



File: T&F22/1118
A2624730

24 November 2022

Ms Heidi Girolamo MLC
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Sent via email: girolamo.office@parliament.sa.gov.au

Dear Ms Girolamo

Freedom of Information – Final Briefings Signed by Under Treasurer

I refer to your application under the *Freedom of Information Act 1991* (FOI Act), received by the Department of Treasury and Finance (DTF) on 12 September 2022.

On 26 September 2022, you amended the scope of your application to

'A copy of all final briefings signed by the Under Treasurer and provided to the Treasurer's Office for noting and/or approval between 1 June 2022 and 12 September 2022. Attachments are not necessary.'

The purpose of this letter is to advise you of my determination.

A total of 23 documents were identified as answering the terms of your application and I have determined as follows:

- I grant you access in full to 12 documents, copies of which are enclosed
- I grant you access in part to 6 documents, copies of which are enclosed, and
- I refuse you access to 5 documents.

Please refer to the attached schedule that describes each document and sets out my determination and reasons in summary form.

Documents released in full

Documents 1, 3, 5-8, 13, 15 and 17-20

Documents released in part

Documents 2, 10 and 12 identify third parties. Under clause 6(1) of Schedule 1 to the FOI Act, a document is exempt if its disclosure would involve the 'unreasonable disclosure of information concerning the personal affairs of any person'. In my view, it is unreasonable to disclose the identity of these individuals and I have therefore determined to remove this information pursuant to clause 6(1).

Documents 9 and 14 contain information that would disclose legal advice provided to the government by its legal advisor, the Crown Solicitor, information which is subject to legal

professional privilege. I have therefore determined to exempt these sections pursuant to clause 10(1) of Schedule 1 to the FOI Act.

Document 9 and 11 contains matter that relates to advice and recommendations prepared by Procurement Services SA for the Treasurer regarding the South Australian Procurement Framework and *Treasurer's Instructions 18 Procurement*. In considering the objects of the FOI Act that favour release, I acknowledge there is a strong public interest in the public being able to scrutinise the decision-making process behind government reform. However, this is outweighed by the importance of ensuring agencies have the confidence to provide advice without inhibiting frankness and candour. On balance, I consider that the release of this information would be contrary to the public interest, and I have therefore determined it be exempt pursuant to clause 9(1)(a)(i) of Schedule 1 to the FOI Act.

Document 12 contains advice and recommendations concerning a complaint made by a member of the public. While it is in the public interest that there be transparency regarding the matter of the complaint, it is not in the public interest to disclose information that may prejudice ongoing negotiations between the State and its contractor. Nor is it in the public interest to inhibit an agency's ability to provide full and frank advice concerning its deliberative process. On balance, I consider that the release of this information would be contrary to the public interest, and I have therefore determined it to be exempt pursuant to clause 9(1)(a)(i) of the FOI Act.

Document 14 contains information that would disclose valuation estimates for properties owned by the State. Disclosure of this information would severely compromise the State's options to manage its financial interests. While it is in the public interest for the State to be transparent regarding its property interests, it is not in the public interest to release information that would be to the detriment of the State and its economy. Disclosure of such information would adversely impact the State's ability to manage these financial interests. On balance, I consider that the release of this information would be contrary to the public interest, and I have therefore determined it to be exempt pursuant to clause 15 of Schedule 1 to the FOI Act.

Documents refused in full

Documents 4, 21 and 23 contain information which, if released, would disclose details concerning a deliberation or decision of Cabinet and I have therefore determined to refuse access pursuant to clause 1(1)(e) of Schedule 1 to the FOI Act.

In addition, Documents 4, 21 and 23 are briefings, specifically prepared for the use of the Treasurer in relation to matters submitted to Cabinet. I have therefore exempted the document pursuant to clause 1(1)(f) of Schedule 1 to the FOI Act.

Documents 16 and 21 contain information that would disclose legal advice provided to the government by its legal advisor, the Crown Solicitor, information which is subject to legal professional privilege. I have therefore determined to exempt this information pursuant to clause 10(1) of Schedule 1 to the FOI Act.

Furthermore, document 16 contains advice and recommendations prepared for the Treasurer regarding a variation to Treasurer's Instruction 18. While it is in the public interest for there to be transparency and accountability regarding procurement decision-making functions of a public authority, it is not in the public interest to release information that would provide opportunities to prejudice or undermine those functions. On balance, I consider that the release of this document would be contrary to the public interest, and I have determined to exempt document 16 in full pursuant to clause 9(1)(a)(i) of Schedule 1 to the FOI Act.

Document 22 details a current Government-Wide procurement project. Disclosure of this document would reveal the agency's position on the procurement project and identify those involved in the tender. If disclosed, this could reasonably be expected to have a substantial adverse effect on the State's ability to negotiate the successful tender and obtain best value for money, thereby diminishing the economic benefit to the State.

In applying the public interest test, I have considered the objects of the Act, which favour release. I acknowledge there is a strong public interest in the public being able to scrutinise the government's procurement process and decision-making functions. However, I have determined that it is not in the public interest to release information that would be to the detriment of the State and its economy. Release of this information would prejudice and undermine the government's procurement process and decision-making functions. I have determined to exempt document in full pursuant to clause 14 of Schedule 1 to the FOI Act.

Exemptions

Clause 1 – Cabinet documents

- (1) *A document is an exempt document –*
- ...
- (e) *if it contains matter the disclosure of which would disclose information concerning any deliberation or decision of Cabinet; or*
 - (f) *if it is a briefing paper specifically prepared for the use of a Minister in relation to a matter submitted, or proposed to be submitted to Cabinet.*

Clause 6 – Documents affecting personal affairs

- (1) *A document is an exempt document if it contains matter the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).*

Clause 9 – Internal working documents

- (1) *A document is an exempt document if it contains matter—*
- (a) *that relates to—*
 - (i) *any opinion, advice or recommendation that has been obtained, prepared or recorded; or*
 - (ii) *any consultation or deliberation that has taken place, in the course of, or for the purpose of, the decision-making functions of the Government, a Minister or an agency; and*
 - (b) *the disclosure of which would, on balance, be contrary to the public interest.*

Clause 10 – Legal Professional Privilege

- (1) *A document is an exempt document if it contains matter that would be privileged from production in legal proceedings on the ground of legal professional privilege.*

Clause 14 – Documents affecting the economy of the State

A document is an exempt document if it contains matter the disclosure of which -

- (a) *could reasonably be expected -*

- (i) *to have a substantial adverse effect on the ability of the Government or agency to manage the economy, or any aspect of the economy, of the State; or*
- (ii) *to expose any person or class of persons to an unfair advantage or disadvantage as a result of the premature disclosure of information concerning any proposed action or inaction of the Parliament, the Government or an agency in the course of, or for the purpose of, managing the economy of the State; and*

(b) *would, on balance, be contrary to the public interest.*

Clause 15 - Documents affecting financial or property interests

A document is an exempt document if it contains matter the disclosure of which—

- (a) *could reasonably be expected to have a substantial adverse effect on the financial or property interests of the State or an agency; and*
- (b) *would, on balance, be contrary to the public interest.*

Please note, in compliance with Premier and Cabinet Circular PC045 - *Disclosure Logs for Non-Personal Information Released through Freedom of Information* (PC045), DTF is now required to publish a log of all non-personal information released under the *Freedom of Information Act 1991*.

