

HOUSE OF ASSEMBLY
Wednesday, 18 November 2020
ESTIMATES COMMITTEE B

Chair:

Mr M.J. Cowdrey

Members:

Hon. S.C. Mullighan

Mr F.J. Ellis

Mr J.P. Gee

Ms A. Michaels

Mr S.P. Murray

Mr A.S. Pederick

The committee met at 09:00

Estimates Vote

DEPARTMENT OF TREASURY AND FINANCE, \$148,367,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$2,439,548,000

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, Budget and Performance, Department of Treasury and Finance.

The CHAIR: As duly elected Chairman of Estimates Committee B, the estimates committee is a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. I understand that the minister and the lead speaker for the opposition have agreed to an approximate time for the consideration of 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, from our viewpoint, Mr Chairman.

The Hon. S.C. MULLIGHAN: Yes.

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 February 2021.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each, should they wish. There will be a flexible approach to giving the call 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 to the Chair. 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 then refer questions to advisers, when appropriate, for a response. The committee's examination will be broadcast in the same manner as sittings of the House of Assembly 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. The minister appearing before us today is the Treasurer. I declare the proposed payments open for examination and refer members to the Agency Statements, Volume 4. I call on the Treasurer to make an opening statement, if he wishes.

The Hon. R.I. LUCAS: Can I firstly introduce at the table David Reynolds, the chief executive. Due to social distancing, we are well spaced out. Behind us are other officers. As is required, if an officer comes to the front of the table, I will introduce him or her and their position at that particular time. As is my practice to allow the opposition as many questions as they can, I do not propose to spend any time on an introductory statement.

The CHAIR: The lead speaker for the opposition, do you wish to make a statement? There being no statement forthcoming, are there any questions from the committee? Ms Michaels.

Ms MICHAELS: I refer you, Treasurer, to Budget Paper 5, page 8, where there is reference to the small business grants, rounds 1 and 2. I ask, given the additional restrictions announced this week, whether there is any additional assistance that you propose being available for small business?

The Hon. R.I. LUCAS: No, nothing since the announcement of the budget. We have only just commenced the processing of the second round of grants, which are the \$10,000 grants. We have now extended that to the \$3,000 grant for sole traders and partnerships with certain eligibility criteria. My recollection is that as of 9 o'clock yesterday we had already had about 2,800 applications. Two hundred and seven of those are for the \$3,000 grant, the rest are for the \$5,000. We have already paid 183 of those grants.

As I think I have said publicly, Treasury is getting better at handing out money these days. After the first round, it took a while to get the systems in place, but RevenueSA now is acting, and acting very quickly. As long as the eligibility criteria are met and identified, they are processing the grants as quickly as possible.

No, not since we have introduced the budget have we announced any expansion of that particular scheme. We will make sure we process those as quickly as we can. We hope to have as many of those processed before Christmas if we can, to get the money into small business. It is not just small businesses that are subject to eligibility criteria, some non-government organisations are as well.

Ms MICHAELS: On page 8 as well of Budget Paper 5, there is the provision for future initiatives, Business and Jobs Support Fund, \$19.7 million. Is any of that going to be made available?

The Hon. R.I. LUCAS: I would not say made available. All of the budget lines announced in the budget just over a week ago are available. If the questions are essentially heading down the path of, since we introduced the budget have we changed the budget and authorised any additional budget lines, the answer is no. We have provided what we have described in the budget speech as a total stimulus package of \$5 billion, \$4 billion of which is initiated or cashflow benefits from the state government, and \$1 billion from federal, local government and others, third parties. It is a two-year package. It will be stimulus over the two-year period and designed to cope with whatever it is that we need to do for the next two years.

The Hon. S.C. MULLIGHAN: The budget was handed down a week ago in the environment where restrictions had been eased. In fact, I think you have advised the community that it is framed and released in the context of an expectation that a vaccine will be available at some point next year. Since the budget has been released, there has been the imposition of restrictions, which were not foreseen anywhere that I can find in the budget papers. You have moneys available in the various funds that you have established in order to respond to the pandemic. The question from the opposition is whether any of those funds will now be made available to respond to those businesses impacted by these additional restrictions. Is your answer no?

The CHAIR: I just remind members that there needs to be a reference to a budget line when asking a question of the minister.

The Hon. S.C. MULLIGHAN: Sorry, I thought I gave it. It is Budget Paper 5, page 8.

The CHAIR: Thank you.

The Hon. R.I. LUCAS: The answer to the question is that all of these funds are available over the two-year period. As I made quite clear in the budget speech, this is a support and stimulus package designed for a two-year period. It is not a package designed to be spent in the first two weeks, it is designed for a two-year period. The assumption to which the member has referred was me repeating the assumption that the federal Treasurer in the federal government included in their budget documents and that is that by the end of next year they were assuming a population-wide vaccine.

On that particular front, without wasting any time today, there has at least been some optimistic news on the national and international front in relation to the availability of vaccines. As to whether it will be population-wide in Australia by the end of next year is obviously an ongoing discussion point.

In relation to the program as the government sees it over the next four years and in particular the next two years, we would have always assumed that at varying stages there would be outbreaks which would have to be quarantined and coped with from an economic viewpoint. Until you do have some sort of protection like a population-wide vaccine, with something as contagious and infectious as the coronavirus, you cannot just assume that there will never ever be outbreaks.

This is a serious—and potentially a very serious—outbreak. We are going to have to tackle that as efficiently and effectively as we can. This government has never assumed that there would never be another outbreak of coronavirus somewhere in South Australia in any of our thinking.

The Hon. S.C. MULLIGHAN: Well, that is useful to know. So the budget has been framed in the context that the government expects that over the course of the next two years, when you outline you will be providing stimulus support to the economy, there were likely to be further outbreaks.

The Hon. R.I. LUCAS: No, that is not what I said. I did not say we expected it, I just said we have to, in essence, be aware of the fact that there is the potential for outbreaks. The reality is, until you have some sort of blanket protection, with something as infectious as a virus you cannot guarantee that there will not be some outbreak which the health system and also the economy is going to have to cope with during that particular period.

In the end, we just have to cope and manage from a health viewpoint, firstly, and then from an economic viewpoint use the considerable funds and stimulus that the budget is going to make

available over a two-year period to manage the economic implications of whatever the health situation will be at a particular point in time.

The Hon. S.C. MULLIGHAN: So beyond those announcements and initiatives which were outlined in the budget papers—and you made reference to the second round of the Small Business Grants, for example—there are no further initiatives which the government is looking at rolling out to support those businesses that have been impacted by the restrictions that have been imposed this week?

The Hon. R.I. LUCAS: We have considerable initiatives which have been announced in the budget. We do not throw our hands in the air a week after the budget and say, 'We now have to recast the whole budget,' as a result of the circumstances of the day. There is considerable capacity within the budget via the various programs and initiatives that the government has announced over a two-year period to manage to the extent that we can any of the issues that are going to confront us.

The Hon. S.C. MULLIGHAN: What message does the Treasurer have for—

The CHAIR: Mr Mullighan, if you could please wait for the call before proceeding to the next question.

The Hon. S.C. MULLIGHAN: Sorry, I thought these were informal proceedings.

The CHAIR: These are informal, but—

The Hon. S.C. MULLIGHAN: They are formalised now? Thank you. Do I have the call?

The CHAIR: You do have the call, Mr Mullighan.

The Hon. S.C. MULLIGHAN: Thank you.

The CHAIR: If you could please—

The Hon. S.C. MULLIGHAN: Thank you, Chair. Would you like me to stand again, if we are reformalising?

The CHAIR: I never made the request for you to stand, Mr Mullighan. I simply asked if you could wait for the call.

The Hon. S.C. MULLIGHAN: Okay, I am just wondering which formalities we are observing and which ones we are not.

The CHAIR: If you could please seek the call.

The Hon. S.C. MULLIGHAN: Thank you. What message does the Treasurer have for a venue manager who has now lost large bookings over the last 48 hours since these restrictions have been reimposed? Take for example a venue which has had many bookings, such as weddings, which have been postponed over the last eight months because of the first round of restrictions and which have been rebooked now that we looked like we were coming out of these restrictions, and those restrictions have now been reimposed and they have lost that business. What is your message to those venue managers?

Mr ELLIS: Chair, my understanding is that questions should be phrased with reference to a budget line, and I did not hear one then.

The Hon. S.C. MULLIGHAN: Would you like me to write it down for you?

Mr ELLIS: Just say it before you—

The Hon. S.C. MULLIGHAN: It is Budget Paper 5, page 8.

Mr ELLIS: Budget line?

The Hon. S.C. MULLIGHAN: Page 8.

Mr ELLIS: That is the page.

The Hon. S.C. MULLIGHAN: Yes. I am sorry, I will draw your attention to the bottom of the table: Business and Jobs Support Fund—provision for future initiatives, \$19.7 million—

Mr ELLIS: Beautiful, thank you.

The Hon. S.C. MULLIGHAN: —just as was outlined previously by the member for Enfield.

The CHAIR: Members, if we could please refrain from further comments across the chamber. For the decorum of the committee, if we could please have members who seek the call refer to a budget line at the beginning of each question, that would be much appreciated by everybody in the room, I am sure. Mr Mullighan, if you would like to continue, or, Mr Treasurer, if you would like to respond to the question that has been put.

The Hon. S.C. MULLIGHAN: What message do you have for those venue managers, Treasurer?

The Hon. R.I. LUCAS: My message would be pretty clear, and that is, despite criticisms that we have had about the extent of the borrowings and the debt that we are incurring on behalf of the taxpayers of the state, we are ignoring those criticisms and we are spending as much as we can, we are borrowing as much as we can, and we have to try to save as many jobs and as many businesses as we can as we cope with the COVID-19 pandemic.

As I have said right from the word go, it is beyond the capacity of any state government to be able to guarantee that they can save every job and every business in the state, using taxpayers' funds. As we outlined just over a week ago, we intend to borrow significantly and spend significantly more than we are actually earning on an annual basis, and we are doing everything humanly possible to save as many jobs and as many businesses as we can.

What I would say to the venue manager is, 'You should have confidence in this state government that it's got your interests and the interests of the state at heart. We've got to manage the health crisis. We then have to do the best we can to save as many jobs and businesses as we can over the two-year period.' They should feel confident that they have a state government that has their interests at heart.

The Hon. S.C. MULLIGHAN: Budget Paper 5, page 8, Business and Jobs Support Fund, \$19.7 million, for the benefit of the member for Narungga.

Mr ELLIS: Thank you, Mr Mullighan.

The Hon. S.C. MULLIGHAN: What message would you have for the full-time, part-time and casual employees of the Kardachi Group who have been advised, as of last night, that they have lost hours in prominent restaurants around Adelaide, given that your advice is that there is no further support other than the Small Business Grants that you earlier outlined?

The Hon. R.I. LUCAS: That is not my advice.

The Hon. S.C. MULLIGHAN: So there will be further support?

The Hon. R.I. LUCAS: The member can have his own advice, but that is not my advice.

The Hon. S.C. MULLIGHAN: What is the advice?

The Hon. R.I. LUCAS: That is not my advice.

The Hon. S.C. MULLIGHAN: Is there support or not?

The Hon. R.I. LUCAS: That is not my advice. I have said that there is a \$5 billion stimulus package that will be rolled out over the next two years. It extends significantly beyond the Small Business Grants. The member may well have his own view as to the budget papers, but that is certainly not my view as the Treasurer on behalf of the government. There is considerable support right across the spectrum. I could take 10 minutes, but I will not, in limiting the question time availability for the member by outlining all the aspects of the budget that are available for small businesses and for others in the community.

To come back to the member's question, rather than the drive-by comment that he endeavoured to make in the explanation, what I would be saying to the individual employees—which was the member's question—is exactly the same thing I would say to the venue owner or the venue

manager, and that is that this government understands the challenges. It is spending much more than it earns on an annual basis. It is borrowing significant amounts of money, which future generations of taxpayers are going to have to repay, to try to save as many jobs and to increase as many hours as we can in the state, in terms of employment, and to save as many businesses as we can as we manage the COVID-19 pandemic.

But as I said earlier, we cannot guarantee as a state government, or indeed any government, that we can save every job and every business in the state.

Ms MICHAELS: I also refer to Budget Paper 5, page 8, particularly the 'Small business grants round 2' line. There is \$78.7 million provided in round 2, expanding the program to small businesses that do not employ staff with a \$3,000 grant, I understand. How many businesses does Treasury estimate will qualify for round 2?

The Hon. R.I. LUCAS: The ballpark estimate that Treasury has is about 10,000—about 7,500 of the \$10,000 grants and about 2,500 of the \$3,000 grants. Given that this is the first time in South Australia we have offered the \$3,000 grants, they are the best estimates that we can offer. Congratulations to the Treasury team. When they first had to do their best estimate, I think they estimated about 19,000 grants for the first scheme, and it ended up being 18,700 in the first round—about a \$190-odd million in grants.

We are not guaranteeing the same level of accuracy in the expected number of recipients this time, but I think the proof of the pudding is their first guess was pretty accurate. But now we are moving into a new category of sole traders and partnerships with certain eligibility criteria and that is a new field in terms of how accurate our estimates will be.

Ms MICHAELS: Supplementary.

The CHAIR: Supplementary, same budget line, Ms Michaels.

Ms MICHAELS: Was that based on available commonwealth data in regard to JobKeeper applicants? Was that used?

The Hon. R.I. LUCAS: It is an amalgam of all the information available to the state Treasury. That would be a key element of their estimates. It would not just be the sole element, but it would be a key element of their estimates.

Ms MICHAELS: I take you to the middle of page 7 of Budget Paper 5 and the Business and Jobs Support Fund. How much of this fund has been spent to date?

The Hon. R.I. LUCAS: The vast bulk of the fund has already been allocated, but the honourable member's question is actually, 'As of today, how much has been spent?' In terms of what has been allocated, the vast bulk of the fund has been allocated. The best example I can give there is the question you have just highlighted, that is, the Small Business Grants funded out of the Business and Jobs Support Fund.

They have been allocated, so we have an estimate of what will come out of the fund, but if you are actually asking me today, 'How much money has gone out?' it is approximately 2,800 grants at the moment. It has only been open for a week. They can apply until the middle of December sometime, I think it is. They need to be assessed and then processed. So there are a number of allocations out of the fund, which take some time.

When this question was asked earlier, a not unreasonable question, in relation to the first fund, the best example there was the land tax allocations we have made; that is, we had allocated, I think, \$50 million out of the fund for the land tax relief that we were providing, but the first land tax bills, or the bulk of the land tax bills, were not going to be received by landlords in particular until October.

So if you asked the question in June, as we were asked, 'How much of this money have you spent as at 30 June?' then very little of the land tax allocation would have been spent, if any at all, because people had not got their land tax bills and they would not be requesting the payment out of the land tax scheme that we offered until after they got that land tax bill in October. For a variety of reasons, the allocations out of the fund take a period of time, and the Small Business Grants is the

obvious one: only a small percentage of that would have been spent by today because they have to go through a process of applying.

The Hon. S.C. MULLIGHAN: On that same reference, on page 7 there is a financial year breakdown of the \$530 million, and it is reported there that \$188.5 million was expended in the previous financial year and in the current one it is forecast that \$276.8 million is to be spent over the course of the financial year. Your previous response suggests that perhaps a couple of thousand or so of those Small Business Grants may well have been processed to date. Is that the only expenditure? Have some of those other initiatives, set out in the table below, not been spent out in the community yet—the commercial leasing support or the commercial tour operators fee waiver or the financial support for bus tour charter, chauffeur, country taxi operators and so on?

