declined the opportunity to attend that particular function. I was asked a question by a member in relation to whether I had met with the MBA on the issue of elevated work platforms. My response was that I was sure that I had had a number of discussions with the MBA in relation to elevated work platforms but I did not recall having a meeting with them subsequent to the meeting that we are referring to now.

I have checked the diary and it is the case that, subsequent to that meeting, I did meet with the MBA on a range of issues, including I think in relation to rainwater tanks and housing issues and

a variety of other issues, but one of the issues that was raised was the issue of elevated work platforms, so I take this early opportunity in terms of correcting the record, albeit it is in an estimates committee.

So there are a variety of discussions that are going on. Ultimately, SafeWork SA will provide me with some advice. I have to say the more I look at it the more complicated some of these recommendations are. They seem simple on the surface but the more advice we get from interested stakeholders with completely conflicting views in relation to some of the recommendations, the more complex and complicated the issue is.

I accept the fact that there has been criticism that it has been some time since the Coroner made the recommendations. That is why I hasten to say I was pleased to see those notifiable work-related fatalities through 2018-19 being significantly lower than any of the four previous years prior to March 2018.

**Mr SZAKACS:** In an answer to a question in last year's estimates that was taken on notice, you provided advice that there had been no information that had been shared in respect of labour hire companies that would seek to undertake illegal phoenix activities between SafeWork SA and ReturnToWorkSA. Since the advice was provided on notice to last year's estimates, can you update the committee as to whether there has been this year any sharing of data information or otherwise that would seek to identify or potentially prosecute these operators who would seek to take advantage of workers?

**The Hon. R.I. LUCAS:** I will take further advice from the executive director in a tick. Certainly, in response to earlier questions in relation to ReturnToWorkSA, it was made clear that the Attorney-General had established a task force—

**Mr SZAKACS:** My question is not in response to that, Treasurer.

**The Hon. R.I. LUCAS:** No, I am not saying in response to that, but what I am saying is that a task force was established in which SafeWork SA and I assume the Attorney-General's Department, ReturnToWorkSA and others participated to varying degrees in relation to that task force. That was in terms of trying to collaborate and share information across the board. As I understand it, that was the intention of that particular task force. I will ask the executive director.

My advice is that since last year there has been a data sharing agreement entered into between ReturnToWorkSA and SafeWork SA. But over the period of a number of months now, there is nothing from SafeWork SA's viewpoint that has come to light in relation to safe work practices issues. It would appear, on the information that they have managed to gather, it is more in relation to ATO-related potential activities and interest as opposed to SafeWork SA.

So the answer to your question is yes, there has been a data sharing agreement arrived at since last year's estimates committee between ReturnToWorkSA and SafeWork SA. They are sharing information. SafeWork SA now has access to information that it did not have access to before. But as a result of that, it has not really flagged any major safety issues in relation to the particular issues that the member is seeking to address. It appears, as I said, to have been more particularly issues of concern to the ATO.

**Mr SZAKACS:** Has that data sharing agreement taken place as part of a broader cross-government approach or within a task force, or has that been done between the two agencies alone?

**The Hon. R.I. LUCAS:** Mr Campbell advises me that he is a participant of the task force that Mr Soulio from the Attorney-General's Department chairs. He is the Commissioner for Consumer and Business Services and he chairs or convenes that particular task force. Mr Campbell attends those particular meetings. One of the issues that was discussed was this issue of data sharing, but that was actually then separately developed and arrived at between ReturnToWorkSA directly and SafeWork SA. It was not sort of carried out directly under the auspices of the task force, but it was discussed at one stage in terms of that.

I am not sure which member asked me the earlier question, but in terms of what else the task force is doing, the question is best addressed to the Attorney-General when the commissioner is obviously going to be available.

**Mr SZAKACS:** So in relation to the task force chaired by Mr Soulio that you have just advised on advice from Mr Campbell, can you advise what other agencies participated in that?

**The Hon. R.I. LUCAS:** ReturnToWorkSA is one, the Attorney-General's Department is another. I understand RevenueSA and possibly the ATO did as well.