In accordance with this Circular, any non-personal information determined for release as part of this application, may be published on the DTF website. A copy of PC045 can be found at the following address: <http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars> Please visit the website for further information.

Appeal Rights

If you are aggrieved with this determination, you have a right to apply for internal review under subsection 29(1) of the FOI Act. Pursuant to subsection 29(2), your application must:

- be in writing
- be addressed to the principal officer, and
- be lodged at an office of DTF or emailed to freedomofinformation2@sa.gov.au within 30 days after the day on which you receive this letter or within such further time as the principal officer may allow.

If you require any further information, please phone Inthira Stocker on (08) 8429 3497.

Yours sincerely



Maria Ross
ACCREDITED FREEDOM OF INFORMATION OFFICER

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Schedule of Documents

T&F22/1118 - Ms Heidi Girolamo MP - "A copy of all final briefings signed by the Under Treasurer and provided to the Treasurer's office for noting and/or approval between 1 June 2022 and 12 September 2022. Attachments are not necessary"

Doc. No.	Date	Description of Document	# of pages	Determination	Exemption Clause
1	3/06/2022	Minute - Electorate Services - A2436042	2	Released in full	
2	3/06/2022	Minute - SAFA - A2421014	4	Released in part	6(1) - Unreasonable disclosure of personal affairs
3	3/06/2022	Minute - Electorate Services - A2437215	2	Released in full	
4	16/06/2022	Minute - SSSA - B1293488	5	Refused in full	1(1)(e) - Contains information concerning deliberation or decision of Cabinet or Cabinet committee 1(1)(f) - Briefing prepared for use of Minister regarding matter submitted to Cabinet
5	1/06/2022	Minute - SAFA - A2424780	2	Released in full	
6	8/06/2022	Minute - SAFA - A2437802	2	Released in full	
7	17/06/2022	Minute - SAFA - A2437622	5	Released in full	
8	8/06/2022	Minute - C&E - A2432627	3	Released in full	

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9	3/06/2022	Minute - PSSA - A2380591	9	Released in part	9(1)(a)(i) - Contains matter relating to opinion, advice or recommendation prepared for decision-making of the Government, a Minister or an agency & contrary to public interest
					10(1) - Subject to legal professional privilege
10	21/06/2022	Minute - Super SA - TRS22D1365	2	Released in part	6(1) - Unreasonable disclosure of personal affairs
11	27/06/2022	Minute - PSSA - A2426143	4	Released in part	9(1)(a)(i) - Contains matter relating to opinion, advice or recommendation prepared for decision-making of the Government, a Minister or an agency & contrary to public interest

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12	8/06/2022	Minute - SSSA - B1289407	2	Released in part	6(1) - Unreasonable disclosure of personal affairs
					9(1)(a)(i) - Contains matter relating to opinion, advice or recommendation prepared for decision-making of the Government, a Minister or an agency & contrary to public interest
13	29/06/2022	Minute - C&E - A2436918	2	Released in full	
14	5/07/2022	Minute - C&E - A2413101	6	Released in part	10(1) - Subject to legal professional privilege
					15(a)(b) - Substantial adverse effect on State financial or property interests & contrary to public interest
15	15/07/2022	Minute - Electorate Services - A2486079	2	Released in full	

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16	30/08/2022	Minute - PSSA - A2545961	2	Refused in full	9(1)(a)(i) - Contains matter relating to opinion, advice or recommendation prepared for decision-making of the Government, a Minister or an agency & contrary to public interest
					10(1) - Subject to legal professional privilege
17	5/07/2022	Minute - C&E - A2404532	4	Released in full	
18	3/06/2022	Minute - C&E - A2434012	1	Released in full	
19	10/06/2022	Minute - C&E - A2442536	2	Released in full	
20	8/08/2022	Minute - Super SA - SUP22D00345	2	Released in full	
21	25/06/2022	Minute - Super SA - SUP22D00315	6	Refused in full	1(1)(e) - Contains information concerning deliberation or decision of Cabinet or Cabinet committee
					1(1)(f) - Briefing prepared for use of Minister regarding matter submitted to Cabinet
					10(1) - Subject to legal professional privilege

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22	3/06/2022	Minute - FiMRAP - A2419444	4	Refused in full	14(a)(i) - Adverse effect on management of the economy or aspect of the economy of the State & contrary to public interest
					14(a)(ii)(b) - would expose a person or class of persons to unfair advantage due to premature disclosure of an action or inaction of Parliament, the Government or an agency concerning the economy & contrary to public interest
23	15/08/2022	Minute - FiMRAP - A2505433	4	Refused in full	1(1)(f) - Briefing prepared for use of Minister regarding matter submitted to Cabinet

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Department of Treasury
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MINUTES forming ENCLOSURE

File ES22/0096

Doc No A2436042

To The Treasurer

MP 3/6

LEADER OF THE OPPOSITION – 2022-23 BUDGET ALLOCATION

Timing: ROUTINE – For consideration

Recommendations/Issues: It is recommended that you:

- consider the attached draft correspondence to the Hon David Speirs MP, advising him of the 2022-23 budget allocation for the Leader of the Opposition's office.

Approved / Not Approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- The Leader of the Opposition is granted an annual budget allocation from the DTF, Administered Item – Support Services to Parliamentarians.
- The base budget allocation for the 2021-22 financial year was \$1.651M.
- The Leader of the Opposition's budget allocation has historically been increased by 2.5% each financial year. This would result in an increase of \$41K, bringing the base budget allocation for 2022-23 to \$1.692M.
- Unspent funds from the pro-rata 2021-22 allocation (\$466K) will be calculated once expenditure for the 2021-22 financial year has been finalised, and included in the DTF carry over submission to Cabinet.