The Hon. R.I. LUCAS: No. A number of those are being processed basically on a monthly basis as we go—for example, payroll tax relief and the like, land tax—for the reasons I just gave to Ms Michaels. Because the bills started arriving in October, we would start actually paying money from October onwards. Payroll tax is ongoing relief so a number of those areas are funds which have already been allocated and people would have received the benefit of those from 1 July through to today, 18 November.

The answer to your question is no; a number of those are ongoing payments which are proving ongoing relief to people for the first 4½ months of this particular financial year, and will continue to provide relief over the next six or seven months.

The Hon. S.C. MULLIGHAN: Over the page, on page 8, the Community and Jobs Support Fund: how much of the allocation for 2020-21 has so far been spent out in the community?

The Hon. R.I. LUCAS: Again, virtually all of it has been allocated. Following on from the question that Ms Michaels raised earlier, I think as you go through that sort of list it is pretty clear that some of them are decisions that have already been taken, but in relation to something like the Housing Construction Stimulus Package, as I outlined at some length in the budget speech, whilst we are allocating this out of the fund, because of the impact of HomeBuilder on the housing construction market, the stakeholders have said to us that any stimulus the state government provides ought to be geared towards the end of next calendar year, which will take us into the next financial year.

As I indicated in the budget speech, and publicly since then, the government has deferred the implementation of its stimulus package until we make a judgement, with stakeholders and with our own agencies like the Housing Authority, HomeStart, and Renewal SA, that the boom or the peak of the HomeBuilder decisions in our Adelaide and South Australian markets have actually come off the boil. I do not know whether I went into this detail, but certainly some stakeholder groups are saying to us that they believe the HomeBuilder stimulus will not start to wane until the fourth quarter of next year; that is, the December quarter of 2021.

Other stakeholders think that it might be the third quarter, but they are united in their view that it will not be until the second six months of the next calendar year, and up until then the stimulus provided by HomeBuilder in the South Australian housing and construction market will be felt, and felt significantly. So there is a perfect example of something where for, we believe, sensible reasons, we delay the implementation. It would make no sense, in our judgement, to spend that \$75 million straightaway because we would just be boiling an already overheated housing market where some builders have already closed their books on HomeBuilder and you are struggling to get a tradie to do anything in terms of any work that you might need to do at the moment.

A number of the others in the Small Business Grants Scheme, I repeat, the ones that assist the not-for-profit organisations, come out of the Community and Jobs Support Fund, so I give you the same response that I gave earlier: they are applying at the moment and the funding will be processed as soon as we deem them to be eligible or not. The other things like the YMCA and the others—I will not go through all of them—were decisions that we had already taken since 1 July, and support has been provided to a range of those organisations. Some of those will come back.

We have said to some of those organisations that we will provide them with support for the initial period and if they continue to remain in financial difficulties, as either a sporting organisation or a business like the YMCA—they are a bit different because they were contracted by, I think, the former government to manage the swim centre at Marion and also the Parks Community Centre

swimming pool, so they have a contractual arrangement entered into by the former government to manage those particular ventures.

The Hon. S.C. MULLIGHAN: Budget Paper 3, page 6: state debt is forecast to reach over \$33 billion by the end of the forward estimates. What reduction in net operating and net lending is required to start paying off that debt?

The Hon. R.I. LUCAS: The path we have mapped out in the budget papers is the only sustainable path, and that is that by the end of the forward estimates period, as we manage this two-year massive stimulus to the state economy, we get back to a situation where we spend no more than we earn. We are budgeting on making a net operating balance surplus of close to half a billion dollars in that particular year.

It would be our view that ongoing financial performance of that nature or better is what is required, but it is our view that we, on behalf of the taxpayers, will not be able to repay significant portions of that debt at any one particular point in time. It will be a requirement for a long-term sustainable budget position, which means that you spend no more than you earn and you make surpluses in and of the size—and maybe in some years, if the GST performs in the cycle much better for South Australia, you might be able to repay more of the debt in a cycle when we are getting a significantly increased GST input than we are currently projecting.

The Hon. S.C. MULLIGHAN: You gave a similar answer on ABC radio when you were interviewed by David Bevan, and made reference to that net operating surplus at the end of the forward estimates of \$406 million—

The Hon. R.I. LUCAS: I am at least consistent.

The Hon. S.C. MULLIGHAN: —indicating that that was the sort of result required to start reducing the debt, yet you will see in that same year that the net lending deficit is nearly \$1.9 billion, and correspondingly debt increases by more than \$2 billion. So what reduction in those outcomes is required to start seeing that debt reduce?

The Hon. R.I. LUCAS: The same answer: you need to continue to do what we have mapped a path to do, that is, spend no more than you earn on the net operating balance. If you can do that net lending—that is a much more difficult challenge as well—ultimately that will be managed by the profile of commitments you make in terms of infrastructure. As we have outlined, most of the new commitments we have made in terms of infrastructure spending are time limited in terms of the next two to three years.

We have a small number of long-term, ongoing, very expensive infrastructure projects. The most obvious of those is the north-south corridor. Our latest estimate for that is \$8.9 billion. We have been criticised—a former prime minister promised to deliver it by 2024—that we have delayed the implementation of that. One of the reasons—there are a number of reasons—the obvious one, is managing what is a complex process over 10 years to deliver it by 2030. The second important one, which I have outlined publicly, is it helps us manage the debt profile. That is the biggest and most expensive of the projects.

The next biggest project we have is the Women's and Children's Hospital, and we will not know until early next year the final estimated cost of that. The report that was produced early last year—I think 18 months ago—was projecting a cost, so I am told, of \$1.5 billion to \$2 billion. With the Treasurer's hat on, I am hoping that the refined business case will lead to a lower number than that particular number, but we will wait and see after the consultation. Again, one of the reasons we pushed that out to 2025-26 in terms of completion, rather than our initial election promise of 2024, is to help us try to manage the debt profile.

One of the issues for a future government—either a re-elected government or a new government—is they will have to limit the extent of big and expensive new infrastructure projects. It is one of the reasons why I have publicly opposed the requests from many stakeholders for a \$1 billion or \$1.3 billion covered stadium in the city in the immediate future; not at that level, I would hope, but it will not be my decision.

A stadium can be a vision for the future as part of a 10-year or 20-year plan, in terms of the future, but in terms of the immediate future, in terms of what we can afford and how we can manage our debt, those sorts of commitments are going to be off the financial horizon for a period of time.

The Hon. S.C. MULLIGHAN: On the same reference: the net lending result, as I mentioned, was a deficit of \$1.9 billion. Correspondingly, debt continues to increase. So, regardless of your projected \$400 million operating surplus, debt continues to increase. With a consistent net lending deficit position across the forward estimates, less than half of the north-south corridor project—the \$8.9 billion you have outlined—is funded. How much more debt is going to be required beyond the \$33 billion in order to fund the remainder of that project?

The Hon. R.I. LUCAS: The north-south corridor?

The Hon. S.C. MULLIGHAN: Yes.

The Hon. R.I. LUCAS: I have said publicly to David Bevan, in fact, that we would see just beyond the forward estimates a further increase in the level of the state's debt, but we believe that to be sustainable. I think when he pressed me—and I will give you the same answer—we are only estimating our aggregates out to 2023-24. We will manage that particular position as we release further information for next year's budget papers, etc., as we are required to do so.

So we will have to manage that situation inevitably with that one long-term project which, as I said, is set out to 2030. The state will have to manage the debt profile for that, that is why you cannot afford to make big, expensive, bold, future, further infrastructure commitments over and above what we have already locked ourselves into.

For those who do want to adopt a position that we have to significantly reduce our debt in the short term, if any individual or organisation wants to adopt that position they will need to map out a much harsher ongoing operating expenditure regime, or a much harsher regime in terms of other levels of expenditure on schools, hospitals and roads, and the like, which are an annual investing expense because we are locked in on the big projects, or the big project I guess, which is the \$8.9 billion project.

As I understand the position of the alternative government, at least since the budget anyway, they are also committed to the current design and broad outline of the north-south corridor project. Whichever government is there is going to have to manage the one big project. They just cannot afford to add a whole series of other big projects and at the same time argue that we need to do more to reduce debt. I think that is the challenge for not only governments but alternative governments. You cannot have your cake and eat it too.

The Hon. S.C. MULLIGHAN: How much more debt do you anticipate being required to fund the remainder of the new Women's and Children's Hospital?

The Hon. R.I. LUCAS: We have already factored in \$686 million, I think it is, in the latter years of the forward estimates towards whatever the final cost is. But until we get the final business case and a cost estimate for the Women's and Children's, there is no sensible answer to that particular question.

I think, accurately, there was a lot of criticism of the former government in terms of the mess they got ourselves into with the new Royal Adelaide Hospital, and that is the lack of willingness to consult with clinicians. The current minister has made it quite clear that he is not going to confront that particular criticism. There is extensive consultation going on with virtually every living and breathing clinician in the state, I think, and that process is to come to a conclusion by early next year, and then Treasury will be in a position to interrogate whatever the numbers are; as I said, hopefully with a number which is a lower number than the \$2 billion number which has been quoted by that report from 18 months ago.

The Hon. S.C. MULLIGHAN: So you concede that debt will need to increase beyond the \$33 billion in the years beyond 2023-24 but you also say that debt may not need to increase if you reduce your capital outlays. Yet we know that the capital outlays will continue to increase because you are running a near \$2 billion net lending deficit minimum and you have these two very large unfunded projects which will extend out beyond the forward estimates. So you must have a view as to how much debt is likely to increase beyond the forward estimates and beyond the \$33 billion.

The Hon. R.I. LUCAS: I think the honourable member is conflating a couple of different issues there as to—

The Hon. S.C. MULLIGHAN: I am just repeating your answers back to you.

The Hon. R.I. LUCAS: No, you are repeating your interpretation of my answers, and—

The Hon. S.C. MULLIGHAN: What did I get wrong?

The Hon. R.I. LUCAS: You got a lot wrong, but I will not—

The Hon. S.C. MULLIGHAN: Well, point it out.

The Hon. R.I. LUCAS: I will not waste the time of the committee going through—

The Hon. S.C. MULLIGHAN: No, I am interested. I used your words, so what was wrong that you advised us?

The Hon. R.I. LUCAS: Let me repeat for the benefit of the member my view as opposed to his view of what I said. My view is that, as I have said publicly so it is nothing new, just beyond 2023-24, which is the current forward estimates, we will see a further increase in the total net debt number. But I am not prepared to put a number on that at this particular stage.

When I was asked the question, how might you address that? I said if there was an individual or a party that wanted to reduce that further increase in the level of the state's debt, what they would have to do—I am not saying that it is what we would have to do—is cut back significantly on the ongoing investing program. That is the money that we spend on an ongoing basis. The perfect example at the moment is that we are spending \$300 million on The Queen Elizabeth Hospital, we are spending \$50 million on keeping the current Women's and Children's Hospital, we are spending hundreds of millions of dollars on road maintenance programs and intersections and those sorts of things in an ongoing way.

My answer to the earlier question was if someone wanted to not increase the level of the state's debt because of the ongoing commitment to the north-south corridor project in particular, then the only way they could do that—that is, beyond 2023-24 for that initial year period—would be to significantly cut back on all the other capital works programs. That is not something that we are willing to do.

It is entirely the province of if there is to be an alternative government for them to promise that they will cut back significantly on hospitals, school projects and road projects, but that is not our position. Our position is that the \$33 billion will increase beyond that number when we bring down next year's budget paper for the 2024-25 period. But we will be in a better position to quantify that when we prepare the budget papers for next year.

The Hon. S.C. MULLIGHAN: Budget Paper 3, page 7, Fiscal targets: do you yet have a position on what a sustainable level of debt is?

The Hon. R.I. LUCAS: Yes, we think we do and that is the level of debt we have there at the moment. It is our view, and the view that we have said publicly and privately to others, that our projected level of debt is sustainable. I note the number from New South Wales yesterday on one of the metrics that we all measure ourselves by. I think some in the community have said—shock, horror—that our net debt to revenue for the non-financial public sector number has jumped to 133 per cent or something, when a few years ago it was much, much lower than that particular number, and that was the goal. The New South Wales number, as I understand it, is just under 140 per cent.

They have more than doubled their projected level of debt for the same reasons that we have, and that is, we have listened to the Governor of the Reserve Bank, we have listened to the federal Treasury secretary, we have listened to all the other national commentators, and then we have made our own individual assessment that that is sensible advice; that is, we have to spend more and we have to borrow more to try to save as many jobs and businesses as we can.

Coming back to the member's original line of questioning, we have great sympathy for the individual businesses that he referred to and the employees. In the end, we cannot save every job and every business, but we are doing the best we can by spending as much as we can and incurring

as much debt as we think is sustainable from the state's viewpoint. The fact is that New South Wales, yesterday, on the same metric of net debt to revenue, is 140 per cent and we are 134 per cent; neither of them are very attractive numbers.

Knowing Dom Perrottet, the New South Wales Treasurer, as I do, he would be as horrified as I would have been 12 months ago that we would ever bring down a budget that had to have a metric along those lines of debt, at the levels that we have incurred. He, together with me and our respective governments, have said that this is the only response. It is what it is and we have to do what we have to do.

The Hon. S.C. MULLIGHAN: I refer to Budget Paper 3, pages 30 and 31. Other than the Women's and Children's Hospital and the north-south corridor project, which other projects are contained within the contingency line of the investing table?

The Hon. R.I. LUCAS: I think, as the honourable member would know from his—

The Hon. S.C. MULLIGHAN: Sorry, and the Aboriginal Art and Cultures Gallery.

The Hon. R.I. LUCAS: I think, as the honourable member would know in terms of his brief experience in government as a minister, there are a lot of transport projects, for example, that need final agreement from the federal government in terms of final sign-off. As the member would know, particularly with regional projects, for every \$20 million we put in they put in \$80 million, and so getting final sign-off on a range of those projects is critical.

Treasury has always held, and we continue to practice, that until we get the final sign-off in some of those projects the funding is held in Treasurer's contingency. That would be the biggest component of what is held in contingency, but as any sensible budget would do, we hold in contingency some capacity for other projects that we believe have not yet been finalised.

I think, for example—you might have mentioned it—with the Women's and Children's Hospital, because we do not know the final cost, the \$686 million that we have identified publicly is actually held in Treasurer's contingency. It is not currently handed over to the Department for Health. There is a range of projects like that that are held in Treasurer's contingency until there is a final agreed position, and then we release the funding as required to the various agencies to spend the money.

The Hon. S.C. MULLIGHAN: There are the three that I mentioned, the regional road projects which have potentially some involvement from the federal government. Are there any others?

The Hon. R.I. LUCAS: There are some of the city projects. It is not just the regional projects. I gave the regional projects 20:80, but the city projects, as the member would know, are 50:50 funded by the federal government. If the federal government says, as they did prior to the last federal election, we are going to have a congestion-busting intersection project at such and such a place, until we actually finalise the design and the final cost estimate of that congestion-busting project, we do not release the funding to the particular agency. In this case, it would be the transport department. So, yes, it is not just regional projects, it is basically all of the transport projects because the overall majority of them are part funded by the feds, whether it is 80:20 or whether it is 50:50.

The Hon. S.C. MULLIGHAN: I refer you to Budget Paper 3, page 99, Economic forecasts. There is a forecast of economic growth of over 4 per cent followed by a forecast of 3 per cent and 3 per cent in the following years. Can the Treasurer advise us when South Australia last grew at such a rate over such a prolonged period?

The Hon. R.I. LUCAS: I do not know; I would have to take that on notice. South Australia's history is a very long history, so I would need to—

The Hon. S.C. MULLIGHAN: Well, you have been here a long time, so I thought you would know.