**Mr SZAKACS:** And ReturnToWorkSA?

**The Hon. R.I. LUCAS:** Yes, although I gathered from what Mr Cordiner might have said earlier, I am not sure whether they are an ongoing and active participant in it. They may well have seen that their role was relatively limited in terms of what they might be able to contribute. I am inferring from some of his responses that that might be the case.

**Mr SZAKACS:** But in respect to the advice that you are providing or that you have received now, is the task force you are describing an ongoing task force?

**The Hon. R.I. LUCAS:** You would have to address that question to the Attorney-General.

**Mr SZAKACS:** I am asking in respect to SafeWork SA.

**The Hon. R.I. LUCAS:** I do not know. If the Attorney-General does not continue the task force, then SafeWork SA would not be able to attend it because it would not exist anymore. But if the Attorney-General continues the task force, then SafeWork SA will continue to participate.

**Mr SZAKACS:** What is the understanding of SafeWork SA in respect to the ongoing nature?

**The Hon. R.I. LUCAS:** Well, we don't know; you need to put that question to the Attorney-General.

**Mr SZAKACS:** When was the last time that SafeWork SA attended a task force meeting or convened a group as per Mr Soulio's chairing?

**The Hon. R.I. LUCAS:** Mr Campbell would need to take that on notice to find out when that might have been.

**Mr SZAKACS:** Thank you; I would appreciate that. The previous advice from the Attorney has been that, when the government indicated their intention to repeal the Labour Hire Licensing Act, a number of agencies, including SafeWork SA, had determined that there were sufficient laws outside of labour hire protections to protect working people. I would be interested in the perspective of your agency, SafeWork SA, and whether they formed an opinion or advised you or others on whether there were protections that were sufficiently contained outside of the Labour Hire Licensing Act that would protect workers.

**The Hon. R.I. LUCAS:** My recollection is I have not sought specific advice from SafeWork SA on that particular issue, so my recollection is I have not received any. I have not sought and I have not received it.

**Mr SZAKACS:** Has SafeWork SA, which is within your portfolio responsibilities, provided that advice by any other means or in any other forum within government?

**The Hon. R.I. LUCAS:** I am their responsible minister, so if they were going to provide advice, they would be providing advice to me. Clearly, they participated in the task force discussions and meetings. As I said, questions appropriately should be directed to the Attorney-General in relation to that task force and whether or not it has an ongoing role or not.

**Mr SZAKACS:** I dare say that if I was to ask the Attorney for the operational experience or advice of SafeWork SA she would throw me your way.

**The Hon. R.I. LUCAS:** She might, but in the end there is a concluded view, or not, of the task force. It is not always the case that the particular views of every individual member of a task force are part of the final report of that particular task force. But in relation to the specific issue of



ReturnToWorkSA and SafeWork SA, they have arrived at this data sharing agreement, which is some progress in relation to that particular issue.

**The Hon. S.C. MULLIGHAN:** I refer to Budget Paper 4, Volume 4, page 164. It has now been seven months, I think, since the ICAC commissioner has handed down his report into SafeWork SA. What are the efforts that SafeWork SA and its staff have gone to to address or implement the recommendations from Mr Lander?

**The Hon. R.I. LUCAS:** My advice is that SafeWork SA is in the process of implementing the majority of the recommendations. Some of them will not be adopted in full, because the view was an alternative proposal has been considered that meets the intentions of the recommendations. Those particular recommendations are the sharing of information between the educator arm and the regulator arm.

With the former minister for industrial relations, the member for Enfield, I canvassed this issue last year and said that this seemed to be quite a vexed question because all the advice I had had as shadow minister and in the early days as the minister was that it was important to keep the educator arm and the regulator arm apart. The ICAC commissioner was recommending something that would, in essence, cross that particular advice that certainly I had received from a number of people in the past. That is one where, whilst it has not been adopted in full, there is an alternative proposal that is being implemented.

In relation to recommendation 21, which is sending two inspectors on every workplace inspection, again it has not been adopted in full but there is an alternative proposal that SafeWork SA is implementing that they believe meets the intention of the recommendation. Finally, in relation to the issue of body-worn cameras for inspectors and investigators, again it is not being implemented in full at this stage. An alternative proposal, which comprises a pilot program, a three-month trial of body cameras before any decision is taken to do it permanently, is being considered.