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- It is recommended that you sign the attached draft correspondence to the Leader of the Opposition, advising him of the 2022-23 budget allocation.



Paul Tatarelli
MANAGER, ELECTORATE SERVICES

2 June 2022

Supported / Not supported



Rick Persse
UNDER TREASURER

3 16 / 2022

Contact Officer:	Tony Smith
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MINUTES forming ENCLOSURE

File ES22/0094

Doc No A2437215

To The Treasurer

UPDATED GLOBAL ALLOWANCE GUIDANCE NOTES FOR 2022-23

Timing: ROUTINE – For consideration

Recommendations/Issues: It is recommended that you:

- note the attached *Global Allowance Guidance Notes*, updated to reflect the annual increase in the yearly allocation and monthly capped amounts for mobile telephone and landline usage and photocopying.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- It has been determined by Cabinet (approved 2 May 2016) that the Global Allowance allocation for Members of the House of Assembly be increased at the commencement of the financial year, on the following basis: 70% of the previous year's allocation to be increased by 2.5% and the remaining 30% to be increased at the same rate as any increase imposed by Australia Post on the ordinary postage price, in the preceding 12 months.
- Australia Post has not increased the cost of ordinary postage during the 2021-22 financial year.
- The monthly capped amounts for mobile telephone usage, landline usage and photocopying are also subject to a 2.5% increase at the commencement of the financial year.

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- The *Global Allowance Guidance Notes* make provision for the responsible Minister to authorise the standard annual increases to allocations, without the need to submit these variations to Cabinet.
- The *Global Allowance Guidance Notes* have been updated to reflect the new 2022-23 allocations and the revised monthly caps, as follows:

Metropolitan Member	\$62,938.26
Country Member	\$66,282.13
Whips	\$77,196.68

Mobile Telephone Cap	\$ 594.34
Landline Cap	\$ 237.74
Photocopying Cap	\$ 237.74

- It is recommended that you note the attached updated *Global Allowance Guidance Notes* incorporating the 2022-23 updated allocations, to enable this to be communicated to Members of the House of Assembly, and the appropriate loading of budgets in the general ledger for monthly expenditure reporting.
- Further discussion regarding definitions for excluded items and any potential increase to the annual base allocation will be pursued in due course.



Paul Tatarelli
MANAGER, ELECTORATE SERVICES

3 June 2022

 Supported / Not supported



Rick Persse
UNDER TREASURER

3 16 / 2022

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MINUTES forming ENCLOSURE

File SAF21/1284

Doc No A2424780

To The Treasurer

**LOCAL GOVERNMENT FINANCING AUTHORITY OF SA (LGFA) - RETURN OF
BORROWING AND DERIVATIVE ACTIVITY FOR THE SIX MONTHS TO 31 MARCH 2022**

Timing: ROUTINE — For information only

Recommendations/Issues: It is recommended that you:

- note LGFA's borrowing and derivative activity for the six months ending 31 March 2022.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ /

Key Points:

- Under the LGFA's Act, it is required to obtain the approval of the Treasurer of South Australia to borrow money and to make an investment.
- The LGFA is a proclaimed semi-government authority for the purposes of Part 2 Division 4 of the *Public Finance and Audit Act 1987* and is consequently required to obtain the approval of the Treasurer to enter financial arrangements.
- As a condition of the LGFA being permitted to enter specific financial arrangements, it must provide the Treasurer with semi-annual reports on its borrowing and derivative usage activities.
- The previous report was noted by the Treasurer on 15 September 2021 as part of the Minute approving the LGFA Risk Policy, along with meaningful dialog with SAFA and the Treasurer regarding the development of a new credit policy which was a significant piece of work for the LGFA.

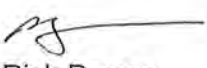


- LGFA's overall borrowing and derivative activities for the six months ending 31 March 2022 continue to display similar trends to previous reporting periods, with the expectations of extra borrowings due to COVID impacts not eventuating.
- The level of LGFA's outstanding borrowings and the notional face value of derivatives were within approved borrowing and derivative limits.
- LGFA's credit exposure is to investment grade counterparties.
- A copy of the LGFA's borrowing, derivatives and credit risk activities are attached for your information.



Anna Hughes
CHIEF EXECUTIVE OFFICER, SAFA

31 May 2022

<p><u>Supported</u> / Not Supported</p> <p> Rick Persse <u>UNDER TREASURER</u> Department of Treasury and Finance Date 1...16...122</p>
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Government
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Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File SAF22/0019

Doc No A2437802

To The Treasurer

ELECTRIC VEHICLE SUPPLY CHALLENGES

Timing: ROUTINE — Comments sought by 24/06/2022

Recommendations/Issues: It is recommended that you:

- note that on 19 May 2022 Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen, and Minister for Public Works and Procurement of the Queensland Government wrote to you seeking support from the Government of South Australia to address the current supply challenges being experienced with electric motor vehicles across Australia;
- note the information in the following briefing relating to electric vehicles that has been prepared by the South Australian Government Financing Authority (SAFA) in response to the Queensland Minister; and
- sign and forward the attached letter of response confirming support for further collaboration between South Australia and other states on this issue.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- On 19 May 2022 Mick de Brenni MP, Minister for Energy, Renewables and Hydrogen, and Minister for Public Works and Procurement of the Queensland Government wrote to you outlining the Queensland Government's *Zero Emission Vehicle Strategy 2022-2032* and supply challenges that are being experienced for orders of new motor vehicles across Australia.