The Hon. R.I. LUCAS: I have, but not for the duration of South Australia's history—

Mr Pederick interjecting:

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

The Hon. R.I. LUCAS: —and sadly, for the majority of my time we have had the affliction of having Labor governments, so it is unlikely during that period that we would have had that growth of this particular size or quantum. To the extent that it is possible in terms of how far records go back, we might be able to take that on notice and provide some advice. In terms of the initial big number in 2021-22, as you have a look at the number federal Treasury have estimated, it is 4¾ per cent.

Clearly, Australia and South Australia have had very significant declines in 2021, although I think the important point to note here is that our state Treasury is estimating that our GSP decline in South Australia is only going to be half the rate of decline as federally, which I am sure would encourage the member. That is, the federal Treasury are estimating a 1½ per cent decline in Australia, but state Treasury are estimating a three-quarter of a per cent decline in South Australia.

Then, in terms of the growth back, clearly, federal Treasury are saying because they have had such a significant decline they are assuming there will be a very big increase in growth in the following year as you come off a very low base. Similarly, state Treasury would be looking at what federal Treasury have estimated and have estimated a little bit less than the federal growth number for 2021-22.

The Hon. S.C. MULLIGHAN: To what extent are these economic forecasts reflected in your revenue forecasts?

The Hon. R.I. LUCAS: From Treasury's viewpoint, they are reflective in terms of the fact that they are all interrelated. Obviously, their revenue forecasts are partly influenced by our state estimates of what is going to happen, but they would also be influenced by what federal Treasury estimates in terms of the national economy because GST is obviously such a big factor for us.

As the member would be aware, one of the key factors in our state's revenue line is what is the size of the national GST pool, and that relies very much on how healthily the national economy is growing and how much people are spending on goods which attract GST. So the healthier the national economy is, the bigger the GST pool is and therefore whatever our share happens to be, the bigger our share is going to be. We obviously have a very big interest in the national economy growing at a very healthy rate because it helps us with our GST revenue line.

The Hon. S.C. MULLIGHAN: On Budget Paper 3, page 11, it summarises the revenues and in that same financial year, where you forecast the state's economy to grow at over 4 per cent per annum on a GSP basis, you are forecasting, by my calculation, a 7.3 per cent increase in revenue, and then in the following year in 2022-23 where you are forecasting economic growth to be stronger than the national rate of 3 per cent, you have revenue growth of over 5 per cent, and in the following year of 6½ per cent. So your budget forecasts, your budget numbers, require the dual achievement, do they not, of such strong economic growth and, correspondingly, such strong revenue growth?

The Hon. R.I. LUCAS: I have just indicated, I think, that clearly our revenue lines are tied inextricably to both state but also national growth. I will not repeat what I have just said in relation to GST numbers. Clearly, the national growth impacts the GST numbers. Our state Treasury's estimates of GST revenue are going to be impacted not only by what they see in terms of the state's economy but just as critically by what they see in the national economy.

The Hon. S.C. MULLIGHAN: On the same page, in that table, it also goes through the expenses. You would also require all of those savings to be delivered, both the pre-existing ones and the additional ones contained in this budget as well as no new spending prior to the next state budget; is that correct?

The Hon. R.I. LUCAS: Clearly, the forward estimates are predicated on achieving the budget targets, which include both. The key one is clearly employee expenses. That is being prepared to negotiate fairly on behalf of not only the employees but the taxpayers of the state. The member will be aware that we have resisted some of the calls from union bosses for 3 per cent and 4 per cent pay increases—

The Hon. S.C. MULLIGHAN: It was 6 per cent for Belinda, was it not?

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

The Hon. S.C. MULLIGHAN: It was 6 per cent for your media adviser, was it not, last year?

The Hon. R.I. LUCAS: That particular issue has been well ventilated, Mr Mullighan—

The Hon. S.C. MULLIGHAN: Yes, there was fierce resistance to that request.

The Hon. R.I. LUCAS: —and when you have a change in position or responsibility, individual members of the public sector are entitled to have that gauged, and people do get wage increases. I am not going to be diverted by one individual payment—

The Hon. S.C. MULLIGHAN: But you just have been.

The Hon. R.I. LUCAS: —as opposed to a \$9 billion revenue line in the budget. I will leave the member to worry about the details of a \$130,000 or \$140,000 budget line, and I will concentrate on the \$9 billion budget line.

The Hon. S.C. MULLIGHAN: It is the exception that disproves the rule.

The Hon. R.I. LUCAS: It might be the difference between us. This government concentrates on the big issues, and we will leave the member to major in the minors, as one of my colleagues is often quoted as saying. If I can come back to the key issue, which is the employee expenses line. That is a combination of both a willingness to negotiate fairly on behalf of the taxpayers to keep enterprise bargaining arrangements down to sensible and reasonable salary increases and it also means being in a position to try to control the total numbers of FTEs within the public sector.

As we have outlined in the budget speech, because of our considerable commitment to education and the importance of education, we will actually be increasing, by 1,780-odd, teachers and other education staff over the next four years. So just to keep the numbers in the public sector at around about the same level, we have to reduce, by 1,780, back office functions or employees in other departments and agencies. So that is the combination of employee expenses, which is a key part.

Regarding savings, the member asked a question in relation to whether agencies are going to be required to meet their savings tasks, and obviously the answer to that is yes. The budget numbers here are predicated on keeping a lid on employee expenses and agencies meeting their savings tasks, as the member has alluded to.

The Hon. S.C. MULLIGHAN: I think the table in chapter 2 on page 26 of the same budget paper outlines an increase, this financial year, of more than 2,800 FTEs reducing across the forward estimates. Notwithstanding that, we have the vaccine next year, restraint in FTE growth, all savings being delivered and heroic economic and revenue growth all being required to deliver the budget outcomes.

The Hon. R.I. LUCAS: I think we have a very capable government managing the finances, member for Lee.

The Hon. S.C. MULLIGHAN: Your self-praise is wasted on me, I can assure you. Would you say it is a 100 per cent chance that all of those assumptions will become reality and you will deliver these outcomes?

The Hon. R.I. LUCAS: I am not going to play games in terms of giving the member for Lee estimates, budgeting and managing budgets—

The Hon. S.C. MULLIGHAN: You do not want to give estimates? What a shame you have turned up today.

The Hon. R.I. LUCAS: —budgeting and managing budgets. Should the member ever be in the position to make the decisions sometime in the future, the silliness of that particular question, I think, will be evident even to him.

The CHAIR: Perhaps, Mr Mullighan, you can bring your questioning back to specific budget lines.

The Hon. S.C. MULLIGHAN: Yes. I refer to Budget Paper 4, Volume 4, page 194, where it makes reference to the provision for your salary, Mr Lucas—not that we would question that amount.

The Hon. R.I. LUCAS: My salary?

The Hon. S.C. MULLIGHAN: Yes. In terms of your salary, you are expected to, like we all are, conduct various duties which you are responsible for. You are still Chair of the Government Communications Advisory Committee, are you not?

The Hon. R.I. LUCAS: Yes.

The Hon. S.C. MULLIGHAN: And it is the responsibility of you, I think, or your delegate to ensure that each month there are publications put on the DPC website that outline government advertising campaigns and the assessment of those campaigns; is that correct?

The Hon. R.I. LUCAS: The answer to the question is that this government has actually introduced that new openness and transparency and accountability, which the former government refused to do. So the answer to your question is yes. In the throes of preparing for today I think I have just approved the last month's notifications to go up on the website, which include the expenditure of various programs but also, I think, includes a handful of evaluations that various agencies have done, which go up on the website as well. As I said, it is a refreshing change that this new government is prepared to be more open, transparent and accountable in terms of government expenditure on advertising.

The Hon. S.C. MULLIGHAN: And yet it was not open, transparent and accountable, because those monthly reports were not published for the six months which commenced this calendar year, as your evidence just says, until perhaps belatedly. Whose responsibility was it to cause the publication of those on the DPC website? Was it yours or your delegates?

The Hon. R.I. LUCAS: I am the responsible minister.

The Hon. S.C. MULLIGHAN: So it was your responsibility that they be published and they were not published?

The Hon. R.I. LUCAS: I think there is only one interpretation of 'I am the responsible minister', member for Lee. Even you could understand that answer.

The Hon. S.C. MULLIGHAN: It is just that last year when we were traversing—I think you referred to it as a minor issue—the pay rise awarded to Belinda Heggen, your advice to the committee was that it was in reference to her taking on additional duties as your delegate on this committee.

The Hon. R.I. LUCAS: She answers to me.

The Hon. S.C. MULLIGHAN: It was not her responsibility not to cause the publication or approve the publication of these reports on the DPC website. You withheld the publication.

The Hon. R.I. LUCAS: I did not withhold.

The Hon. S.C. MULLIGHAN: The advice from Premier and Cabinet is that they have provided those reports to be published and yet they were not published.

The Hon. R.I. LUCAS: I have the responsibility, so the responsibility for publication rests with me, but there is a process which involves employees within the Department of the Premier and Cabinet, where they do the legwork. I then have my delegate who assists me in terms of my office in terms of collecting that advice from the public servants, processing it and providing it to me, and then I accept final responsibility in terms of both the timing and what ultimately goes onto the website. I think you, members of the media and others should be delighted this government is much more transparent and accountable than the former government was in relation to these issues.

The Hon. S.C. MULLIGHAN: I am sure there are some members of the media who are delighted, given the extraordinary spend during the course of the year, but I just want to be clear: where did the process fall down? Was it with those staff in the Department of the Premier and Cabinet? Was it with your delegate or was it with you?

The Hon. R.I. LUCAS: I accept responsibility.

The Hon. S.C. MULLIGHAN: So it was your fault?

The Hon. R.I. LUCAS: You have asked me, 'Am I responsible?' The answer is yes. If you have a criticism, criticise me. I am a big boy. I can take the criticism. You do not have to pick on anybody else.

The Hon. S.C. MULLIGHAN: Why did you not publish the reports?

The Hon. R.I. LUCAS: Because the information was being processed, firstly from the agency, then via the staff within DPC, then via the delegate in my office, and then ultimately to me. It might have escaped the honourable member but there have been one or two other things going on for the last seven or eight months which, in the greater scheme of things, I have given greater priority to. As I said, we prefer to major in the majors, the member can major in the minors if he wants to.

The Hon. S.C. MULLIGHAN: Was the hold-up with your authorisation or with the information being provided by the DPC staff or the information being provided to you?

The Hon. R.I. LUCAS: It is my responsibility.

The Hon. S.C. MULLIGHAN: Right, so you made the decision not to publish those reports.

The Hon. R.I. LUCAS: Member for Lee, you can spend all your time—we have a \$23 billion budget and if you want to talk about a pay rise for one individual in my office from 18 months ago—

The Hon. S.C. MULLIGHAN: Do not worry, it will not be the only one today.

The Hon. R.I. LUCAS: —or 12 months ago, and whether or not the particular reports go up onto a government website within the time frame that you would wish, you can spend all your time in the estimates committee talking about it. I am delighted because you are spending a lot of time talking about very, very small issues in terms of—

The Hon. S.C. MULLIGHAN: But it is not; it is millions of dollars.

The Hon. R.I. LUCAS: The state is actually confronting a health crisis and an economic crisis and you want to spend your time talking about events of 18 months ago, and now whether or not reports on advertising go up on a website within a time frame. I am delighted. Go your hardest. Knock yourself out.

The CHAIR: Mr Mullighan, it is a stretch at best to say that that budget line relates to anything further than—

The Hon. S.C. MULLIGHAN: You caught that a bit late, did you not? We have just finished that line of questioning.

The Hon. R.I. LUCAS: You can spend as much time on it as you like.

The Hon. S.C. MULLIGHAN: Budget Paper 3, page 51, Sales of goods and services. Can you explain why revenue is forecast to increase by \$112 million in 2021-22?

The Hon. R.I. LUCAS: I refer the member to that same table. The big reduction in 2021-22 is in the regulatory fees line, which increases by \$50 million or so, but if you look at that line, regulatory fees back in 2019-20 are at virtually exactly the same level as we are projecting in 2021-22. It was \$762 million and we are estimating next year it will be \$764 million, so it is about the same.

The advice I have just received is that it is likely, because of the pandemic, that we had a significant decline last year and this year because we forgave a range of fees as a result of COVID-19—various regulatory fees were forgiven. A variety of payments were forgone or were not received as a result of COVID-19 which would have impacted the latter end of 2019-20 and continuing in 2020-21, we are budgeting, and then returning to more normal levels in 2021-22. I think that is probably the biggest contributor to the increases projected from 2020-21 to 2021-22.

The Hon. S.C. MULLIGHAN: The two which stand out are perhaps the health unit fees, where there appears to be a \$40 million difference between the 2019-20 budget and the 2021-22 budget, and TAFE fees, where there appears to be a \$12 million increase between 2019-20 and 2021-22. Is that a high rate of indexation or is there some other activity pressure that is causing those figures to be higher?

The Hon. R.I. LUCAS: The simplest explanation for TAFE fees, as we understand it, is that one of the factors that has led to a significant decline, again as a result of COVID, is international students. If you go back again to 2019-20, the last full year pre-COVID, it was \$99 million, just on \$100 million, and last year it was significantly down to \$82 million and this year at \$82 million, so a \$17 million or \$18 million decline. A significant contributor to that, we are told, is the fact that we do not have international students paying TAFE fees, and the expectation is that by 2021-22 they will have returned to Australia and to South Australia and will again be contributing to the TAFE fees line.

The Hon. S.C. MULLIGHAN: So it is an increase in activity or price or both?

The Hon. R.I. LUCAS: Activity. International students being that we do not have them and we will have them.

The Hon. S.C. MULLIGHAN: So from the 2019-20 budget, where it was \$99.3 million, you would expect a 5 per cent increase in TAFE activity per year to get from \$99 million to \$111 million over two years?

The Hon. R.I. LUCAS: From 2019-20 we actually had an \$18 million decline.

The Hon. S.C. MULLIGHAN: Sure, but I am talking about the bounce back to \$111.6 million.

The Hon. R.I. LUCAS: That is a bigger bounce back than 5 per cent from 2021-22 to—

The Hon. S.C. MULLIGHAN: I am talking about all things being equal, in the 2019-20 budget, \$99.3 million to \$111.6 million—an increase of \$11 million or \$12 million or so—roughly a 5 or 6 per cent increase per year over that period, so that is activity not price?

The Hon. R.I. LUCAS: That is my advice, yes.

The Hon. S.C. MULLIGHAN: And from overseas students?

The Hon. R.I. LUCAS: That is a contributor. There are obviously other factors that impact that as well, but international students would be a major contributor, not the only contributor.

The Hon. S.C. MULLIGHAN: A major contributor. Is there an idea to what extent international students drive the amount of activity in TAFE?

The Hon. R.I. LUCAS: I am sure there is, but that is probably better directed to the minister with responsibility for TAFE rather than to me, I am afraid.

The Hon. S.C. MULLIGHAN: And the health unit fees?

The Hon. R.I. LUCAS: My advice is that that is activity based, so that would be driving that. As from 1 July this year in the budget papers there was an announcement of a cost recovery measure or unit fee increase for a particular range of services in the budget, but the detail of that is in the budget.

The Hon. S.C. MULLIGHAN: I direct your attention to Budget Paper 4, Volume 4, page 205. At the very bottom of the page is a reference to income from state government for the completion of a number of projects within the Commercial and Economics Branch. What were the projects that the Commercial and Economics Branch worked on in the 2019-20 financial year?

The Hon. R.I. LUCAS: Perhaps we might need to clarify the question. On page 205 is an explanation as to a \$57.5 million decrease in this particular area. The area to which he refers says 'other income from state government for the completion of a number of projects' of \$5.9 million, so there was a decline of \$5.9 million between 2018-19 and 2019-20 of income from the completion of a number of projects. My advice is that for projects that were active in 2018-19, such as the Land Services privatisation that the former government conducted, obviously there was no income coming from that in 2019-20.