I think part of the argument in relation to that particular issue is whether having to wear a body camera for every function that an inspector or an investigator undertakes is going to assist the course of events in the investigation and the quality of the work. There are clearly certain circumstances where it would assist, and that is what is being trialled, or is about to be trialled, in this three-month trial.

Mr Campbell advises me that it has not commenced yet, but that in the next couple of months he hopes that three-month trial of body cameras will be undertaken to see what the value or otherwise is of body cameras in terms of SafeWork SA's work.

**The Hon. S.C. MULLIGHAN:** Regarding the recommendations, the ones that are to be adopted and accepted and supported by the government, those where there are alternative proposals to try to address the concerns of the commissioner, has that position been published about the position on each of the commissioner's recommendations?

**The Hon. R.I. LUCAS:** My understanding is that the Under Treasurer has written to the commissioner with that advice on 9 May. I do not believe we have had a response. That was two months ago and we have not had any response from the ICAC commissioner in relation to that.

**The Hon. S.C. MULLIGHAN:** Are you able to provide to the committee what the government's position is on each of the recommendations?

**The Hon. R.I. LUCAS:** I am happy to take that on notice and provide further information in relation to the response that we provided to the ICAC commissioner, in particular the ones that have not been implemented in full.

**The Hon. S.C. MULLIGHAN:** Are there recommendations that are supported and to be implemented that are being prioritised—seen as more urgent or more necessary?

**The Hon. R.I. LUCAS:** My advice is that all the other recommendations are being implemented. Some have been completed already, so I guess they might have been the highest priority, or else they were the easiest ones to implement straightaway. There are teams of people and individuals with responsibility for the implementation of each of the recommendations. In relation

to all the others, other than those three recommendations to which I have referred, my advice is that they are being implemented by the SafeWork team.

**The Hon. S.C. MULLIGHAN:** How many staff are involved in the implementation, and what does that mean for their substantive roles—how much they are able to commit to what they usually do and how much effort they are having to commit to whatever change is imposed on them?

**The Hon. R.I. LUCAS:** Firstly, there is a steering committee that actually comprises SafeWork SA senior management, but also the Under Treasurer, Mr Soulio, who is the commissioner, Mr Circelli, from the Environment Protection Authority, and that is it. That is the steering committee. They provide oversight in terms of ensuring the commissioner's recommendations are being implemented. Then we have a full-time cohort of eight people working on implementing all the recommendations of the commissioner in terms of managing the process of change.

**The Hon. S.C. MULLIGHAN:** In terms of other than those external people who are assisting, for the SafeWork employees themselves, how many are affected by the changes involved in implementing the changes, or is it across the board?

**The Hon. R.I. LUCAS:** There is a reform group of eight people whose prime responsibility in the immediate future is to implement the recommendations; so that is their job. In terms of who it will impact; I imagine it is going to impact everybody. It is a whole-of-agency evaluation and, therefore, the answer to the member's question is everybody, I would imagine, is going to be impacted in some way. But there is a reform team of eight people working underneath the oversight of the steering committee that is responsible for managing the implementation of the recommendations.

**The Hon. S.C. MULLIGHAN:** I know that the member for Cheltenham has asked you questions about the FTE reductions that are forecast for the following financial year. Does SafeWork have any concern that the efforts, either to implement the recommendations successfully across the staff of SafeWork SA let alone the substantive roles of SafeWork SA in compliance and enforcement, are going to be affected by that reduction in FTEs or will that create more work to be spread across a smaller cohort of employees?

**The Hon. R.I. LUCAS:** There is no doubt the advice that Mr Campbell has given me is that he believes he can undertake the function for which he is responsible in a comprehensive and competent manner, and that would be my expectation of him as the executive director. He has given me that assurance.

In the ideal world, every agency would wish for significantly increased resources. It is a challenge, but in some of the areas some decisions are being taken that ultimately do not impact on the efficiency of the delivery of the safety services required. So reductions in cars and car parking and those sorts of entitlements have been battles that Mr Campbell has had to undertake, and successfully, in terms of reducing the costs of running that particular agency.