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- The Government of South Australia developed South Australia's *Electric Vehicle Action Plan* to prepare South Australia for a transition to plug-in electric vehicles. Action Theme 2 of the plan empowers agencies to lead by example with the government vehicle fleet. Action 4 of this theme requires that new government fleet vehicles are to be plug-in electric models, where they are cost effective and fit-for-purpose.
- Under the *Electric Vehicle Action Plan*, by default, all agencies are required to select a plug-in electric vehicle when one is available in a vehicle segment. If a plug-in electric vehicle is not suitable, an agency must opt-out on the grounds of the vehicle being not fit-for-purpose, not cost effective or cannot be integrated through further fleet efficiencies.
- Recent enquiries by SAFA to motor vehicle manufacturers supports the experience of the Queensland Government. There is limited to no availability of suitable electric vehicles in Australia. Order lead times between six to nine months are being experienced for current vehicles, and up to three years for some new models such as the Hyundai Ioniq 5 and Kia EV6. SAFA has observed that manufacturers are allocating limited units (500 at a time) to the Australian market, with orders outstripping supply.
- Information from motor vehicle manufacturers indicates that new vehicle models are being prioritised in markets that have advanced support for electric vehicle transition and have strong purchasing incentives.
- SAFA continues to meet regularly with vehicle manufacturers and places an emphasis on maintaining open dialogue regarding electric vehicles. SAFA is encouraging manufacturers to bring more models to Australia that will be suitable for government operational use.
- SAFA agrees with the statements by the Government of Queensland. All jurisdictions are currently contending for limited stock of electric vehicles. A united approach to motor vehicle manufacturers will demonstrate Australia's desire to support electric vehicles.
- Attached is a draft letter of response to the Queensland Minister, supporting his recommendation for an across jurisdictional approach to increasing the electric vehicle supply for government motor vehicle fleets.



Anna Hughes
CHIEF EXECUTIVE OFFICER, SAFA

7 June 2022

Contact Officer:	Jenny White
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Supported / Not supported



Rick Persse
UNDER TREASURER

5 / 6 / 2022

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Department of Treasury
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File SAF21/0341

Doc No A2437622

To The Treasurer

GREEN BONDS & ESG DEBT PRODUCTS

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- note that your office has requested a briefing on Green Bonds similar to those issued in the State of Victoria¹ ahead of a meeting scheduled for 22 June 2022; and
- note the discussion herein of the key characteristics of Green Bonds and similar labelled sustainable debt products.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:



















- Bond issuers can self-label a bond (or loan) as green and disclose their eligibility criteria or 'greenness' through the bond's framework and there have been many instances of this from issuers such as the World Bank, Fannie Mae etc. However, there are currently two widely recognised green bond frameworks within international capital markets, which are:
 - Green Bond Principles (GBP) published by the International Capital Markets Association (ICMA); and
 - Climate Bonds Standard (CBS) drawn up by the Climate Bonds Initiative (CBI).
 Both ICMA and CBI are private, non-profit organisations.



- Privately labelled bonds issued under each of these standards are not incorporated into regulatory regimes. In contrast, the EU has proposed an EU Green Bond

¹ [Green Bonds | Department of Treasury and Finance Victoria \(dtf.vic.gov.au\)](https://www.dtf.vic.gov.au/green-bonds)

Standard, which is proposed to be a more prescriptive regulatory standard with use of proceeds aligned to the EU taxonomy and with regulatory oversight of the European Securities and Markets Authority (ESMA).

- ICMA's GBP are globally recognised by both capital market participants and public authorities as the de-facto global standard of the international green bond market. ICMA Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/ or existing eligible Green Projects (as defined under the GBP).
- It is not uncommon for bonds to align with both the GBP and carry CBI certification, although eligible project/ program requirements under each of the two standards differ slightly. The Climate Bond Standard (CBS) is more narrowly focussed on climate change, whereas the ICMA GBP can incorporate broader environmental objectives such as biodiversity conservation, natural resource conservation, and pollution prevention and control. Project categories of green bonds are detailed below:-

ENVIRONMENTAL OBJECTIVES				
Project Category	Climate Change Mitigation / Adaption	Biodiversity	Natural Resource Conservation	Pollution Prevention & Control
Renewable energy and energy efficiency				
Pollution prevention & control				
Environmentally sustainable management of living natural resources and land use				
Terrestrial aquatic biodiversity conservation				
Clean transportation				
Sustainable water and wastewater management				
Climate change adaptation				
Circular economy / adapted products production technologies and processes				
Green Buildings				

 Green Bond Principles (ICMA)
 Climate Bond Standards (CBI)

- Minimum eligibility criteria is prescribed under both standards, including four core components dealing with: 1 Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, and 4. Reporting.
- There are prescribed requirements for issuers under both standards that broadly include:
 - a governance process to determine eligible project selection;
 - systems and processes to account for the use of bond proceeds;
 - the on-going tracking and reporting of proceeds against purpose; and
 - assurance framework with independent verifiers and clear procedures.

- The requirements above are separated into pre-issuance requirements, which need to be met for issuers seeking certification ahead of issuance, and post-issuance requirements, which need to be met by issuers seeking continued certification following the issuance of the bond. Neither standard is a substitute for financial due diligence.
- Green bonds form part of a broader group of 'sustainable' financial products. ICMA publishes principles for green, social, sustainable and sustainability-linked bonds. The former three are 'use-of-proceeds' bonds, and the latter is a general purpose bond with KPI's and financial adjustment mechanisms for non-performance. These products are colloquially termed GSS+ bonds.
- NSW has issued several labelled bonds for specific projects and programs, totalling \$7 billion, of which \$3.4 billion are labelled green bonds with a further \$3.6 billion of sustainable bonds funding both green and social projects. Queensland, through Queensland Treasury Corporation (QTC), has issued \$6.98 billion of labelled green bonds. Victoria first issued a green bond in 2016, testing the water with a \$300 million 5-year issue under its original Green Bond Framework. In September 2021, Victoria released its Sustainability Bond Framework through Treasury Corporation of Victoria (TCV). On 16 September 2021 TCV issued a \$2.5 billion 2035 sustainable bond from this program with the use of proceeds going towards both green and social projects.
- 'Greenwashing' is of critical concern to investors and regulators, which refers to when false or misleading claims are made as to the materiality and strength of the environmental impact of the bonds. The onus is currently on investors to scrutinise the purpose of funding. Both ICMA's and CBI's frameworks and assurance requirements provide a level of comfort to investors that the bond proceeds will be used for sustainable purposes. However, whilst the ESG purpose for the debt is vetted under these frameworks, the ESG credentials of the issuer is not.
- Increasingly we are also witnessing more rigorous scrutiny of the issuer's ESG credentials. A green bond from an issuer known to be heavily reliant on fossil fuels without a credible transition plan would also be an example of greenwashing.
- New regulations to counter greenwashing are coming into force in many jurisdictions including US, New-Zealand, UK, Canada etc., that place an onus on financial market participants to expressly report their ESG commitments, substantive actions, and quantitative metrics showing the extent assets and debt align to sustainable purposes. There is some speculation that 'themed' bonds will lose their attraction for investors once regulations come into force that are designed to provide a greater level of transparency over the use of capital.
- On 23 May 2022 the US Securities and Exchange Commission charged BNY Mellon Investment Advisors for misstatements and omissions about ESG considerations in making investment decisions for certain mutual funds it managed, resulting in a USD1.5m penalty². Further, on 31 May 2022 police raided the Frankfurt offices of Deutsche Bank and its investment arm DWS on concerns that DWS had overstated the green or sustainability-related aspects of financial products on the suspicion of prospectus fraud.
- The purpose of issuing green bonds are to specifically help mitigate climate change related risks. Increased investor appetite for green bonds could improve diversity of the investor base and build on the State's ESG credentials. However, as stated above, without the clear objective of helping to mitigate climate change related risks, there is real

² <https://www.sec.gov/news/press-release/2022-86>

reputational risk of green bonds being perceived as a form of greenwashing by the market.