The Hon. S.C. MULLIGHAN: Sure, but my question is: what projects did the branch work on in 2019-20?

The Hon. R.I. LUCAS: It works on a whole range of projects but—

The Hon. S.C. MULLIGHAN: Which were they?

The Hon. R.I. LUCAS: Some are confidential, a bit like the Land Services office; the former government did not announce that until they had actually announced it. There are a range of projects that the Commercial and Economics Branch works on and it spreads over a whole variety of areas. One that is public is SAHMRI, for example. Fixing up the mess the former government left us with in relation to SAHMRI required considerable input from the Commercial and Economics Branch. They worked on that particular—

The Hon. S.C. MULLIGHAN: With regard to SAHMRI or SAHMRI 2?

The Hon. R.I. LUCAS: SAHMRI 2, yes. So there are a range of projects. They also had to work on the leftovers of the former government's privatisation of the Land Services group because there was this kicker in the deal, which was unleashed by the former government. We had to explore the further privatisation of other government registries.

The Hon. S.C. MULLIGHAN: Just one.

The Hon. R.I. LUCAS: The member would be well aware of that, having been a party to keeping that deal secret prior to the election. We were required by the contract the former government signed, and the Commercial and Economics Branch were the ones who had to do work, so they did a lot of work in our first term as a result of that deal the former government had signed. That is another project that is public that they had worked on and had to provide advice to the government on.

So there are a range of projects of that particular group. That group also brought together—I may have explained last year—that for some strange reason the former government had the economic forecasting section ripped out of Treasury and put into the Department of the Premier and Cabinet. We reunited, rightfully, those people from DPC and put them back into Treasury. That response was for our economic forecasting and providing the government with advice on labour force figures and economic growth figures and the like, etc. They do a range of work as the name suggests, both commercial and economics, in terms of the advice they provide to me as Treasurer and to the government.

The Hon. S.C. MULLIGHAN: Did they work at all on the outsourcing of train and tram operations?

The Hon. R.I. LUCAS: That was driven mainly by Transport, but I think they were represented. That was driven by what was DPTI but is now DIT. We would have had an officer involved in the management group or the stakeholder group—or in terms of that—but it was not Treasury who drove that particular process. That was driven and managed out of the old DPTI.

The Hon. S.C. MULLIGHAN: But they had some involvement?

The Hon. R.I. LUCAS: Yes.

The Hon. S.C. MULLIGHAN: What was their involvement? Just sitting on a steering committee, was it?

The Hon. R.I. LUCAS: Well, involvement in some sort of committee that would have managed it, whether it was technically called a steering committee—I am told that that's what it was called: a steering committee. So we had a representative on the steering committee.

The Hon. S.C. MULLIGHAN: And that provided some oversight of the process of that steering committee, did it?

The Hon. R.I. LUCAS: I would not say oversight. It provided advice back to Treasury and to me. I am advised we also had a person who was seconded, given the expertise in Commercial and Economics, out of Commercial and Economics across to Transport to assist them in the process. So there were two officers: one who was seconded out of Treasury into Transport to provide expertise, and then there was the person who was on the steering committee who provided input, obviously, to the steering committee but then was the person who would provide advice to the Treasury department and to me, ultimately, as Treasurer.

The Hon. S.C. MULLIGHAN: In the advice they provided to you about the train services privatisation, were any concerns raised with you about the process or the outcome?

The Hon. R.I. LUCAS: You need to explain. What do you mean by 'concerns'? Are you talking about probity or something like that?

The Hon. S.C. MULLIGHAN: Any concerns?

The Hon. R.I. LUCAS: Not that I recall.

The Hon. S.C. MULLIGHAN: So you do not recall any concerns being raised with you?

The Hon. R.I. LUCAS: Not in relation to probity or anything like that.

The Hon. S.C. MULLIGHAN: No other issues that they flagged with you that caused you concern or caused you pause for thought or similar?

The Hon. R.I. LUCAS: I am always looking for even more savings from sensible provision of quality services but at a lower cost to taxpayers, so I am always concerned about those sorts of issues.

The Hon. S.C. MULLIGHAN: So you were satisfied with the financial outcome of the arrangements?

The Hon. R.I. LUCAS: I think it was a good financial outcome. As to a number of the outsourcing arrangements that the government has looked at, my latest estimate was that just in four or five of the outsourced decisions this government is taking, we are saving about \$34 million to \$35 million a year by 2023-24, delivering the same quality services at a much lower cost to taxpayers. It is a no-brainer in terms of effective delivery of quality services to the taxpayers.

One of those is trains, but there is also the Remand Centre. There was lots of angst and there were angry union bosses protesting in the streets, egged on by some politicians and others, but it has been a pretty seamless transfer as I see it. We are saving millions of taxpayers' dollars a year and delivering a quality service, so it seems hard to understand why anyone could have a concern with a win-win situation like that. In terms of the final result in terms of the train outsourcing—a good result.

The Hon. S.C. MULLIGHAN: That \$34 million to \$35 million a year by the end of the forward estimates, you mentioned trains and the Remand Centre. Does that also include trams?

The Hon. R.I. LUCAS: I think it includes the Remand Centre, trains, road maintenance and facilities management. I think there are probably a number of other areas that I am collecting further information on in terms of how the outsourced provision of public services is to the benefit of the taxpayers of the state. As I said, it is a win-win if you can deliver the same quality or better services and do it at a lower cost to the taxpayer.

The Hon. S.C. MULLIGHAN: What about Field Services?

The Hon. R.I. LUCAS: What services?

The Hon. S.C. MULLIGHAN: Field Services in the Department for Infrastructure and Transport.

The CHAIR: Is there a particular revenue line you are referencing, Mr Mullighan? You are starting to stray.

The Hon. S.C. MULLIGHAN: The same one in relation to the Commercial and Economics Branch and in terms of what work they worked on.

The CHAIR: Did they work on that particular—

The Hon. S.C. MULLIGHAN: Indeed, that is what I am asking.

The CHAIR: Sure.

The Hon. R.I. LUCAS: I am not sure what Field Services—

The Hon. S.C. MULLIGHAN: Traffic lights, street signs, those sorts of things, currently being outsourced by the department.

The Hon. R.I. LUCAS: I do not think Treasury has had any involvement in that, but I can take that on notice. I suspect that sounds like an issue that has been managed by the transport department.

The Hon. S.C. MULLIGHAN: Let me, for the benefit of the member for Narungga, find you the appropriate page reference because I know he is hot on this. Budget Paper 3, page 19, Operating initiatives by agency, regarding the Auditor-General: \$300,000 has been provided to his office over two financial years.

The Auditor-General has provided the member for Colton and I elsewhere with an explanation that that is to conduct a thorough review of the outsourcing of the train services which we can expect, I assume, in the course of the second financial year in which that initiative is funded. Just so that I am clear, you do not recall any concerns being raised with you by your officers who had some involvement in that process?

The Hon. R.I. LUCAS: About probity, no.

The Hon. S.C. MULLIGHAN: Or any other matter? It was not just about probity. I think you sought to ring-fence my question to probity, but any other matter.

The Hon. R.I. LUCAS: As I said, I am always concerned about the level of savings that might be achieved. The member is going to have to be much more specific. I am not going to play the game of general questions to which he might have a particular specific interpretation of which I am unaware. I have no recollection of probity concerns being raised. I always have concerns about the level of savings that might be achieved. I would like to see the maximum amount of savings that can be achieved whilst delivering the same or better quality service. It is, I think, a laudable goal, which we should all share.

The Hon. S.C. MULLIGHAN: Were you satisfied with the advice that you received from the Commercial and Economics Branch that the maximum amount of savings was indeed being achieved by this new contract?

The Hon. R.I. LUCAS: In relation to maximum, I think that is probably too strong a point. Ultimately, any decision the government takes is in relation to balancing the maximum amount of savings with delivering the same or better quality service. You can always achieve more savings, but you may well impact on the level of service.

I think good government is about trying to balance equal or better quality of service with the level of savings. If you want to get the maximum level of savings, you may well impact on the quality of service. The government, and the minister and the department who had carriage in this particular area, would obviously bear that in mind, and as the Treasurer, I would share that goal.

The Hon. S.C. MULLIGHAN: With regard to Budget Paper 4, Volume 4, page 184, for the last year, 2019-20, and also for the current year, there has been a significant increase in the amount that has been budgeted for consultants. Why is that?

The Hon. R.I. LUCAS: As I read that particular line, it looks like Treasury were very tough on the level of expenditure in 2019-20. They had a budget of \$3.2 million and only spent \$1.7 million. The 2020-21 budget just returns the budget level to \$3.3 million.

The Hon. S.C. MULLIGHAN: So they failed to engage the consultants they were planning to, or they revised—

The Hon. R.I. LUCAS: They made savings.

The Hon. S.C. MULLIGHAN: They made savings?

The Hon. R.I. LUCAS: Maybe they made savings, yes.

The Hon. S.C. MULLIGHAN: How could they have made savings if they spent \$1.706 million?

The Hon. R.I. LUCAS: Sorry? The budget was \$3.2 million—

The Hon. S.C. MULLIGHAN: Yes.

The Hon. R.I. LUCAS: —and they spent \$1.7 million.

The Hon. S.C. MULLIGHAN: Yes, and that was a substantial increase.

The Hon. R.I. LUCAS: Therefore they spent less than they had budgeted.

The Hon. S.C. MULLIGHAN: So it was a conscious decision?

The Hon. R.I. LUCAS: That sounds like a saving to me.

The Hon. S.C. MULLIGHAN: So it was a conscious decision not to proceed with that program of consultancies that had been envisaged when the budget was set, or did they just not get around to engaging them?

The Hon. R.I. LUCAS: Ultimately, there are estimates made about consultancy expenditure at the start of the year. In the end, for a whole variety of reasons, Treasury did not need to spend the \$3.2 million and did not. Actually, that is a good result because we had \$1.5 million less of expenditure and they have now returned to their estimate of \$3.3 million for 2020-21. If they spend less, good luck to them. In some years you need to employ more consultants.

Once of the issues treasuries have is they have treasurers who say they need further advice in this particular area or that particular area, and if that expertise does not exist within Treasury they need to have some capacity to employ an appropriate consultant to do the work. If the Treasurer has not asked as often or Treasury says, 'We can handle that ourselves without having to go out to a consultant,' that is sensible.

It is much better to budget that way than to budget for half a million dollars and the Treasurer comes along and says, 'I need you to do this, this and this,' and then they might get questions from the opposition saying, 'You blew out your consultancy budget by a million dollars last year,' or something. It is an estimate. They work within that budget. On this particular occasion, it has been under, which is a good result.

Some years it might be higher because the Treasurer or the government might say, 'You have to do this,' and they just do not have the expertise within Treasury to complete that particular task within the time line that might be required. In some cases, for example—and without going into specifics—I can recall cases where we have had to get something done and done very quickly and Treasury have said, 'Well, the only capacity to do that is to bring in external help by way of either a consultant or a contractor to complete the task within the time frame.'

The Hon. S.C. MULLIGHAN: For the last two financial years, 2018-19 and 2019-20, there has been a pretty consistent outcome of expenditure, give or take, around \$1.7 million, yet it seems for the 2019-20 budget and the 2020-21 budget the agency is banking on spending nearly double that amount. What is behind setting that budget at that level? Is there an anticipation of needing additional consultancy services beyond what has actually been engaged over the last two years?

The Hon. R.I. LUCAS: I do not think it should be characterised as 'banking on'. They have provisioned for it and in the event that Treasury or the Treasurer requires it, it will be spent. As we have demonstrated from last year, where that does not occur, the money is saved.

The Hon. S.C. MULLIGHAN: Are there particular tasks or matters that the agency is planning on engaging these consultancies for?

The Hon. R.I. LUCAS: I am sure there are a range of potential ongoing possible needs, but, ultimately, these decisions are taken as we get through the year. I would assume some of the budget would have already been expended given that we are almost five months through a 12-month year. It is not provisioned at the start of the year to say, 'Here is the budget of \$3.3 million and here are the 15 consultants we are going to employ, and here are the costs that we are allocating.'

There is a provisioning for general consultancy expenditure and treasuries and then, as I said, occasionally treasurers require advice which is not capable of being provided by Treasury and they have a budget line to which they can go and say, 'We have the funding; we do not need to go back to cabinet or somewhere else to get the additional funding to fund this particular consultant for this particular piece of work.'

The Hon. S.C. MULLIGHAN: Based on your answer, you said that the department may well have already commenced engaging some of those consultants. We are nearly five months through the financial year; has that indeed been the case?

The Hon. R.I. LUCAS: I am sure it is and I am happy to take on notice and update as to—

The Hon. S.C. MULLIGHAN: You could ask the knowledgeable person next to you.

The Hon. R.I. LUCAS: I am happy to take on notice and to find what advice I can provide to the honourable member in terms of how much money we have spent in which particular areas of consultancy expenditure up until 18 November.

The Hon. S.C. MULLIGHAN: So you are unaware at this point in time whether any consultancies have been engaged?

The Hon. R.I. LUCAS: I assume there would have, but—

The Hon. S.C. MULLIGHAN: And you are unaware as to what they are for?

The Hon. R.I. LUCAS: I am sure I would be aware of various consultants from being advised by way of Treasury advice that such and such a consultant is working on this particular area. In the cabinet committees that I am involved in, sometimes Treasury pays for a consultant's advice; in other cases, on the same committee, DPC may well pay for the consultant's advice. I would not necessarily distinguish between who was actually paying the consultant other than knowing that such and such a consultant has provided this advice to the cabinet committee and I happen to be on it and the Premier happens to sit on the committee at the same time.

The Hon. S.C. MULLIGHAN: So you are aware that consultancies have been engaged, you recall being advised about those consultancies, and you are unwilling to advise the committee what they are?

The Hon. R.I. LUCAS: That is not what I have said; that is your characterisation.

The Hon. S.C. MULLIGHAN: Or the first two of what you said.

The Hon. R.I. LUCAS: No, that is your characterisation of what I have said. I am quite capable of answering the questions myself.

The Hon. S.C. MULLIGHAN: Apparently not, because you have not got the answers.

The CHAIR: Mr Mullighan, you ask the questions and the minister provides the answers to you. If you can please provide him with an opportunity to provide an answer to the committee.

The Hon. S.C. MULLIGHAN: You would be a terrific AFL umpire—

The CHAIR: Mr Mullighan!

The Hon. S.C. MULLIGHAN: —wanting to be part of the action.

The CHAIR: Mr Mullighan, that is unnecessary.

The Hon. S.C. MULLIGHAN: And probably as competent.

The CHAIR: Minister.

The Hon. S.C. MULLIGHAN: Do you have an answer?

The Hon. R.I. LUCAS: I have given you an answer.

The Hon. S.C. MULLIGHAN: So no, you do not have an answer. I refer to Budget Paper 4, Volume 4, page 157, the increase in Department of Treasury and Finance FTEs. Which areas will these people be going into?

The Hon. R.I. LUCAS: One aspect of the difference is that the Parliamentary Network Support Group, which the member would be familiar with, has been transferred out of DPTI into Treasury. It is just a transfer of the staff out of the Parliamentary Network Support Group into Treasury.

The Hon. S.C. MULLIGHAN: That is 18 or 19 FTEs, is it not?

The Hon. R.I. LUCAS: It would be about 19, yes.

The Hon. S.C. MULLIGHAN: And the balance?

The Hon. R.I. LUCAS: I am just about to go on.

The Hon. S.C. MULLIGHAN: Were you? You seemed to be tailing off.