We are looking at the capacity to reduce his rental accommodation costs because we think there should be the capacity to reduce the lease costs for his accommodation, which would again reduce his costs of doing business in terms of the agency. So we are actively engaged in looking to see whether we can find alternative accommodation for him. If I had known a bit earlier I could have sent him to Port Adelaide.

**The Hon. S.C. MULLIGHAN:** Yes, you could have—a lot earlier. Are compliance and enforcement visits prioritised to address areas of concern around safety, for example, over other considerations?

**The Hon. R.I. LUCAS:** My advice is broadly yes to the member's question; that is, SafeWork SA is trying to address its resources into the areas of highest risk in terms of where there is the need for the activities of compliance and audit of SafeWork SA.

**Mr SZAKACS:** I will use this opportunity to read in to the record the omnibus questions:

1. How many education workshops, presentations and seminars did SafeWork SA deliver?

2. How many proactive workplace visits were there and how many reactive workplace visits were there?
3. How many infringement notices were issued?
4. How many improvement notices were issued?
5. How many prohibition notices were issued?
6. What were the number of enforceable undertakings obtained or secured?
7. What were the number of potential breaches of the Work Health and Safety Act that were investigated and referred to Crown law?
8. How many of the matters referred to Crown law for an opinion on prosecution resulted in SafeWork SA filing a prosecution?
9. How many of the matters filed for prosecution resulted in a conviction or an order being made by the courts, an unsuccessful prosecution, a not guilty finding, or a withdrawal of the application to prosecute?
10. How often were decisions made not to prosecute but to accept an enforceable undertaking or any other remedy as an alternative to the prosecution path?
11. What is the total amount of fines ordered by the courts for breaches of the Work Health and Safety Act 2012?

**The CHAIR:** There being no further questions, I declare the examination of the proposed payment for the portfolio SafeWork SA completed.

#### **Departmental Advisers:**

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

Mr M. Carey, Executive Director, Government Services, Department of Treasury and Finance.

Ms T. Scott, Acting Executive Director, Organisation and Governance, Department of Treasury and Finance.

**The CHAIR:** We will move to the portfolio of Shared Services. The Treasurer is with us. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 4. Treasurer, if you could just update the advisers for the committee.

**The Hon. R.I. LUCAS:** For the lucky last session of the committee, Mr Reynolds, Chief Executive, remains with us, and we now have Mr Carey, Executive Director, Government Services.

**The Hon. S.C. MULLIGHAN:** I might take this opportunity to read my omnibus questions in so that we do not miss that important opportunity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**The CHAIR:** Thank you, member for Lee.

**The Hon. S.C. MULLIGHAN:** On Budget Paper 4, Volume 4, page 169, regarding Shared Services, there was an increase in FTEs in 2018-19 according to the estimated result against the budget. Why is that?

**The Hon. R.I. LUCAS:** My advice at this stage, and if I can get more clarification on notice I will add to it, is that additional staff had to be taken on in relation to managing, in particular, the TVSP packages. As the member probably understands, TVSPs sound easy but there is a complicated process of trying to calculate the entitlements of individuals.

Significantly more people ask for information in relation to TVSPs as to how much they might be entitled to, and all that work has to be done by Shared Services staff, and then a number of them do not take it because in the end they make a decision that it is not in their financial interest to take the package.

It is just not the people who take the package that the work has to be done for, it is also all the other people who have expressed interest in the package. On that basis, I would assume that, once the peak has occurred, that particular extra cohort of people would decline from Shared Services.

To that end, there is a reduction of some 22 or something from last year's result for this year, although the TVSPs are obviously continuing through to 31 December this year, as we have indicated, so there will still be considerable work that will be undertaken by Shared Services staff there.

**The Hon. S.C. MULLIGHAN:** How were those positions, temporary as they were, funded?

**The Hon. R.I. LUCAS:** I understand Shared Services cross charges agencies for doing the calculations for the TVSPs, so for some of that particular additional cohort of staffing relating to TVSPs, there is a cross charging. I assume it is easier with the bigger agencies but, in terms of a good chunk of that particular additional funding, it is a cross charge to the agencies to do it.