- There is wide speculation as to whether a pricing differential ('greenium'), exists for green bonds, however the empirical evidence is mixed as the market is relatively new and there are too many confounding factors such as individual bond tenors, issuer and country credit etc. What we do know is that ESG themed bonds are favoured by investors with ESG investment mandates, and the number of global institutional investors with ESG mandates is growing.
- ESG factors play an increasing role in creditworthiness of a counterparty. Rating agencies seek to incorporate all material issues that impact the credit quality of an issuer, which include ESG factors. All three major credit ratings agencies, Fitch, S&P and Moody's have ESG criteria which form part of their credit rating assessment of the State (and all entities which they rate). A green bond certification does not impact the credit rating from a rating agency as they make their own separate assessment of an issuer's credentials.
- SAFA understands from discussions with its peers, that the costs of verification for the issuance of a sustainable bond issuance framework is in the order of approximately \$200,000, which includes third party verification, certification, assurance or second party opinions. Currently the cost of obtaining a Certified Climate Bond Mark from CBI is a minimum fee of USD2,000 and a variable fee of 1/10th of a basis point (0.10%) of the bond issuance amount in excess of the minimum fee.
- To date SAFA has resisted issuing thematic bonds, green or otherwise, for the following reasons:
 - any type of sustainable bond needs to be able to be linked to a strategic purpose for the issuer and aligned to the United Nations Sustainable Development Goals (SDGs). Prior to issue, the details of the financing purpose and structure are outlined in a Bond Framework. There are ongoing obligations for the life of the bond, which ex-ante require identification of targeted outcomes and metrics. SAFA could not currently issue any form of sustainability bond as the necessary governance structure to identify strategic projects/ programs and be able to meet pre/ post verification and assurance requirements are not in place;
 - to be reputable, a GSS bond issue would need to meet the ICMA/CBI prescribed criteria involving the four core elements (identified above), as well as independent verification and assurance. A green bond would necessarily finance identified projects/ programs that meet the prescribed eligibility criteria, thereby isolating this debt from the rest of SAFA's borrowing program. For a given amount of total debt, building liquidity in a green bond line, would tend to undermine liquidity in SAFA's vanilla bond lines, which is contrary to SAFA's existing funding strategy to support liquidity in its benchmark bond lines (liquidity is valued by investors). Larger issuers have more capacity in this regard, e.g. SAFA's forecast funding program is roughly a quarter of TCorp's (NSW) funding program forecast for the financial year ending 30 June 2023; and
 - to date, the majority of green bonds have had relatively short tenor of up to 10 years, whereas SAFA has been seeking to lengthen its bond maturity profile out to 30 years. This short-term maturity is likely due to the on-going issuer obligations associated with the GSS+ bond.

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- There is growing pressure from investors to evidence the State's ESG credentials and SAFA is working towards building a sustainable bond issuance framework where all of the State's bond issuance can be aligned with the United Nations Sustainable Development Goals providing a holistic, long-term, robust approach to funding.
- Given SAFA's role in the capital markets and its strategic imperative in the delivery of a sustainable bond issuance framework, Andrew Kennedy, Director, Treasury Services is available to provide advice or attend any meeting dealing with this issue as required.



Jenny White
ACTING CHIEF EXECUTIVE OFFICER, SAFA

15 June 2022

Supported / Not supported



Rick Persse
UNDER TREASURER

17 / 6 / 2022

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MINUTE

MINUTES forming ENCLOSURE

File T&F22/0575

Doc No A2432627

To Treasurer



RENTAL AFFORDABILITY

Timing: ROUTINE — For information only

Recommendations/Issues: It is recommended that you note:

- The recent rise in rental prices across Australia reflects a tight rental market driven by growth in demand exceeding growth in supply.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ /2022

Key Points

It has been widely reported that rents have been rising across Australia over the past year.

Data from SQM Research indicates that rental vacancies have been falling across Australia in the last year (outside Canberra and Darwin), reflecting a tightening market (see Table 1).

Table 1: Capital city rental vacancies

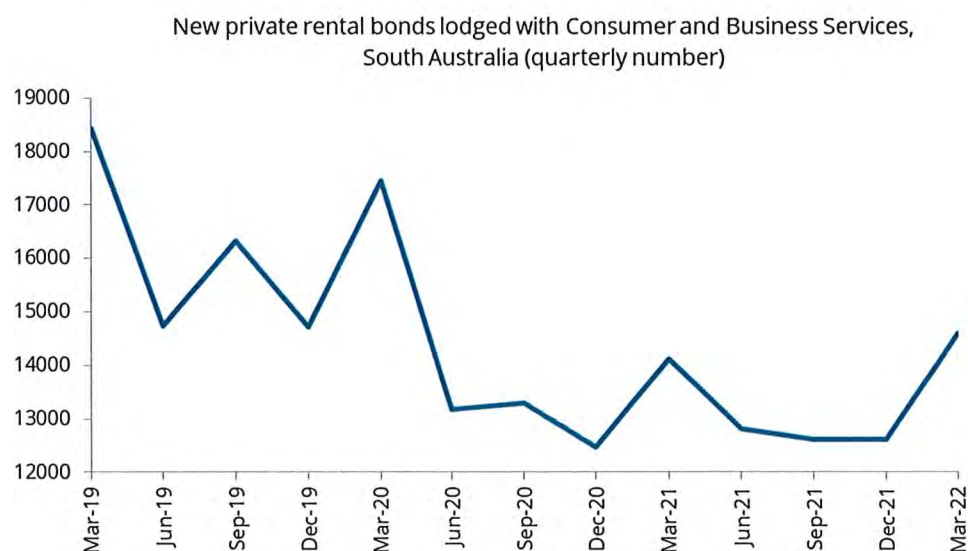
City	April 2021 Vacancies	April 2021 Vacancy Rate	March 2022 Vacancies	March 2022 Vacancy Rate	April 2022 Vacancies	April 2022 Vacancy Rate
Sydney	23,422	3.1%	12,748	1.6%	12,758	1.6%
Melbourne	25,050	4.0%	12,400	1.9%	12,655	1.9%
Brisbane	4,780	1.4%	2,457	0.7%	2,656	0.7%
Perth	1,860	0.9%	1,204	0.5%	1,572	0.7%
Adelaide	1,409	0.7%	580	0.3%	761	0.4%
Canberra	486	0.7%	350	0.5%	499	0.7%
Darwin	167	0.5%	176	0.5%	216	0.6%
Hobart	164	0.5%	111	0.3%	136	0.4%
National	66,424	1.9%	36,868	1.0%	39,616	1.1%