The CHAIR: Your commentary is not necessarily helpful—

The Hon. S.C. MULLIGHAN: Sorry, was it distracting you? My apologies, Chair.

The Hon. R.I. LUCAS: I apologise. The member for Lee evidently thought my voice was tailing off, so I apologise to Hansard and to others for tailing off. Then there was a range of COVID-related FTEs in terms of additional staffing that we have had to take on, particularly in relation to the Small Business Grant schemes and the like, for example—additional staffing that was going to be required in this particular year for that. The big difference was a delay in filling vacant positions across the department in 2019-20. There were 50 vacant positions unfilled in 2019-20 which, on these particular numbers, are proposed to be filled.

The Hon. S.C. MULLIGHAN: So the PNSG transfer sits within Department of Treasury and Finance, or is it in the line below the Administered items for the Department of Treasury and Finance?

The Hon. R.I. LUCAS: It is in the department, I am advised.

The Hon. S.C. MULLIGHAN: Okay, and you had 50 unfilled vacancies. Would those 50 unfilled vacancies represent an increase from the 2018-19 actual to the 2019-20 actual, if they were not filled in 2019-20?

The Hon. R.I. LUCAS: If the member is now going back to comparing the big jump from the 2018-19 actual to the 2019-20 actual, which goes from 1,576 to 1,711, that is because we have absorbed the health accounting and taxation services staff from the Department for Health and Wellbeing, which was 77.

The Hon. S.C. MULLIGHAN: Sorry, Treasurer, I was looking at the top line of that table. The 1,486 to 1,542.

The Hon. R.I. LUCAS: Is your question whether or not that is unfilled vacancies?

The Hon. S.C. MULLIGHAN: We had an increase from 2018-19 to 2019-20, and you are forecasting a further increase from 2019-20 to 2020-21. Your explanation was that there are 50 positions that need to be filled. Is that to get from—

The Hon. R.I. LUCAS: You are now going back a couple of years, but I am advised that we had 39 unfilled positions in 2018-19, if that is the member's question.

The Hon. S.C. MULLIGHAN: So if they were unfilled, that 1,486 figure would otherwise be 1,500 and—the balance. So there is PNSG and there is COVID-related, I assume, temporary staff; is that right?

The Hon. R.I. LUCAS: COVID would be, yes.

The Hon. S.C. MULLIGHAN: How many of those are there?

The Hon. R.I. LUCAS: We would have to take advice on that. They obviously vary. In the early stages, for example, which would have been just after 1 July, I think we had a more significant number involved in a range of tasks, because we tried to manage the workload from both the land tax changes in terms of questions that we were getting and then also the small business grant schemes and the like, so there was a significant additional workload on RevenueSA in particular and possibly Shared Services as well, which again under this government has come into Treasury.

The Hon. S.C. MULLIGHAN: I believe we are going to my colleague for some omnibus questions.

Mr GEE: I will use this opportunity to read into the record the omnibus questions:

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

- What is the actual FTE count at 30 June 2020 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. For each department and agency reporting to the minister:
- How much is budgeted to be spent on goods and services for 2020-21, and for each of the years of the forward estimates period?
 - The top ten providers of goods and services by value to each agency reporting to the minister for 2019-20; and
 - A description of the goods and/or services provided by each of these top ten providers, and the cost to the agency for these goods and/or services?
 - The value of the goods and services that was supplied to the agency by South Australian suppliers.
3. Between 1 July 2019 and 30 June 2020, 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?
4. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 between 1 July 2019 and 30 June 2020 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?
5. For each department and agency for which the minister has responsibility:
- How many FTEs were employed to provide communication and promotion activities in 2019-20 and what was their employment expense?
 - How many FTEs are budgeted to provide communication and promotion activities in 2020-21, 2021-22, 2022-23 and 2023-24 and what is their estimated employment expense?
 - The total cost of government-paid advertising, including campaigns, across all mediums in 2019-20 and budgeted cost for 2020-21.
6. 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 2019 and 30 June 2020.
7. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2020, including all departmental employees seconded to ministerial offices?
8. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2019-20?
- (b) What department funded these TVSPs?
- (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?

9. For each department and agency reporting to the minister, how many executive terminations have occurred since 1 July 2019 and what is the value of executive termination payments made?

10. For each department and agency reporting to the minister, what new executive appointments have been made since 1 July 2019, and what is the annual salary and total employment cost for each position?

11. 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?

12. In the 2019-20 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 2020-21?

13. In the 2019-20 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 2020-21? How was much sought and how much was approved?

14. For each grant program or fund the minister is responsible for, please provide the following information for 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 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.

15. For the period of 1 July 2019 to 30 June 2020, 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.

16. For each year of the forward estimates, please provide the name and budgeted expenditure across the 2020-21, 2021-22, 2022-23 and 2023-24 financial years for each individual investing expenditure project administered by or on behalf of all departments and agencies reporting to the minister.

17. 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.

18. For each department and agency reporting to the minister, what is the total cost of machinery of government changes since 1 July 2019 and please provide a breakdown of those costs?

19. For each department and agency reporting to the minister, what new sections of your department or agency have been established since 1 July 2019 and what is their purpose?

20. 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: Are there any further questions from the committee? Mr Mullighan.

The Hon. S.C. MULLIGHAN: Budget Paper 5, page 126, the savings for the department: have initiatives or positions yet been identified to achieve these savings?

The Hon. R.I. LUCAS: My advice is that each of the branches of Treasury have been allocated their equal share of the pain and, as always, are willingly going about the task, demonstrating good practice to other departments and agencies about meeting efficiency dividends or savings tasks they have been given. The answer to the question is, no, we do not have a specific list identified from the top down as to which particular positions each branch has to set about managing.

The Hon. S.C. MULLIGHAN: So it is across all branches—none are spared?

The Hon. R.I. LUCAS: There are some cost recovery branches which do not get allocated a share. I think this year, because of the enormity of the challenges in the new procurement area responsibility that we have, a share of the pain was not allocated to them for this particular year, given the challenges they are going to confront with the recommendations we have had from the Productivity Commission, the Statutory Authorities Review Committee, the abolition of the State Procurement Board, and the implementation of the government's response to all of those recommendations is a very big task, so I am advised that that particular branch has been spared this year.

The Hon. S.C. MULLIGHAN: Budget Paper 3, page 24, the operating expenses of selected agencies, including Treasury and Finance, shows a \$19 million variance to budget. Can you outline what savings were achieved, despite that over budget result?

The Hon. R.I. LUCAS: Are you talking about 2019-20, the difference between \$239 million and \$258 million?

The Hon. S.C. MULLIGHAN: As we canvassed last year, the department had existing savings targets which needed to be delivered in 2019. What were the savings that were delivered in that actual outcome, which is reported there as being \$258 million?

The Hon. R.I. LUCAS: I am advised that the department met the savings task it was allocated. The additional expenditure in the year was principally driven by a number of specific funded additional responsibilities and tasks.

There were two factors: one that I referred to earlier, which was that the health accounting people who came across are now factored into the actuals, as opposed to the budget—that occurred during the year—but there were some other additional ones, such as the land tax changes as part of the land tax changes. We publicly acknowledge some additional administrative expense for the department in managing the transition from the old system to the new system. There was additional funding provided to Treasury specifically for that, but the bigger factor I suspect is this 70 or so FTEs from the health accounting people who were transferred in.

The Hon. S.C. MULLIGHAN: So the savings task for that financial year was delivered?

The Hon. R.I. LUCAS: Yes.

The Hon. S.C. MULLIGHAN: And the savings were actually made?

The Hon. R.I. LUCAS: Yes. Again, my understanding was that they were allocated to the branches. Most were allocated to the branches and they had to deliver on the savings within their budgets.

The Hon. S.C. MULLIGHAN: Treasury has reported in its financial statements that in the 2018-19 financial year total employment cost for the highest paid member of the department was between \$494,000 and \$514,000. The financial statements show that for the 2019-20 financial year—the one that finished a little while ago—two public servants were being remunerated between \$554,000 and \$574,000. Who are they?

The Hon. R.I. LUCAS: My understanding is they are Employment Tribunal judicial officers.

The Hon. S.C. MULLIGHAN: Is that right?

The Hon. R.I. LUCAS: We are in the wrong profession—some of us.

The Hon. S.C. MULLIGHAN: So they were not reported in the previous financial year?

The Hon. R.I. LUCAS: Because I think we have taken responsibility, yes.

The Hon. S.C. MULLIGHAN: So they have transferred into the agency—

The Hon. R.I. LUCAS: Evidently, yes.

The Hon. S.C. MULLIGHAN: —and reported for the first time?

The Hon. R.I. LUCAS: We are reporting them. They are, as you would understand, independent but we are responsible, evidently, for reporting them. I suspect that in the past it has been reported through the Attorney-General's Department with the other judicial officers.

The Hon. S.C. MULLIGHAN: I am curious to see because, to look a little further back in that scale, there were three employees being remunerated in the 2018-19 financial year—the previous financial year—above \$450,000 and that continues to be the case in 2019-20. So were there employees that were separated from that 2018-19 result who were previously being remunerated above \$450,000, who have gone in order to provide this reporting room for the Employment Tribunal members?

The Hon. R.I. LUCAS: If we are going back two years now to 2018-19, we suspect the explanation for that is, as is evident in some of the other agencies, it is the cost of the separation packages of various people who might have left which gets added to that particular number by that particular reporting mechanism. The answer to the question is that there are no officers within the Treasury department being paid at more than \$450,000.

The Hon. S.C. MULLIGHAN: As a total employment cost?

The Hon. R.I. LUCAS: Other than the boss.

The Hon. S.C. MULLIGHAN: I was going to say, I could probably think of one.

The Hon. R.I. LUCAS: We have added various agencies and things to us, so I am not sure where they are reported—such as Funds SA and the Employment Tribunal. More recently, although they would not be in our figures, we have Renewal SA and HomeStart. So there have been additional responsibilities added to Treasury over the last two to three years.

The Hon. S.C. MULLIGHAN: On Budget Paper 3, page 36, it makes reference to the revaluation program. When is that forecast to recommence?

The Hon. R.I. LUCAS: This is obviously the work of the independent Valuer-General, who does not report to me. I think he is now reporting to the Attorney-General. Putting that to the side, my advice from Treasury—which obviously has an ongoing relationship with the Valuer-General's department—is that the revaluation initiative, announced by the former Treasurer in the former government, still is continuing and they have to have concluded it by around about May next year to issue the valuations as of January next year.

They work, evidently, through until around about May doing all these revaluations or valuations as of January, and they issue it in about May or June next year. But the work is ongoing, I think is the simple answer to the honourable member's question.

The Hon. S.C. MULLIGHAN: Do the revenue forecasts reflect that revaluation work?

The Hon. R.I. LUCAS: Sorry?

The Hon. S.C. MULLIGHAN: Do the revenue forecasts contained in the budget reflect that revaluation work?

The Hon. R.I. LUCAS: I think they reflect the advice that we previously had, but they will not reflect, obviously, the new advice we will get in the new year. We will have to wait for that advice from the Valuer-General.

The Hon. S.C. MULLIGHAN: So there are no assumptions in the budget about what that revaluation might say?

The Hon. R.I. LUCAS: I think, as there has been for some time, there have to be assumptions in terms of the baseline. I think they are outlined in one of the pages in broad terms, are they not? But we will be better informed, as we all will be, when the Valuer-General issues those updates in May or June next year.

The CHAIR: With the agreed time now expired, there being no further questions, I declare the examination of this portfolio agency, the Department of Treasury and Finance, now complete.

Sitting suspended from 11:00 to 11:15.

Membership:

Mr Szakacs substituted for Mr Gee.

Departmental Advisers:

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

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

Mr L. Jones, Acting Director, Financial Services, Department of Treasury and Finance.

Mr M. Francis, Chief Executive Officer, ReturntoWorkSA.

Mr D. Quirk, Chief Financial Officer, ReturnToWorkSA.

Mr M. Campbell, Executive Director, SafeWork SA.

Ms P. Osborne, Executive Change Manager, SafeWork SA.

The CHAIR: Welcome back to Estimates Committee B. The proposed payments to be examined for this session of Estimates Committee B relate to the portfolios of ReturntoWorkSA and SafeWork SA. The minister appearing is the Treasurer. I have already opened the lines of payment earlier today and advise that those proposed payments remain open for examination. I refer members to Agency Statements. Treasurer, do you wish to make an opening statement in relation to either of those portfolios?

The Hon. R.I. LUCAS: I introduce Mr Michael Francis, who is the Chief Executive Officer of ReturntoWorkSA. In this same section, we have SafeWork SA, and we have Mr Martyn Campbell, who is Executive Director of SafeWork SA, available. Given social distancing, at this particular stage, we have Mr Francis at the table. If it would assist the committee, it would be useful to get the ReturntoWorkSA questions done en bloc, if that is in agreement with members of the opposition, and then we can move to questions for SafeWork SA. We are in the hands of the committee, Chair.

The CHAIR: There are no objections to that approach?

The Hon. S.C. MULLIGHAN: No.

The CHAIR: Fantastic. We will address questions relating to ReturnToWorkSA to begin with. Is there an opening statement?

The Hon. R.I. LUCAS: No opening statement from me.

The CHAIR: The lead speaker from the opposition, do you wish to make an opening statement?

The Hon. S.C. MULLIGHAN: No.

The CHAIR: There being none, are there any questions from the committee?

Mr SZAKACS: Treasurer, my first question is regarding the average premium rate. Has the average premium rate been set for 2020-21?

The CHAIR: To review, if we could have references to budget statements and lines and questions to be directed to the minister responsible.

Mr SZAKACS: Apologies, Chair. Sorry, Treasurer. Budget Paper 4, Volume 4, page 171.

The Hon. R.I. LUCAS: The answer to your question is it has been set. It is 1.65 per cent for 2020-21, which is the same level which was set for 2019-20.

Mr SZAKACS: Treasurer, has the actuarial assessment been undertaken for the financial year 2019-20?

The Hon. R.I. LUCAS: Yes, it has been completed and it is attached to the annual report which was tabled recently, I think, in parliament.

Mr SZAKACS: I think the excerpts may be contained within. My next question is: if the actuarial report has not already been tabled, will it be tabled?

The Hon. R.I. LUCAS: My understanding is it is already available on the website. We will just double-check that. Certainly, if it is not, the intention is for it to be available on the website. I think that is the usual practice.

Mr SZAKACS: In the criteria for assessing the ongoing average premium rate for 2020-21 and in the contemplation of the actuarial assessment, I note that the probability of sufficiency is at 75 per cent. Has there been any contemplation of reviewing or amending or lowering that?

Mr FRANCIS: No, not in recent times. Not since—

The CHAIR: Again, Mr Szakacs, the question should be directed to the minister.

The Hon. R.I. LUCAS: I am advised that, no, not since it was revised up from 65 to 75. It is remaining at 75.

Mr SZAKACS: On the same budget paper, page 171, I note there were 172 formal complaints handled by ReturnToWorkSA, which is a significant increase from 110 in 2018-19. What was the reason for this substantial increase?

The Hon. R.I. LUCAS: I might ask the chief executive officer to explain the change in process.

Mr FRANCIS: I am happy to. Throughout the year, when looking at the complaints, we found that we were not capturing complaints as consistently as we should be across both of our claims agents, so we instigated a new process from March where we saw a significant increase in the actual capturing of complaints there. Previously, they were being dealt with as inquiries as opposed to complaints. We were making sure that we were capturing more of those. There were no thematics within that to suggest that they were coming from any different areas from what they historically had. We were just capturing more of them, if that makes sense.

Mr SZAKACS: Thank you. Through the Treasurer, was that March 2020?

Mr FRANCIS: Correct.