**The Hon. S.C. MULLIGHAN:** If I was a public servant in the Department for Environment and Water, and I was contemplating taking up a TVSP and I made an inquiry of Shared Services about what might be available to me under those circumstances, does that singular inquiry trigger a charge, or have you just divvied up the entire cost according to some metric and sent it out to the agencies?

**The Hon. R.I. LUCAS:** If there is a formal request approved by the agency, so it is not an individual request from someone but is approved by the agency in terms of getting it costed, then there is a cross charge back to the agency. So in the case of the environment department, if there was just a single person and that was approved by the agency, then the work that is undertaken by Shared Services is charged back to the agency.

**The Hon. S.C. MULLIGHAN:** What is the charge?

**The Hon. R.I. LUCAS:** We will take that on notice. I hope it more than adequately covers the cost of the extra employees.

**The Hon. S.C. MULLIGHAN:** I am sure it does, more than adequately. Is the government considering privatising or outsourcing Shared Services?

**The Hon. R.I. LUCAS:** No, I am not.

**The Hon. S.C. MULLIGHAN:** Are you happy to rule it out?

**The Hon. R.I. LUCAS:** I think if I just said I am not considering it, I have ruled it out, so if you want the second answer to the question, yes. What I have required of Shared Services and Treasury for that matter is that I believe that, in regard to some of the potential arguments there might be for an outsourcing of Shared Services—and many other jurisdictions and government agencies have looked at and implemented outsourcing arrangements—many of the potential advantages, particularly in relation to Shared Services, we should be able to achieve through rigorous control of costs within the public sector.

It is a little bit like, although it is not exactly the same, in some other areas of the public sector where I think rigorous management of the public sector has been able to achieve significant cost savings. I think this is one area which is ripe for reform under public sector management, so I am not considering privatising, outsourcing, whatever word you want to use, in relation to Shared Services.

**The Hon. S.C. MULLIGHAN:** Could you explain the process of how Shared Services is first advised of and then actions a change to a cohort of employees' pay arrangements? For example, if an enterprise bargaining agreement is settled and a pay rise flows, or if there is an annual indexation that has been banked into that, or there is some other award, how does that work from the perspective of Shared Services?

**The Hon. R.I. LUCAS:** My advice is that, if there is a successful conclusion to an EB, Mr Brooks' unit, which is the industrial relations and policy unit within Treasury, would advise Mr Carey's gang over at Shared Services that this EB is there. The detail of that would be conveyed

to Mr Carey and his team. They would work through the detail of that. They would seek further clarification if they needed to from Mr Brooks' gang in industrial relations.

Also, if it related to education, for example, which is quite a complicated one because of hourly paid staff and a whole variety of contract arrangements and all sorts of complications, they would clearly need to liaise, in that case, with the education department in terms of the implementation.

Once they have come to a final resolution, they would advise the agency and Mr Brooks' gang that the estimated time of implementation of this particular EB would be such, which in most cases may well involve backpay or retrospective pay to a number if not all the employees. It is a complicated process. Depending on the complexity, it can take a longer period of time than it does for simpler processes.

**The Hon. S.C. MULLIGHAN:** For a non-enterprise bargaining agreement related change—for example, just whatever the annual increment is under the wages parity agreement for public servants; for example, it is year two of the agreement and it says X per cent from that particular date, whatever that date is—does that also go through Mr Brooks' area or is that already known by Shared Services and just gets actioned?

**The Hon. R.I. LUCAS:** My advice is that is, to use a colloquial expression, locked and loaded. If it is part of an agreement and there is an agreed 2 per cent adjustment on 1 July 2019, Shared Services would already have locked and loaded that, and they would proceed with it. They would not generally have to check with Mr Brooks' gang as to what might need to be done; they would just implement it.

**The Hon. S.C. MULLIGHAN:** Within that wages parity group, if Mr Reynolds, for example, receives a request from one of his senior managers that a high performing ASO5 should move to year three of the spectrum in recognition of their term of service of the higher duties that they have been undertaking but they still have the same qualification, that sort of detail, which—

**The Hon. R.I. LUCAS:** An individual increase in salary provision?

**The Hon. S.C. MULLIGHAN:** That is right. How does that work? Is there a bunch of those that a department leader, like the Under Treasurer or a leader of another department, has to filter through to Shared Services on a periodic basis for them to process?