Source: SQM Research

In Adelaide, the rental vacancy rate in April was 0.4% - lower than all other capitals except Hobart (also 0.4%) and the lowest rate recorded in Adelaide since April 2006. There are

reports of large numbers of people attending open inspections for rental properties, with prospective tenants making offers of higher than advertised rents, to secure tenancies.

DTF analysis of rental bond data collected by Consumer and Business Services indicates that the number of new rental bonds lodged in South Australia rose 16% in the March quarter 2022 (to 14,600), and 3.4% since March 2021.



However, despite the recent rise, new private rental bonds remain 16% below the March 2020 figure. This likely reflects the ongoing tightness of the rental market in South Australia, with lower churn of tenants between rental properties compared to prior to the pandemic.

Over the two years since the start of the pandemic (March 2020), the average weekly rent in South Australia has risen by 13%, with increases for houses (16%), and for flats/units (13%). However, for apartments, weekly rents have fallen by 1.8% over this period, driven by a fall of 8.9% in the latest (March 2022) quarter. (A significantly higher number of bonds for apartments – 2,957 – were lodged in the March quarter; the lower average rent might reflect an increase in new rentals for lower rental apartments, for example student accommodation.)

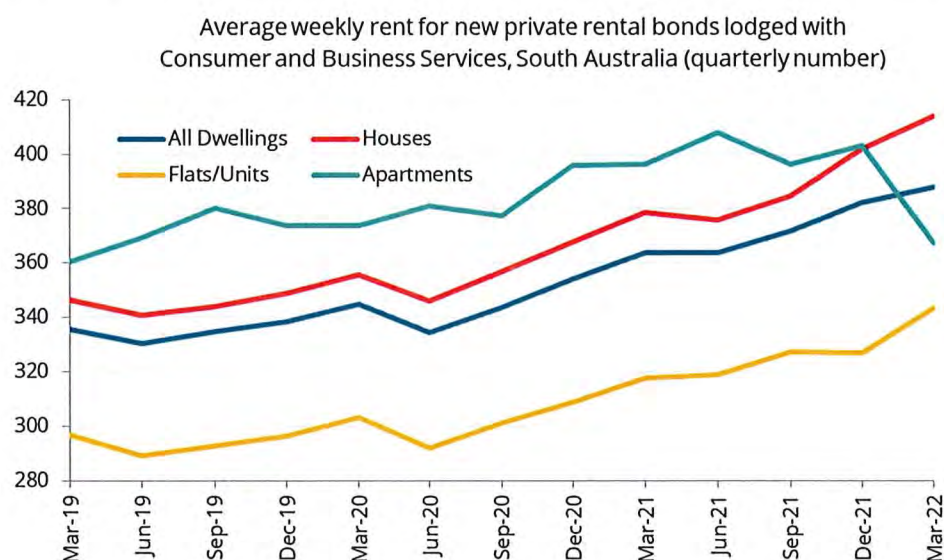


Table 2: Quarterly new rental bonds lodged with Consumer and Business Services, by dwelling type

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Houses	11,413	9,750	10,265	9,755	10,756	8,756	8,349	7,862	8,551	8,297	8,360	8,101	8,256
Flats/Units	4,644	3,716	4,241	3,579	4,408	3,454	3,630	3,426	3,923	3,362	3,006	3,280	3,377
Apartments	2,366	1,275	1,809	1,382	2,293	963	1,314	1,169	1,640	1,153	1,221	1,218	2,957
All	18,426	14,747	16,323	14,722	17,460	13,178	13,301	12,466	14,120	12,816	12,604	12,608	14,598

In April 2022 compared to April 2021, CoreLogic reports that rents have risen in Adelaide for houses (by 9.5%) and units (by 7.8%), ranked third highest out of Australia's capital cities for both categories (below Brisbane and Canberra for houses, and Sydney and Melbourne for units).

The above increases in average weekly rent are based on new bonds (new leases) but they may not fully reflect the overall level of rent increases for all rental tenants. Where a rental agreement expires and the tenant agrees to a new lease at a higher rent, there would typically be no new bond lodged. In a tight rental market, it is possible that some tenants are agreeing to substantially higher rent increases, to avoid having to find another place to live.

CoreLogic notes that across Australia, demand for rental properties has started to shift back towards higher density housing (units). This *"reflects both rental affordability pressures, which are deflecting more demand towards the 'cheaper' unit sector, and the return of overseas migrants and visitors. Rental demand from overseas arrivals tends to skew towards inner city and higher density precincts."* CoreLogic notes that at the national level, the quarterly change in rents is now outpacing the quarterly change in housing values. DTF notes that this point has not yet been reached in South Australia.¹

A range of factors may be contributing to the increase in demand for rental properties in South Australia:

- People being unable to move from the private rental market into home ownership, due to sharply rising property prices.
- Reopening of the international border to migrants and international students, who predominantly seek higher density rentals.
- HomeBuilder grant recipients who are building new houses, or substantially renovating their houses, and seeking to rent while the primary residence is being built or renovated.

There may also be factors constraining the growth in supply of rental properties, for example properties previously used as long-term rentals being used instead as holiday homes or short-term holiday or 'bed and breakfast' rentals (particularly in regional areas, where there has been strong growth in regional tourism spending and recovery in regional hotel occupancy rates).