Mr SZAKACS: Just so that this committee may compare apples with apples—if you are able to take this on notice—are we able to receive some information so that we can look at the pre-March data?

The Hon. R.I. LUCAS: I am happy to, through the agency, take that on notice and see what information we can provide to the member.

Mr SZAKACS: Treasurer, still on the same page, I note that the underwriting result improved for ReturnToWorkSA by \$122 million last year and the total comprehensive result deteriorated with return to work results and investment returns having not performed as well as in previous years. Why have return to work results deteriorated through that period?

The Hon. R.I. LUCAS: I will ask the chief executive to respond, but clearly market performance is one reason.

Mr FRANCIS: I will address the return to work component of your question. There is a combination of influences. The first one that I would talk to is the impact of COVID in the second half of the year. Certainly, what happened during that period is we were not able to have our mobile claims management workforce on the road as much, which we heavily rely upon in terms of driving some of that improved performance.

So with the severely reduced visitation that could occur during the periods of social distancing, etc., and people not being on the road during that period, our performance dropped in terms of being able to assist and facilitate those return to works. There were less return to work options available, so it was more difficult for us to get people back into employment, either through work not being there at all or through reduced capacity within particular workplaces to be able to absorb more people back into those workplaces.

The other phenomena that we found was occurring was that doctors were certifying for people with longer periods of incapacity or total incapacity during that period as well. We are sure there is some sort of interaction there between the availability of work, not just the capacity for work, which certainly proved a barrier for us. That is one significant chunk of it, if I can put it under the COVID-19 banner.

The other elements which proved challenges for us included having an 8 per cent increase in psychological injury claims, and by their very nature they often prove more difficult for us to get back to work in as timely a way, which is another challenge for us. We had an increase in the proportion of income support claims through the year. We had moved from historical averages of around 38 per cent of claims being income support claims, 38 per cent of the claims we receive in total. That is running at closer to 44 per cent in the last two years, which certainly then creates other capacity constraints, which we have since been addressing.

There has been an increase in claims from the construction sector as well. We had a 25 per cent increase from that sector alone, which is again another area where we have more difficulty in actually getting the return to works as quickly as possible. There is no one reason per se, but there is a set of factors that have all contributed to some of that return to work result being hampered, which was not inconsistent with what we have found, at least as far as the COVID-19 impact, has happened in many other jurisdictions.

Mr SZAKACS: Further to Mr Francis's contribution regarding some of the claims experience, I note the same budget papers, and also with reference to the annual report, talk about or note increased liability as a result of unprecedented uncertainty, to an extent that the uncertainty differs from the previous answer. Could you please give this committee some advice as to the nature of that uncertainty, whether it is outstanding judgements or whether it is a market uncertainty? What is this uncertainty?

The Hon. R.I. LUCAS: I will ask the chief executive to respond.

Mr FRANCIS: There are two broad tranches of uncertainty that our actuary refers to. In valuing our outstanding claims, a risk margin is applied. The risk margin that was applied increased from 14 to 14.3 per cent this time around, which in and of itself led to a \$9 million difference straightaway.

The 14 per cent that is applied within our particular jurisdiction still relates to two things. Primarily, some of it is because we have a significant number of open disputes from the Workers

Rehabilitation and Compensation Act, which is there, which puts some uncertainty in and around the boundaries associated with the act as it moves forward, but then also it is more about the uncertainty associated with economic recovery and just what they can factor into the expected elements of the increase.

Within any increase in outstanding claims liability from one valuation to the next is a degree of expected increase as the scheme matures and more people come into the serious injury cohort, etc., as well as they look at claims experience in terms of how quickly people are or are not returning to work. If you have more people taking longer to return to work, for example, I refer back to that period when there was greater economic slowdown, when it is more difficult to achieve those return to works, they are just not quite sure how that factors in. These are all things that contribute to the actual number they put at the end of the day.

Mr SZAKACS: There are numerous ways to measure the strength of the economy, particularly from a ReturnToWorkSA perspective. No doubt premiums received are one of those as a measure of payroll. I note that premiums received by the corporation have held strong this financial year. Can I ask you what is the projection for the forthcoming financial year regarding the trend of premiums, taking into account the economic headwinds the state is facing?

Mr FRANCIS: I can talk to that. Last year, our premium revenue was in at \$518.8 million. This year, we have budgeted for \$466 million, so a significant decrease, noting within that that we have specifically exempted JobKeeper payments from remuneration. Another component of that is factoring in some level of difficulty for employers in potentially being able to make those payments. That encompasses both of those.

Mr SZAKACS: With the significant reduction in forecast levy, a degree of economic uncertainty in respect to markets, certainly as second and third waves take their own course throughout the globe, tempered by what seems to be, from the evidence so far—and notwithstanding a back-end tail that is still outstanding from the old act—claims experience which should not be markedly different, is the corporation budgeting a further loss and reduction in assets for the financial year 2021-22?

Mr FRANCIS: Yes, we are. We are budgeting for a loss of \$143 million for the year, which should leave our funding ratio at 98 per cent at the end of the year.

Mr SZAKACS: Could I ask for some information regarding open disputes, referred to by Mr Francis, from the old act: the number of disputes that are still open, unresolved, whichever measure ReturnToWork applies against those?

Mr FRANCIS: Whilst I do not have the exact number, I can tell you it is somewhere between 650 and just under 700, so it has come down to fewer than 700 now, I am aware. We can find out the exact number for you.

Mr SZAKACS: Still on page 171 of Budget Paper 4, Volume 4, I note that there were 209 referrals for fraud. With those 209, can you please provide a breakdown of referrals relating fraudulent activity or behaviour from a employer, fraudulent activity or behaviour from a claimant or injured worker and fraudulent activity or behaviour from a service provider?

Mr FRANCIS: I do not have that information readily available. We will have to take that on notice.

The Hon. R.I. LUCAS: We are happy to take that one on notice and provide whatever information we might be able to to the member.

Mr SZAKACS: Treasurer, I turn your attention to some evidence that was provided by yourself and the previous chief executive last year regarding the Mansfield review. What I am particularly interested in is an answer that was taken on notice by yourself regarding a recommendation from the Mansfield review which was relating to the matching and reporting of original decisions and determinations and matching them against the outcomes of a dispute.

The Mansfield review recommended that there was a data project to be undertaken, that determinations and outcomes were matched, and that was then publicly reported I think as part of

the corporation's annual report. I think your evidence from last year was that that was a work in progress. Could you please update where that is up to?

The Hon. R.I. LUCAS: We will have to take that on notice and I will get advice from Mr Francis and his colleagues. Of course, he was not here last year to have the benefit of listening to whatever it is that I said based on the advice of the former chief executive, so we will take that on notice and provide an answer to the member.

Mr SZAKACS: I appreciate that I asked for some detail around that. Are you able to provide any evidence today on a threshold issue and that is: has the matter progressed any further than the evidence from last year?

The Hon. R.I. LUCAS: I would need to take it on notice. It is clearly not in the report, I take it?

Mr FRANCIS: No.

The Hon. R.I. LUCAS: With regard to the second part of the member's question about whether or not it is actually in the report, it is not in the report. However, I need to take advice and Mr Francis will take advice as to what progress, if any, has been made since last year's estimates committee to this year's estimates committee in relation to any undertaking I gave.

Mr SZAKACS: Still on page 171 of Budget Paper 4, Volume 4, can I ask for some further detail? In a closed scheme at the end of the final entitlement period, workers may either be in receipt of income maintenance or payments or not be, and that can be for a series of different reasons. Can you provide the numbers of injured workers who, at the conclusion or the end of the final entitlement period, were still in receipt of \$1 or more of income maintenance payments?

The Hon. R.I. LUCAS: I asked Mr Francis, he might have some information, but we might need to take the detail on notice. Yes, we will need to take that on notice and provide an answer to the member.

Mr SZAKACS: In Budget Paper 4, Volume 4, page 171, I note, for the financial year gone, in our examination today \$1.7 million was spent on six consultants. Can you provide the detail on who those consultants were, what those services were and what the cost of each of those services was?

The Hon. R.I. LUCAS: The annual report on page 53 provides some information in relation to that. There were no consultants employed for a cost of under \$10,000, but there were consultants employed above a cost of \$10,000. Finity provided actuarial advice, Ernst and Young provided consultancy advice, Deloitte provided consultancy advice, PricewaterhouseCoopers provided consultancy advice, Willis Towers Watson provided investment consulting advice and Paul Laband provided investment consulting advice.

Each of those was paid more than \$10,000, although it is not specific as to how much they were paid. That provides some information to the member in terms of the six consultants that were paid sums of money above \$10,000.

Mr SZAKACS: Mr Francis touched, a little earlier on, on what has been a difficult and unprecedented year in respect to COVID-19 and the pandemic. Treasurer, has ReturnToWorkSA tracked claims made that involve exposure to or injuries, be they physical or psychological, arising from COVID-19, through a direct causal link with COVID-19?

Mr FRANCIS: We have had eight claims to date, direct from people with a diagnosis of COVID-19. One of those claims was withdrawn and one of those was literally only received this week, so that claim is still pending, whereas out of the other six all had been accepted. What we have done—what I do not have for you here, but I can obtain some figures on notice—is we have had our claims agents track claims where the return to work has potentially been impacted by COVID, and attempts to capture anything else that might be in there that might indirectly be related to COVID, but I do not have that particular detail with me.

Mr SZAKACS: Further to matters around COVID-19, Treasurer, I note that Western Australia and New South Wales both introduced laws in their jurisdictions regarding COVID-19, noting or regulating it as a presumptive condition, as is the case in the Return to Work Act, with other diseases and disorders. Did ReturnToWorkSA provide or undertake any modelling around what such

a similar scheme in South Australia may look like if implemented, and whether there have been any efficiencies from a claims management or legal and disputation cost perspective?

The Hon. R.I. LUCAS: The government has made its position clear in South Australia that we do not intend to move down that particular path. But the nature of the advice I received from ReturnToWorkSA was not based on any explicit modelling that they had done in relation to it. It is a very difficult area, obviously, to be able to model as to what the impacts are. I think Mr Francis has outlined a number of claims that we currently have, and he has undertaken to take on notice what the indirect impacts of COVID might be.

The answer to the question is, no, they did not commission explicit modelling in relation to it. It would be a difficult one to model, even if you chose to have explicit modelling done in relation to it, but the government has adopted a position of not following the path of the one or two other jurisdictions that have headed down that particular path.

The Hon. S.C. MULLIGHAN: I refer to Budget Paper 4, Volume 4, page 175. I think, Treasurer, the advice provided to the committee earlier was that there was an estimated negative result forecast for this year of approximately \$140 million for the organisation, and that follows the previous year, I think, of a negative result of a bit over \$300 million and about \$150 million before that. After those three years and a cumulative series of negative results of nearly \$600 million, I think the advice was that at the end of this current financial year the funding ratio is likely to be about 98 per cent; is that correct? Does the board have a threshold or does the executive have a threshold at which it would consider a change in premium rates?

The Hon. R.I. LUCAS: I am advised that there is no threshold as such, but the funding ratio parameters that the board has operated on for a period of time, I assume, varies between 90 per cent and 120 per cent. The board's decision, I am advised, given their estimate of 98 per cent, is it still remains within those parameters of 90 per cent to 120 per cent. They have, therefore, made their decision accordingly.

In terms of their annual decision that they will have to take, what guides them is these parameters of between 90 per cent and 120 per cent. Clearly, two years ago it was much closer to the 120 per cent. As a result of the results that we have seen, we will see this year with COVID and last year as a result of COVID it has obviously declined to 98 per cent but remains within those parameters that the board has been operating on for some time.

The Hon. S.C. MULLIGHAN: Would I be right in summarising the three main components that affect that financial performance as being the claims performance for the particular year, the valuation of the outstanding claims liability as well as share market performance? Is that broadly it?

The Hon. R.I. LUCAS: That is a fair assessment of the challenges. One or two of those earlier factors are impacted by various decisions that the courts and tribunals make, but it is a fair summary.

The Hon. S.C. MULLIGHAN: Certainly, for the current financial year—perhaps I might be wrong, feel free to correct me—perhaps anticipating some less than favourable share market results potentially, but also within that anticipated negative result, claims performance and a change in valuation is contributing to that forecast \$140-odd million negative result; is that correct?

The Hon. R.I. LUCAS: I will ask Mr Francis to provide whatever information he might that the board considered in terms of balancing those factors.

Mr FRANCIS: If anything, I would suggest that we have been as conservative as possible, particularly with respect to premium, which we were talking about earlier in terms of the collection there as well, and also in terms of our claims performance. We think that what has been forecast is a realistic budget for us in terms of taking into account all of those factors. But, that said, there are inherent uncertainties associated with some of those factors. None of us were really expecting to be where we are right now a week or so ago with respect to COVID within the state, as well, but certainly that is factored into how we think we are going to perform.

The Hon. S.C. MULLIGHAN: Would this be the third year in a row that claims performance has performed below expectations?

Mr FRANCIS: It is safe to say that return to work performance plateaued under the new scheme over the last few years. What I can say, though, is that for the first time since 2018, in our most recent figures, we are starting to see an improvement in the return to work results. We have been implementing a number of strategies for some time now—I can only speak since having returned in September last year—to try to improve that.

I spoke earlier about the importance of having people out there on the road. We have invested in more people on the road within both of our claims agents. We have averaged over 1,800 visits per month for the first quarter of this financial year that we have just commenced, and that is the highest number we have done in the last four years. We think, whilst not on its own, it is in no small way correlated to and contributing to some of that improvement in performance in recent times.

The Hon. S.C. MULLIGHAN: I was going to ask what the factors, in your view, or in the Treasurer's view, were that drive improved claims performance beyond additional visitations. What else drives that?

The Hon. R.I. LUCAS: Mr Francis.

Mr FRANCIS: I am happy to talk to that. At least inasmuch as it speaks to what it is that we are doing to try to improve that performance, I think that answers your question. I have referred to the increase in funding to try to make sure that we increase the mobile claims management capacity, or capacity for that type of visitation to occur.

Also, we have commenced an industry return to work pilot and what we are doing there is that we have an industry aligned claims service model whereby we have employed allied health professionals to be the face of the mobile claims management service delivery to reduce the number of hand-offs as well as—when I say hand-offs, referrals to other service providers—improve the level of knowledge about the industry itself and also provide a better service to both the employer and the injured person as far as the management of that is concerned. We believe we are going to see better results with that.

We have started with road freight transport as an area where we have had some difficulty as far as claims experiences are concerned in recent times, and social assistance services. We just recently have seen both of our claims agents employ people to move into that space as well. Certainly, we have commenced discussions also with SafeWork SA in terms of the construction industry. I spoke to some of the trends that we saw there in terms of claims coming through the door and what it is that we might be doing.

One of the other processes that we have put significant effort into in that time was making sure that there was more rigour in the decision to shift from seeking to return with the pre-injury employer versus seeking to find a new employment goal. We know that as soon as somebody chooses to opt for employment with a new employer, it becomes a much more difficult undertaking because we are not only dealing with the difficulties of recovering from injury but also finding new employment. We know those claims cost us something in the vicinity of four times as much, and those people are disproportionately represented at the end of that two-year period that Mr Szakacs was referring to earlier.

We are seeing a reduction in the number of those new employer goal decisions being made, with some more effort being put into ensuring that that is a last-resort option, not taken too far down the track. But certainly with the introduction of the new Return to Work Act and the time limits, there was a lot of emphasis put on making those decisions early and I would suggest that some of those decisions were made too early in terms of just when and where that should be happening. We are still trying to strike that right balance, but it is certainly helping to improve our results.