**The Hon. R.I. LUCAS:** We have a form for every purpose, and there is a form for that particular example. The appropriate agency, in this case the Under Treasurer, would find the appropriate form. He or a delegate will fill in that form. That form will be forwarded to Shared Services and Shared Services would, for that very fortunate employee, process the increase in salary or whatever it might happen to be, an increase in entitlement.

**The Hon. S.C. MULLIGHAN:** How does it work for employees employed under section 71 of the Public Sector Act, the ministerial staff? Does that come through Mr Brooks' area?

**The Hon. R.I. LUCAS:** Executives and ministerial staff generally, in terms of the run of the mill, that is the standard, the 2 per cent not the higher increases for some that we were talking about earlier today, but in relation to the standard 2 per cent, executives got a 2 per cent increase from 1 July and ministerial staff got a 2 per cent increase. That is actually processed through the Commissioner for Public Sector Employment's office.

I do not know whether she fills in a form but she would provide advice to Mr Carey's gang over at Shared Services in relation to executives getting a 2 per cent pay increase from 1 July. Under the former government it generally tended to be done in November or December of the year and then it was made retrospective to 1 July. We have now changed that process to say it should be from 1 July rather than doing things in retrospective fashion. It is the same with ministerial staff in relation to that particular advice.

**The Hon. S.C. MULLIGHAN:** So you make a prospective decision and then there is time for the commissioner to advise Shared Services so that it is all locked and loaded ready to go on 1 July.

**The Hon. R.I. LUCAS:** That is the intention. I am not sure whether this year—it would have been very close; it might have been just after. It was two weeks after so we got much closer to 1 July. The intention is to try to get these things done and decided. I have to take the cabinet submission through to cabinet in relation to executive salary increases and ministerial staff salary increases, having received advice from the commissioner as it relates to executives.

We obviously are cognisant of that in relation to ministerial staff. I think the convention for ministerial staff, even under the former government, and I think even under the Liberal government beforehand, for some reason, is ministerial staff are just given the same salary increases as executives are getting. That was probably seen to be a defensible mechanism.

It was, in some cases, different to the increases that electorate staff got, but ministerial staff are generally seen to be at the same level as the executive salary increase under the former government, and we have continued that practice for most under the new arrangements.

**The Hon. S.C. MULLIGHAN:** I missed the nuance of what you were saying earlier: Shared Services was advised just a couple of weeks before the financial year or the decision was taken just a couple of weeks before the end of the financial year?

**The Hon. R.I. LUCAS:** No, I think the processing was a couple of weeks after the change of year, so they were notified around about the last week—that is two weeks after the start of the financial year. Our intention would be to try to get best practice to have things done before the end of the financial year so that it operates from 1 July. We got closer to it but not quite.

**The Hon. S.C. MULLIGHAN:** So was the decision made on or about the changeover of the financial years?

**The Hon. R.I. LUCAS:** I would have to check for you. Mr Reynolds' recollection is that it might have been done just before the end of the financial year. I think the intention might be, in the future, to try to bring that forward so that there is time for it to be processed from 1 July. It adds a degree of complexity: you have to make it retrospective to 1 July, so the easier we can make the task.

There does not seem to be any earthly reason why something as relatively simple as standard executive salary increases which then flow through to—there are hundreds of executives across all the government departments and agencies, I guess. It would seem to be a relatively simple process and if we can make Shared Services' task any easier by making the decision a few weeks earlier, it would seem to make good, sensible practice in terms of managing that.

**The Hon. S.C. MULLIGHAN:** Are any further functions due to transition from agencies to Shared Services?

**The Hon. R.I. LUCAS:** I am advised that the health and accounting functions—within Health, obviously—some 90, from 1 July of this year will come within Shared Services. Because Health and Wellbeing are about to decentralise into LHNs, the central accounting function has been kept and it is now being transposed into Shared Services. Those numbers that are there do not include the additional 90, so when we report at the end of next year there will be an additional 90 FTEs approximately, which will just be a machinery of government transfer of people out of Health into the cosy confines of Shared Services.