Brad Gay
EXECUTIVE DIRECTOR, COMMERCIAL AND ECONOMICS

7 June 2022

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Supported / Not supported

Rick Persse
UNDER TREASURER
Department of Treasury and Finance

Date: 8/6/22

¹ CoreLogic Home Value Index, 2 May 2022

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MINUTES forming ENCLOSURE

File T&F19/0327

Doc No A2436918

To The Treasurer



GRANT COUNCIL'S REQUEST FOR ACCESS TO QUARRY ON FORESTRY LAND

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- Note that the District Council of Grant (the Council) proposes to enter into a licence agreement with OneFortyOne Plantations Pty Ltd (OFO) to access Bottlebrush Quarry (the Quarry) on land held by you in Caveton in the State's South-East and leased to OFO for forestry plantations;
- Note that OFO does not object to the proposed licence agreement;
- Note that the Council has sought your written consent to the proposed licence agreement with OFO;

Noted

- Approve you providing consent to OFO to grant a licence to the Council to access the Quarry on property held by you in Caveton SA 5291; and
- Sign the letter to the Council and OFO (Attachment B).

Approved / Not approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- The Council has written to you (TRS22D1327) seeking your express written consent for OFO to grant an access licence to the Council for the purpose of obtaining earth and minerals (rubble) in connection with road maintenance and construction.

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- The Quarry is located at Section 152 Hundred of Caroline, in the District Council of Grant (Bottlebrush Quarry), which is held by you, as Treasurer, and leased to OFO for forest plantation operations. Attachment A provides a map of the site of the Quarry, which the Council seeks to access.
- The Quarry existed prior to the commencement of the sale of the State's Green Triangle forest plantations in 2012, and was previously located on what was previously forest reserve formerly managed by ForestrySA.
- DTF and the Crown Solicitor's Office have reviewed the proposed licence agreement between OFO and the Council, and notes that it is consistent with the Treasurer's head lease agreement with OFO.
- In summary, the proposed licence agreement will run for 3 years, from 1 July 2022 to 30 June 2025, and allow the Council to extract and store earth and minerals (rubble) from the Quarry in connection with road maintenance and construction.
- OFO does not object to the terms outlined in the proposed licence agreement.
- DTF notes that the terms in the proposed licence agreement are consistent with the head lease between the Treasurer and OFO. This includes a peppercorn licence fee payable by the Council to OFO, as well the Council making good any damage caused to the Quarry by the Council at its own expense.
- DTF notes that your consent is required, prior to the Council entering into a licence agreement with OFO, consistent with Clause 20 – Assignment, Subletting and Mortgaging of the Plantation Lease between the Treasurer and OFO.
- DTF considers the proposed licence uncontroversial and recommends that you sign the draft letter to the Council and OFO, providing your express consent for OFO to grant an access licence to the Council for the purpose of obtaining earth and minerals (rubble) in connection with road maintenance and construction (Attachment B).



Brad Gay
EXECUTIVE DIRECTOR,
COMMERCIAL AND ECONOMICS BRANCH

27 June 2022

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Supported / Not supported



Rick Persse
UNDER TREASURER

27 / 6 / 2022

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**MINUTES forming ENCLOSURE**

File: ES20/0147

Doc No: A2486079

To: The Treasurer

Endorsed: Tammie Pribanic, Acting Under Treasurer

PARLIAMENTARY REMUNERATION ACT 1990, DEED FOR PAYMENT OF GLOBAL ALLOWANCE

Timing: ROUTINE — For consideration

Recommendations/Issues: It is recommended that you:

- execute the attached Deed for Payment of Global Allowance submitted by the incoming Member for Bragg.

Approved / Not Approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- The *Global Allowance Guidance Notes*, approved by the Governor in Executive Council, stipulate that Members of the House of Assembly cannot access the Global Allowance allocation prior to entering into the *Parliamentary Remuneration Act 1990, Deed for Payment of Global Allowance*.
- Mr Jack Batty has been elected as the Member for Bragg, following the by-election on 2 July 2022. Mr Batty has signed and returned his Deed.
- In order to formalise the Deed and subsequently allow access to Global Allowance funds through the Support Services to Parliamentarians budget, the Deed needs to be executed under your authority as Treasurer.

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- 2 -

- It is recommended that you execute the attached Global Allowance Deed for the Member for Bragg.



Paul Tatarelli

MANAGER ELECTORATE SERVICES

14 / 7 / 2022

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5-7-22
T22/036
TRS22 D1606

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MINUTES forming ENCLOSURE

File T&F20/0421

Doc No A2404532

To The Treasurer

PORT BONYTHON PROJECT – REQUEST FOR EXPENDITURE AUTHORITY – 2022/23 FINANCIAL YEAR

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- Approve a payment of \$1.58 million in 2022-23 from the line titled "Grants, subsidies and transfers – Jobs and Economic Growth Fund" in the Treasury and Finance Administered Items Account to the Department of Treasury and Finance Operating Account to fund the activities described in this minute.

Approved / ~~Not Approved~~

- Note the expenditure funded by your approval will be classified as capital in the Department of Treasury and Finance resulting in a \$1.58 million improvement in general government net operating balance, but no impact to net lending.
- Note that DTF will engage with the Commonwealth to negotiate the eligibility of this expenditure for Commonwealth matched funding.

Noted

Hon. Stephen Mullighan MP
Treasurer

2 / 8 / 2022

Background

- In 2021, DTF commenced an Expression of Interest (EOI) process for land to support significant mining, energy and related industrial development projects at Port Bonython.
- The State shortlisted seven respondents ("State Proponents") for land at Port Bonython and has completed various iterations of site planning with the Parties.

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- Five of the State Proponents have proposed to produce and store Ammonia at Port Bonython, with the remaining two proposing to produce methylcyclohexane (MCH).
- The Chief Executive Reference Group has endorsed a final site plan that is to be submitted to Cabinet, accommodating all proposed producers at Port Bonython.
- In November 2021, DTF led a State application to the Commonwealth's Clean Hydrogen Industrial Hubs Program in partnership with the State Proponents.
- On 29 April 2022, the Commonwealth announced DTF's application for \$70 million in Implementation (Round 1) matched grant funding was successful (meeting Cabinet's terms for the release of \$30 million to DTF by the State) from the Commonwealth's Clean Hydrogen Industrial Hubs Program.
- The release of \$30 million of this funding to DTF was contingent on the Commonwealth approving the DTF led grant application (resulting in Commonwealth matched funding) to contribute towards hydrogen supply chain infrastructure at Port Bonython.
- Budget and Performance Branch has confirmed the State's \$30 million matching contribution has been provided for in the 2022-23 State Budget within the government's Jobs and Economic Growth Fund (JEGF).
- The State has determined that it will collaborate with its Project Partners to deliver an upgrade of the existing Port Bonython Jetty (using the Commonwealth's matched funding).