The other part is in those areas that I pointed out where we had some increases in claim numbers where we had some difficulty. So for psychological injury claims we are looking at a new claims model, as well as making sure that the rigor is there in the eligibility determination process, so making sure that the new claims model has people with specialist expertise in dealing with psychological injury claims to try to assist us in improving return to work performance. That gives you a cross-section of some of the things that we are doing, which we believe can make a difference to improving and getting those return to work results back to where they were previously.

Mr SZAKACS: Treasurer, in arriving at the 2020-21 financial performance, what is the budgeted investment return for this coming year?

Mr FRANCIS: It is 3.96 per cent.

Mr SZAKACS: I have a small number of questions I expect will be taken on notice, at the Treasurer's discretion:

1. What were 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 decision?

2. What are the total regulated costs paid to workers and/or their representatives in the financial year 2019-20, and for the same period total costs paid to employers and/or their representatives, and for the same period the total expenses of ReturnToWorkSA itself in that period?

3. Of disputes lodged under the new Return to Work Act, what was the number lodged by workers and the number lodged by employers? Of disputes lodged under the new act, what was 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?

4. What was the number of investigations conducted by ReturnToWorkSA in 2019-20, 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 these investigations, broken down into the cohort of worker, employer and provider?

5. What was the number of prosecutions in 2019-20 brought against workers, employers and providers? What is the total amount paid out in common law claims for workers in the financial year 2019-20, and what is the total premium paid by labour hire operators in financial year 2019-20, and as a total and as a percentage of all registered employers?

The CHAIR: If there are no further questions on ReturnToWorkSA, perhaps we could switch advisers.

The Hon. R.I. LUCAS: I have with me Mr Martyn Campbell, whose title is Executive Director, SafeWork SA. He will assist me in answering any questions on SafeWork SA issues.

The Hon. S.C. MULLIGHAN: Budget Paper 4, Volume 4, page 173. Is it the practice of SafeWork SA, when attending a site, undertaking an assessment and issuing an order, to keep a written report of that incident?

The Hon. R.I. LUCAS: I am advised the answer is yes.

The Hon. S.C. MULLIGHAN: To whom would that report be available? To the person who reported the incident, was resident at the site or working at the site, etc?

The Hon. R.I. LUCAS: I am advised that clearly SafeWork SA officers have access to it but, generally, if there was a complaint made against a business, a copy of the report would go to the business.

The Hon. S.C. MULLIGHAN: If someone sought access to that report, what are the arrangements involved in potentially making that report available?

The Hon. R.I. LUCAS: Member for Lee, can you just clarify: when you say 'someone', are you talking about someone other than the business?

The Hon. S.C. MULLIGHAN: For example, if there was an apartment building and someone living in one of the apartments had made a report to SafeWork SA—you will probably recall the issue to which I am referring—and wanted to gain access to the report SafeWork SA put together, how would they go about accessing that report?

The Hon. R.I. LUCAS: Mr Campbell and the agency have some familiarity, I think, with the issues that the member is pursuing. The advice I am given is that a complainant—in this case, as I understand the example the member has given, someone who lives, I assume, in one of the

apartments—does not have access to this particular report because of the confidentiality provisions under the work health and safety legislation that governs the operations of SafeWork SA. I think they can endeavour to pursue it under freedom of information but, again, it is more likely that they would not get access to it even through freedom of information legislation because of the legislation.

The Hon. S.C. MULLIGHAN: Perhaps for my benefit, let alone that of my constituents, who surprisingly assured me they are tuning in to these proceedings and taking the listenership to beyond zero for the first time—

Mr PEDERICK: You might be surprised.

The Hon. S.C. MULLIGHAN: Well, maybe. For our benefit, could you be a bit more specific about how the legislation restricts the availability of such a report?

The Hon. R.I. LUCAS: I am specifically advised that it is section 271 of the work health and safety legislation. So for the member and the constituents who are watching these proceedings closely, it is section 271 of the work health and safety legislation that I am advised prevents the release of information in the sorts of circumstances that the member has outlined.

The Hon. S.C. MULLIGHAN: For your benefit, Treasurer, as you may not be so familiar with the particulars of this issue, a constituent of mine who resides on the top floor of one of the apartment buildings at West Lakes found themselves temporarily trapped in a lift when the lift lost power.

Upon some investigations that they undertook, they ascertained that the management committee—which perhaps the rest of us might refer to as the strata, chair or manager—had organised for a solar system to be installed in that building to presumably help defray electricity costs. The lift power system had been connected to that and that had caused temporary interruptions to power getting to the lifts, and hence the operation of the lifts.

Being retired, my constituents were very concerned about finding themselves in that same situation again. On raising it with the apartment building's management committee and its chair, they did not feel that the issue was likely to be resolved and hence sought the assistance of SafeWork. SafeWork duly attended (which they are very grateful for), conducted an investigation, worked out what the problem was, issued what I think is called an improvement notice to ensure that the power system to the lift was no longer connected to the troublesome solar-powered system, and instead hardwired to mains—excuse my layman's term—precluding the issue from arising again.

However, their understanding of that is based on verbal conversations that they had subsequent to works presumably being undertaken after the improvement notice was issued. They had asked the management committee for a copy of this report so that they could be comforted by the fact that these improvement works had in fact been undertaken and that they had been undertaken according to the directions from SafeWork SA. They still do not know whether those works have been carried out to the extent that SafeWork has directed.

Hence, being retired and concerned about the prospect of potentially being caught up in the same sort of incident—trapped in a lift without power in an apartment building—they still feel a degree of anxiety about their living circumstances. Living on the top floor of that building, and being the age that they are—not that they would probably appreciate me describing them in such a manner—they do not really have another alternative to get to their place of residence. So they are very concerned about not being able to get access to the documentation.

The Hon. R.I. LUCAS: In the interests of trying to assist in the resolution and the member's representation of his constituents, and what on the surface seems to be a reasonable request, in discussions with the Executive Director of SafeWork SA we will see if we can meet, in essence, the request that you have put on their behalf to me as the minister and to SafeWork SA. That is, it will not be providing the actual report, but if the request is now: were there, in essence, improvement notices and instructions issued and have they been complied with, then I think that would appear, on the surface, to be a reasonable request.

Mr Campbell has undertaken to provide me with advice, and we will see whether we are able to give that sort of an assurance to your constituents after your advocacy during the estimates committee, which they have been watching avidly we hope. Let's hope that there might be some satisfactory resolution; that is, that the improvement notice has been issued requiring certain things

to be done, and that SafeWork SA might be able to give to your constituents an assurance that those works have been done, but without actually having provided a copy of the initial report.

It does not sound like that is necessarily what they are looking for at this stage. They are looking for an assurance from the regulator and the agency that what was required to be done to ensure the safety of residents in the apartment building, and as ordered to do so, has been complied with and has in fact been done. I am happy to take that on notice and see whether we can provide a satisfactory reply via you or directly to the constituents.

The Hon. S.C. MULLIGHAN: Treasurer, I would be most grateful if that can occur. Without wanting to inveigle you or the committee in the further particulars of this matter, from what I can gather there seems to be a trying relationship between the president or the chair of this management committee and my constituents and other residents in the apartment building to the extent that, I understand, if I have this correct, a report or some documentation, in addition to the improvement notice, has been provided to that chair of the management committee and it has been withheld, to use the term that has been provided to me, from other residents within the apartment building.

You may be aware of whom I speak, in terms of the chair of the management committee of the apartment building, but, regardless, if some direct advice can be provided to my constituents to try to alleviate their concerns, I would be most grateful.

The Hon. R.I. LUCAS: No, I do not immediately recall. I may well have read somewhere who the chair of the management committee is, but I can assure you that I do not know too many chairs of management committees. I am familiar that these sorts of circumstances can become tense, to understate, and I do not want to enter into either side of that particular debate between the management committee and particular residents.

All I am seeking to do after the, what I think are, reasonable submissions the member has made on behalf of his constituents to seek a resolution that might be satisfactory, and if that resolution does not involve the releasing of various reports that have been there but nevertheless answers the essential question; that is, was it ordered for certain works to be conducted to ensure the safety of residents, and to seek from the regulator, an independent body, the fact that, yes, those have been conducted.

It would seem to be that that might be a reasonable course of action which leaves me completely separate from any debate that might be going on between the management committee and individual apartment owners. I am quite happy to get engaged in vigorous debate on a whole variety of issues, but I am not going to get into that particular area on this particular issue.

The CHAIR: While I note that line of questioning may not necessarily have met the strict interpretation of estimates questions, given the willingness of the particular constituents to listen in and watch and the willingness of the Treasurer to answer, we will let that go through.

The Hon. R.I. LUCAS: We are here to serve. We might have done some good this morning.

Mr SZAKACS: I am sure the member for Lee is greatly pleased by the outcome today. I have been privy to a number of the pieces of correspondence that he has sent without a resolution, but we can show today that this budget estimates has received a great outcome for his local constituents.

Before we move on from that, can I take the Treasurer back. I am sorry, but I did not catch the specific section to which the Treasurer received advice that prevented the release of the information as requested by the member for Lee.

The Hon. R.I. LUCAS: I am advised it is 271.

Mr SZAKACS: Are you sure of that?

The Hon. R.I. LUCAS: That is my advice. I am sure that is my advice.

Mr SZAKACS: Perhaps I will request the Treasurer reflect on notice and if there is further advice that can be provided to—

The Hon. R.I. LUCAS: I am happy to take further advice on notice from those who have advised me that it is section 271 and how that might appertain to the answers I have provided to the member and the committee. I am happy to do that on notice.

Mr SZAKACS: Back to the rigour that I expected the Chair to instil with his iron fist. I refer to Budget Paper 4, Volume 4, page 174. Treasurer, I note that \$1.1 million was budgeted but not spent due to delays in filling staff vacancies. What were the reasons for this delay in filling staff vacancies?

The Hon. R.I. LUCAS: In broad terms, I am advised that when someone leaves they give two weeks' notice but then it takes, through the advertising and recruitment process, sometimes between a minimum of four weeks up to maybe 12 weeks to fill the position. So for the duration of that period, which might be six to 14 weeks, we have an unfilled vacancy during that particular period, so that is the primary reason.

I am advised that it is unlike last year's estimates—and I have forgotten exactly which month we did them in—when we had a significant number of unfilled vacancies within SafeWork SA and we were asked a series of questions in relation to that. I will not repeat the answers as to why there were significant numbers last year, but my advice this year is that that is a significantly lower number; that is, there are fewer unfilled vacancies at the time of this estimate committee hearing as opposed to last year's estimates committee hearing.

Mr SZAKACS: It may be the case that there are fewer but, if I take your answer correctly, the \$1.1 million underspend in unfilled vacancies is a result of gaps in advertising.

The Hon. R.I. LUCAS: No, gaps in filling the vacancies.

Mr SZAKACS: Sorry, gaps in between advertising and filling.

The Hon. R.I. LUCAS: Yes.

Mr SZAKACS: If we take it that, say, an average wage and on-cost is \$100,000, that would be the equivalent of 10 full-time employees' vacancies that have not been filled just as a result of gaps and wait times between advertising and filling. Is that what the evidence is today?

The Hon. R.I. LUCAS: I am happy to take the detail of that on notice, but there would be other unfilled vacancies for the year, I assume. That number would comprise a number of different elements not just the element in my answer to the first question. I am happy to take it on notice to see what further information I might be able to provide the member in relation to what the mix is, but it may well be, for example, in an admin role, the particular section of SafeWork SA or others when they have a vacancy may well determine for the immediate future they do not need to fill that particular position for a period of time until the next project comes around or the next requirement comes around.

So there would be in that number a number of other factors, one of which would also be a conscious decision not to fill a position immediately and take the unfilled vacancy as a savings against the budget task for a period of time. There would be two or three different factors or variables in it. I am happy to take it on notice to give some broad information, not specific down to every last position but some broad information, which might indicate the relative mix of those as to what contributes to the \$1.1 million figure the member has referred to.

Mr SZAKACS: Treasurer, would you be able to provide on notice the number of principal inspectors, the number of WHS inspectors and the number of investigators employed throughout the year?

The Hon. R.I. LUCAS: We might have a number on that now. I am not sure about through the year. I can provide some information in relation to the result of 30 June 2020 and the estimated numbers at 30 June 2020—although we should have actuals by now—and the estimated result of 30 June 2021. In terms of the number of investigators, it was 11.2 in June and it is estimated to grow to 12.8 by the end of this financial year.

In terms of inspectors, we have three different categories, so inspectors in the construction sector, around about the same, 12.1 to 12.2; inspectors in technical services, a slight increase, 20.9 up to 21.9; and inspectors in the inspectorate, which is everybody else, every other area, an

increase of about five from 47.2 to 52.5. If you add them together, I guess it is around about 80 to 85 or something like that with a slight increase across the board.

Mr SZAKACS: Thank you, Treasurer.

The CHAIR: Sorry, Mr Szakacs, the allocated time for examination of ReturnToWorkSA and SafeWork SA has expired. Any outstanding questions can be put forward through the relevant process as referenced earlier. Therefore, as there are no further questions, I declare the examination of the portfolio agencies ReturnToWork SA and SafeWork SA completed.

Departmental Advisers:

Ms E. Ranieri, Commissioner for Public Sector Employment.

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

Ms S. Willsmore, Chief Human Resources Officer, Office of the Commissioner for Public Sector Employment.

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

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

Mr L. Jones, Acting Director, Financial Services, Department of Treasury and Finance.

Mr A. Mackay, Chief Operating Officer, Office of the Commissioner for Public Sector Employment.

The CHAIR: We now move to the examination of proposed payments in regard to the portfolio of the Office of the Commissioner for Public Sector Employment. The responsible minister is, of course, the Treasurer. I advise that the proposed payments remain open for the examination and refer members to the Agency Statements, Volume 4, and invite the Treasurer to make an opening statement or to introduce his advisers.

The Hon. R.I. LUCAS: I will not make an opening statement. I introduce Ms Erma Ranieri, whose title is Commissioner for Public Sector Employment. We are pleased to endeavour to respond to members' questions.

The CHAIR: Did the lead speaker for the opposition wish to make an opening statement? I will take that as a no. Are there any questions from the committee?

The Hon. S.C. MULLIGHAN: Budget Paper 4, Volume 4, page 176. Can I ask what involvement the office had with the enterprise bargaining negotiations for the rail workers?

The Hon. R.I. LUCAS: None. Under the new arrangements with this government, the branch referred to as IRAP—Industrial Relations and Policy—headed by Mr Elbert Brooks and his team, is responsible for enterprise bargaining negotiations, together with the constituent agencies, so responsibility is with that particular branch of the Treasury department.

The Hon. S.C. MULLIGHAN: Is the office informed of outcomes or resolutions of those negotiations and agreements?

The Hon. R.I. LUCAS: My advice is, yes, that is the case. In some cases, there may well be a need for changes in determinations, but the driving force for enterprise bargaining is the industrial relations and policy unit, and they would provide advice to the commissioner, and indeed to others, as required in terms of the results of any enterprise negotiation.

The Hon. S.C. MULLIGHAN: Does the office promulgate policies or make arrangements for staff who are the subject of those arrangements, for example, after the rail EB those staff who choose not to transfer to a new non-government provider?

The Hon. R.I. LUCAS: Not specifically. The general provisions that relate are there, I presume, in relation to redeployment policies, access to targeted separation packages, although that is generally handled through Treasury. The general provisions that would apply to people remaining within the public sector would apply if they remain within the public sector, but the terms of arrangements in terms of a transfer to an outsourced provider, as I am sure the member would be aware, under the former government and under this government, appertain to the particular contracts that might be entered into between the government, the agency and the outsourced provider, which have some degree of consistency but sometimes vary in important aspects.