**The Hon. S.C. MULLIGHAN:** Is it your understanding that there will be a corresponding decrease in staffing levels in SA Health?

**The Hon. R.I. LUCAS:** Yes.

**The Hon. S.C. MULLIGHAN:** To whom will Shared Services be responsible for providing that accounting information? Will it go to SA Health or to local health boards or to Treasury?

**The Hon. R.I. LUCAS:** They will be doing the accounts for all of the health networks, so they will provide the accounting, paying the bills and those sorts of things directly to the health boards.

**The Hon. S.C. MULLIGHAN:** When Treasury receives financial information from the health networks from the boards, do you have to wait for that financial information to go through the health



network and its board before it comes to Treasury or will Shared Services be able to provide it to you in real time, for want of a better expression?

**The Hon. R.I. LUCAS:** Mr Carey advises me that we would have it available should Treasury or I require it or request it.

**The Hon. S.C. MULLIGHAN:** And the health boards are okay with that?

**The Hon. R.I. LUCAS:** They agreed to it. I think the more oversight Treasury has over health budgets, member for Lee, the healthier the financial situation might be.

**The Hon. S.C. MULLIGHAN:** I have never heard a comment to the contrary. Are there any government agencies which are not using the services of Shared Services?

**The Hon. R.I. LUCAS:** I am told that there are some smaller agencies that do not use the services of Shared Services. There are some agencies that use the services for the bulk of their services, maybe not for some individual areas. My understanding is that all of the big ones use the services of Shared Services.

**The Hon. S.C. MULLIGHAN:** Could you come back to the committee with those that do not?

**The Hon. R.I. LUCAS:** We can take that on notice and provide that answer.

**The Hon. S.C. MULLIGHAN:** Are there any agencies which currently do not which are scheduled to transition in the current financial year 2019-20?

**The Hon. R.I. LUCAS:** Not that we are aware of at this stage. We cannot rule anything out but at this stage we are not aware of anything other than the health one that we have referred to.

**The Hon. S.C. MULLIGHAN:** Have any agencies ceased using the services of Shared Services in 2018-19?

**The Hon. R.I. LUCAS:** My advice is no.

**The Hon. S.C. MULLIGHAN:** Are any planned to in 2019-20?

**The Hon. R.I. LUCAS:** My advice is we are not aware of any.

**The Hon. S.C. MULLIGHAN:** Who is the ultimate decision-maker about whether an agency avails themselves of the services of Shared Services?

**The Hon. R.I. LUCAS:** I suspect ultimately it might be the Treasurer, but I suspect the Under Treasurer may well have some degree of oversight in relation to it. It would be the chief executive of the particular agency, together with the Under Treasurer. They would be the main drivers in relation to this.

**The Hon. S.C. MULLIGHAN:** For both a decision to move in and a decision to move out?

**The Hon. R.I. LUCAS:** Certainly a decision to move in. For a decision to move out—

**The Hon. S.C. MULLIGHAN:** It is like the Hotel California, is it?

**The Hon. R.I. LUCAS:** —it would be a similar process. I would expect that, if a big agency was going to move out, the Under Treasurer would advise me, 'So-and-so is contemplating moving out. We don't think that's a very good idea,' and I might have to resolve that as Treasurer. Generally, these things seem to be worked out amicably at senior officer level.

**The Hon. S.C. MULLIGHAN:** Is every agency that Shared Services provides its services to charged the same price for equivalent services?

**The Hon. R.I. LUCAS:** I am advised that in the dying days of the now mightily discredited former Labor government—if I can just slip that in at the end—you took the decision to no longer charge for these services that now are appropriation funded. Whilst TVSPs are charged for services, the standard sort of payment of bills and functions, which used to be a charge per service, no longer occurs because of a decision the former government took just prior to the election. It is now appropriation funded, I am told.

**The CHAIR:** Alas, time has expired. There being no further questions, I declare the examination of proposed payments for the portfolio Shared Services and the estimate of payments for the Department of Treasury and Finance completed, and the administered items for the Department of Treasury and Finance adjourned to committee A.

At 17:00 the committee adjourned to Thursday 25 July 2019 at 09.00.