The Hon. S.C. MULLIGHAN: Is the office able to advise what arrangements are available to those public servants who, for whatever reason, choose not to transfer to a new non-government provider of a service that was previously provided by government?

The Hon. R.I. LUCAS: No, that sort of advice would come from the Industrial Relations and Policy Branch of the Treasury department, via myself as the Treasurer or the chief executive. They have handled those sorts of discussions and negotiations. Clearly, as I think from the early part of today when questions were asked about the rail outsourcing, the key drivers in that as well, of course, were the transport department, so they would have some direct knowledge of the arrangements worked out together with the industrial relations and policy people within Treasury.

The Hon. S.C. MULLIGHAN: Is the office aware what arrangements were in place, for example, for the transition to the NDIS and how that relates to the rail staff?

The Hon. R.I. LUCAS: No more so than any other arrangements, that is, they are negotiated by agencies and/or other branches of agencies and, as per the earlier answer to the earlier question, they would clearly be advised of the results of these particular negotiations, and then general policy determinations or directions or advice or guidelines that apply generally to the public sector if they remain within the public sector would apply to those people who remain within the public sector. For example, in relation to separation packages or redeployment options, retraining options, those sorts of general guidelines that apply to public sector employees, they would still apply to those who remain within the public sector.

The Hon. S.C. MULLIGHAN: Basically, what you are saying is it is the individual agency's responsibility rather than a central responsibility in government?

The Hon. R.I. LUCAS: No, the individual agency together with getting advice under this new government, the Industrial Relations and Policy Branch of the Treasury department. Under the former government, I am not sure what the arrangements were, to be frank, but since 2018 the arrangements are, for example, that for trains it would be the transport department, together with any advice they might get from the Industrial Relations and Policy Branch of Treasury.

The Hon. S.C. MULLIGHAN: Have any new policies been developed and promulgated by the office in the last financial year, the 2019-20 financial year?

The Hon. R.I. LUCAS: There has been a lot in relation to COVID. When you say policies, there is the mobilisation policy, for example. I will not take up too much time of the committee going through the individual ones, but there was a public sector mobilisation policy, which in broad terms was to try to—for example, with health and agencies that needed extra warm bodies to do contact tracing and the like—find what capacity existed within other parts of the public sector for people to be quickly reskilled or retrained and be available to health to do that sort of contact tracing work and the like. It was a very good policy and mobilisation that the commissioner and her team put together. Ultimately, it has to be implemented by the various agencies, but the mobilisation policy is one example of a policy.

During COVID there were any number of determinations in relation to access to leave and various other arrangements, etc. Guidelines were issued as you moved in and out of advising public servants to either, as a default position, work from the office or, as a default position, work from home, etc. That was a general guideline or advice that the commissioner issued to the public sector broadly, in terms of saying, 'It's a guideline in terms of where we want you to work and what the arrangements for those working environments should be for those particular public sector workers.'

The Hon. S.C. MULLIGHAN: Again on Budget Paper 4, Volume 4, page 176, how much was spent during the course of the year on recruitment services?

The Hon. R.I. LUCAS: I will have to take it on notice, but the commissioner has advised me it is not a big spend. For example, in relation to chief executive recruitment the commissioner and her office charges the agency for the service that is delivered. Most of the recruitment that is done by various agencies is paid for by the respective agency. We will take it on notice, but I am advised it will not be a significant budget.

The Hon. S.C. MULLIGHAN: Which recruitments was the office involved in?

The Hon. R.I. LUCAS: Chief executive recruitments, you are talking about?

The Hon. S.C. MULLIGHAN: Presumably, but if there are others I am happy to hear about those as well.

The Hon. R.I. LUCAS: I am advised that—and this is for 2019-20—the commissioner was involved in six Public Service chief executive recruitment or appointment processes, six Public Service chief executive contract renewals, three Public Service chief executive separations, a statutory officer appointment, and six other senior official recruitments. The CFS, for example, comes under that title of senior official recruitment.

The Hon. S.C. MULLIGHAN: Which were the six chief executive recruitments?

The Hon. R.I. LUCAS: I am advised the six chief executive recruitments or appointment processes were: the then Department for Trade, Tourism and Investment, which is now DTI; the Department of Human Services; Primary Industries and Regions SA; the Commission on Excellence and Innovation in Health; Wellbeing SA; and the Department for Innovation and Skills.

The Hon. S.C. MULLIGHAN: For any of those, were external recruitment services engaged?

The Hon. R.I. LUCAS: We can take the precise detail on notice, but the commissioner quickly advises me that she believes that external recruitment agencies were involved in about four of those.

The Hon. S.C. MULLIGHAN: Perhaps without reference to the specifics, because you may not have them to hand, were those external recruitment services done basically on the fee being calculated as a proportion of the salary of the position being recruited?

The Hon. R.I. LUCAS: No. I am advised the commissioner adopts more of a policy of a set or fixed fee arrangement as opposed to the sort of remunerative arrangement that the member for Lee has outlined.

Mr SZAKACS: Treasurer, can I ask, specifically in relation to recruitment, does recruitment extend to managing the induction of a new recruited CE?

The Hon. R.I. LUCAS: I am advised it does, yes. The other thing I would say is that the commissioner and her team run a very good executive induction course, to which I have made a minor contribution over the last two or three years, and that is essentially, as I understand it, all new executives right across the public sector. The commissioner and her team run a very good induction course for those new executives.

These are not chief executives, these are new executives at all of the executive levels, and the commissioner runs a very impressive program in terms of providing advice to new executives as to maybe what to expect as they move out of the admin ranks and are promoted into executive ranks, or maybe they have come from the private sector into the public sector and what the whole world of the public sector executive policy might be.

Ministers like myself are occasionally invited to participate to talk about the relationship between ministers and their office and their department. Senior executives contribute to those particular programs. The commissioner, obviously, contributes to the program. Various other experts and others provide advice about what their expectations are under the Public Sector Act. We have very complicated provisions these days, as opposed to when I first came to this parliament a hundred years ago, with ICAC and various other complex requirements on public sector executives, in terms of what they need to do.

So the commissioner has, as I said, a very impressive program. I congratulate her and her team on that, as they try to best prepare new executives for what they have just undertaken to deliver on behalf of taxpayers.

Mr SZAKACS: I think a hundred years ago is a bit unfair, Treasurer—just 38. Now that we are on the topic of inductions, can I reference and take your attention to Budget Paper 4, Volume 4, page 174. I appreciate you have run us through a little bit of the induction capability and that that extends to both chiefs and non-chief executives. That specific budget line refers to capability development. Does this program of inductions fall within capability development?

The Hon. R.I. LUCAS: I am advised capability development is actually another announcement that the office provides and that is providing improved skill set for the HR people within various departments and agencies; that is, to provide this sort of ongoing assistance and support for executives within the agency. It is the commissioner's office providing assistance in terms of developing the capacity of HR people within the various agencies to provide this sort of support. The commissioner reminds me that there is also support through the Leadership Academy to provide better support for prospective leaders and leaders.

One of the things, too, in terms of HR, and with great respect to the HR profession (I have members of my extended family in the profession so I will be mindful of what I say) the skill set for the public sector—peculiar is not the right word—it is different to the skill set for the private sector. There is clearly consistency between the two but there are additional requirements in terms of the public sector HR practice that people who work within HR within big agencies—small agencies as well—need to be mindful of the fact that if they have come from the private sector in a HR position, they need to tailor their understanding and their skill set base so it is best suited to the public sector.

If they have been promoted from within the public sector, well then they obviously understand the public sector and their capability is how they actually manage these sorts of processes now that they have a more senior appointment within the public sector. They are all the challenges that the commissioner and her team work pretty hard at in terms of developing capacity and capability right across the public sector.

Mr SZAKACS: I take it, then, that within the description within the budget papers the capability development can be best categorised as ongoing professional development as quite distinct from the induction process for new staff.

The Hon. R.I. LUCAS: Yes; I am advised that that is a very good characterisation of what is an ongoing task.

Mr SZAKACS: I refer to the same budget papers and page reference. Taking it back to the induction process, is it compulsory for new chief executives to undertake an induction?

The Hon. R.I. LUCAS: The answer is yes, but I hasten to say that the broad model that I referred to earlier relates to executives. The induction process for the chief executive is a more one-on-one process with the commissioner as opposed to being the mass program that I attend, which is the executive induction program. We do not see chief executives attending that.

The chief executive induction, to which I referred earlier, is a one-on-one process with the commissioner and the new chief executive as he or she commences their particular job. The commissioner sits down and provides that sort of one-on-one advice, guidance, mentoring, whatever else—a big folder, I am told—homework to go home and read and questions to be asked a bit later. That is a one-on-one process.

Mr SZAKACS: I am sure that the one-on-one and your new chief executives will be pleased they are not subjected to death by PowerPoint. However, I am sure that, worthy of a bespoke approach from the commissioner, there would be a level of detail in this induction, particularly around matters relating to public integrity and the ICAC as well as the management of conflicts of interest.

The Hon. R.I. LUCAS: Exactly. Can I say, again, it is a bespoke process. If you have an executive who has had 20 or 30 years within the Public Service and has just been promoted from being the deputy chief to the chief executive, he or she is obviously much better versed in terms of what they know in relation to their responsibilities. They will know about the ICAC and public sector honesty and accountability. All those sorts of things they will know about, but there are new

responsibilities as the chief executive in relation to conflicts of interest and how they manage staff and all of those sorts of issues, which the commissioner would go through.

If someone is a highflyer from the private sector and, all of a sudden, they come into the public sector, a key part of the process is about, 'Hey, this is the private sector. You're now in the public sector. These are the requirements,' and the provisions of the ICAC and all those sorts of things will be explained in very explicit detail to them because the world is different in the public sector than it is in the private sector.

Yes, there is consistency but there are increased requirements. You have the Auditor-General and staff looking over your shoulder. With great respect, you have a parliamentary process through parliamentary committees and question time and the like. There are all those sorts of responsibilities that do not exist in the private sector. There are different accountability mechanisms in the private sector. Therefore, the induction process for someone coming from completely outside I would suspect is much more complicated and involved than it might be for someone who has had a 20 or 30-year career and has just won a successful promotion to chief executive.

Mr SZAKACS: In this bespoke, tailored process obviously, as you have indicated, there are a series of matters which, notwithstanding whether the individual has been recruited from the private or public sectors, are important matters of public integrity, of conflicts of interest and of ICAC that are worthy of noting, worthy of inducting to.

Can I ask then, in respect of Dr McGowan, who was recruited as per the evidence a little earlier on today from the department which the commissioner oversaw, whether Dr McGowan had completed this induction process that you have given evidence upon before or by the time the report from the commissioner had been released regarding his failures to manage conflicts of interest?

The Hon. R.I. LUCAS: I am advised that Dr McGowan was appointed in April 2018. The commissioner met with him very soon afterwards, in May 2018, and provided the documentation to which I referred earlier in relation to information that a new chief executive needs to be aware of. They had that meeting at that particular time, so very soon after the initial appointment.

Mr SZAKACS: Would it be, as part of that induction process, a reasonable expectation that a newly inducted executive would then be able to appropriately and to a proper and reasonable standard manage conflicts of interest, including disclosures?

The Hon. R.I. LUCAS: I do not think there is any doubt that any new chief executive receives a briefing as a chief executive on whatever the issues are, and there would have been issues in relation to managing conflicts and all of these other integrity issues. It is a reasonable expectation that they would understand and appreciate what is involved in that. Our chief executives are paid a reasonable sum of money for the very difficult work they undertake, and that is a reasonable expectation, I would have thought.

Mr SZAKACS: So would your view and your evidence to this committee be that the induction process failed because Dr McGowan failed to manage his conflicts of interest appropriately, or did Dr McGowan fail?

The Hon. R.I. LUCAS: Ultimately, the responsibility for these issues rests with the chief executive. The commissioner and her team have a responsibility: the commissioner in relation to the chief executive and the team in relation to other executives. Ultimately, each of us has to accept responsibility for our actions, whether that be a chief executive or, frankly, whether it be me as Treasurer and as minister. Frankly, it is also the commissioner. Each of us, in terms of what we are responsible for, needs to undertake what we are required to undertake, and then we have to be responsible for our actions.

I do not have the line of sight of some of you who have pursued this particular issue in greater detail. The Minister for Health would obviously be aware of more of the detail of the questions in relation to the particular issues you are referring to, but here we can only refer to the general principles. I can give you a frank answer to the general principle, and that is that the general principle is that a chief executive has to accept responsibility for his or her position, and they have to comply

or be required to comply. If they do not, they can attract criticism, either from the media or the opposition, or indeed any other commentator, if they do not meet their expectations.

Mr SZAKACS: I think the outcome of Dr McGowan's failures was a resounding invitation for criticism from all the parties you have just referred to. Treasurer, did the commissioner provide any input into the counselling that Dr McGowan received from the head of DPC as a result of this incident?

The Hon. R.I. LUCAS: My advice is that, on 17 February 2020, the commissioner had a further meeting or discussion—call it what you will—

Ms RANIERI: Two hours.

The Hon. R.I. LUCAS: —two hours with Dr McGowan. In that meeting, she covered a range of topics, which included the obligations of chief executives under the Public Sector Act, including the Code of Ethics for the South Australian Public Sector; the Independent Commissioner Against Corruption Act; the Public Interest Disclosure Act; the Public Sector (Honesty and Accountability) Act, including section 16—Duty of senior official to act honestly, section 17—Duty of senior officials with respect to conflict of interest, and possible penalties for breaching sections 16 and 17; the system of government and Westminster conventions (that would have been interesting); measures that could be implemented in SA Health to improve governance regarding actual potential conflicts of interest; and record keeping.

I assume, given that the meeting was two hours, maybe a variety of other issues ensued from those broad topics. That was the explicit nature of the further discussion or meeting that the commissioner had with Dr McGowan on 17 February. Another folder was given to Dr McGowan on 17 February, and it would be my expectation, as the Treasurer and as the minister who works with the commissioner in terms of the public sector, that, having had that further meeting and having been given another folder—so he now has two big folders—he should be assiduously, if not religiously, following all the requirements in those two big folders that he now has, I am sure, sitting on top of his desk.

The CHAIR: Prior to the expiration of time, are there any questions on notice that the member wanted to read in?

Mr SZAKACS: Not for this section, Chair, but I have a final question. With the experience of this situation or scenario with Dr McGowan, the fact that an induction was undertaken and notwithstanding that induction there were still failures of management of conflict, has there been a review into whether it is more appropriate or would it be appropriate for recruited executives from outside the public sector to be required to complete their induction prior to the commencement of their employment?

The Hon. R.I. LUCAS: The commissioner says she has commenced work and in the very near future there will be an online tool available for incoming chief executives to, in essence, commence some of their homework prior to the formal commencement of their chief executive appointments. That is something that is being further developed as a result of the experience in this particular case. Good practice in terms of providing some assistance to an incoming chief executive in terms of, 'What can I do to better prepare for the requirements of the new position?' That will be an online tool that the commissioner will make available to an incoming chief executive.

The CHAIR: The agreed time for examination of the portfolio of the Office of the Commissioner for Public Sector Employment has expired; therefore, there are no further questions and I declare the examination of the portfolio agency Office of the Commissioner for Public Sector Employment to be complete.

Sitting suspended from 12:46 to 13:51.

Membership:

Mr Gee substituted for Mr Szakacs.

The CHAIR: The committee is now reconvening. Pursuant to standing order 268, the committee is seeking to have the Speaker potentially vary the schedule. With that in mind, could a member of the committee please move that the committee be adjourned.

The Hon. S.C. MULLIGHAN: I move:

That the committee adjourn until Thursday 19 November 2020 at 12 noon.

Motion carried.

At 13:52 the committee adjourned to Thursday 19 November at 12:00.