Key Points

- Establishing a hydrogen industry will require that the State invest in initial design and development investigations and studies as summarised below:

Property acquisition costs	\$000s (excl GST)
Securing Commonwealth funding	800
Design and development	780
TOTAL	1 580

Securing Commonwealth funding

- To secure the \$70 million Commonwealth matched contribution towards infrastructure, DTF as the applicant for the State's grant, is required to lead the completion of the following activities:

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Deliverables required to secure Commonwealth funding	\$000s (excl GST)
Engineering and costing estimates for Jetty upgrade	200
Legal costs	
– Jetty Upgrade Development Deed	250
– Legal advice and stakeholder engagement	150
Implementation plan (first 6 months)	200
TOTAL	800

- The Commonwealth's Implementation (Round 1) Guidelines require the deliverables above to be submitted to the Commonwealth by 29 October 2022 (being 6 months from the date of Commonwealth matched funding announcement).

Design and Development

- Other design and development priorities requiring the State's investment of approximately \$0.78 million in 2022/23, include:

Design and development deliverables	\$000s (incl GST)
Advisory on planning pathways for hydrogen production infrastructure	30
Native Title and Heritage Risk Survey by Barngarla Determination Aboriginal Corporation (BDAC)	100
Expert advisor to negotiate with an Indigenous Land Use Agreement with BDAC	180
Electranet studies for transmission infrastructure for Cultana substation	150
Site surveys	320
TOTAL	780

- There is no provision in the State Budget for design and development activities, nor in DTF's existing resources to support establishing the Port Bonython Hydrogen Hub.
- Therefore, DTF seeks your approval for expenditure authority of \$1.58 million for the Port Bonython Project in 2022-23.

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- The Port Bonython Project will require further State funding in future. However, the timing and size of that expenditure will be driven by the speed to market of first mover hydrogen projects, which is not fully known at this time.



Brad Gay
EXECUTIVE DIRECTOR,
COMMERCIAL AND ECONOMICS BRANCH

4 July 2022

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Supported / Not supported



Rick Persse
UNDER TREASURER
Department of Treasury and Finance
Date: 5 / 7 / 22

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T22/036
TR522DB42

Government
of South Australia
Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File T&F22/0575

Doc No A2434012

To Treasurer

TM 1/6

IMPACT OF RISING INTEREST RATES

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- Note the potential impacts of rising interest rates, as requested by your office.

Noted

Hon. Stephen Mullighan MP
Treasurer

8/6/2022

Background

As requested by your office, Attachment 1 provides an analysis and discussion on the potential impacts of interest rate rises, including on homebuyer mortgage holders and businesses. The analysis is based on DTF's review of information published in the Reserve Bank of Australia's (RBA's) April 2022 Financial Stability Review, analysis of data from the 2016 Census, and consultation with HomeStart Finance, the Departments for Innovation and Skills (DIS) and Primary Industries and Regions (PIRSA) and Business SA.

Brad Gay
EXECUTIVE DIRECTOR, COMMERCIAL AND
ECONOMICS

1 June 2022

Contact Officer:	Matthew Winefield
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Supported / Not supported

Rick Persse
UNDER TREASURER
Department of Treasury and Finance

Date: 3/6/22

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Government
of South Australia
Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File T&F22/0575

Doc No A2442536

To Treasurer

MEETING WITH ENDEAVOUR GROUP

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- Note the content of this brief, in preparation for your meeting with Mr Steve Donohue of Endeavour Group on Thursday 23 June 2022.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ /2022

Key Points

- The following agencies been consulted in the preparation of this brief:
 - Consumer and Business Services (CBS), Attorney-General's Department
 - Department for Innovation and Skills (DIS)
 - Department for Trade and Investment (DTI)
 - Department of Primary Industries and Regions (PIRSA).
- Endeavour Group Limited was established in 2020 through a merger of Woolworths Group with Australian Leisure and Hospitality Group. Endeavour subsequently de-merged from Woolworths and was listed on the Australian Stock Exchange as a separate entity.
- Endeavour operates Australia's largest retail network for alcoholic beverages through its Dan Murphy's and BWS outlets and licensed hospitality venues (as detailed in Mr Donohue's introduction letter, attached).
- In South Australia, Endeavour Group operates 18 Dan Murphy's outlets, 96 BWS outlets, 3 bottling facilities, 2 wineries (Chapel Hill and Dorrien



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Estate), and 33 hotels (excluding clubs), including 1,157 electronic gaming machines (EGMs)¹ and 220 accommodation rooms.

- Endeavour pays a range of taxes (including payroll tax and gambling taxes). No issues have been raised with RevenueSA in relation to Endeavour's obligations in this regard.

Liquor and gambling reforms

- In 2016, a review of liquor licensing in South Australia was conducted (by retired Supreme Court Judge Tim Anderson QC). Legislative reforms passed by Parliament have been designed to reflect community standards and expectations, ensure adequate safeguards, and reduce red tape and administrative burden for industry. In November 2019, new liquor licence categories were established, with a risk-based annual licensing fee. Information relating to Endeavour Group in respect of liquor and gambling activities (provided by Consumer and Business Services) is attached.
- Neither DIS nor DTI have had any recent contact with Endeavour Group. PIRSA advises that Endeavour Group was an industry partner in a project to develop the industry for no- and low-alcohol wines in South Australia. The project involved an incubator, process and sensory optimisation and market optimisation.
- In December 2021, a proposal to support this project was funded through the previous government's Jobs and Economic Growth Fund. Approximately \$2 million (of the total \$4.9 million) was profiled to be spent in 2021-22. Remaining funding for this project has been discontinued as a savings measure in the 2022-23 Budget. Endeavour Group might not yet be aware of this decision.



Andrew Cadd
A/EXECUTIVE DIRECTOR,
COMMERCIAL AND ECONOMICS BRANCH

9 June 2022

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Supported / Not supported



Rick Persse
UNDER TREASURER
Department of Treasury and Finance

Date: 10 / 6 / 22

¹ There are approximately 12,000 EGMs in licensed clubs and hotels in South Australia (excluding SkyCity Casino).

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Government of South Australia

Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File: SUP22/00142

Doc No: SUP22D00345

To: The Treasurer

Endorsed: Sandy Pitcher, Deputy Under Treasurer

BRIEFING REGARDING UPCOMING MEETING WITH PS SUPERANNUANTS

Timing: ROUTINE - For meeting on 9 August 2022

Recommendation: It is recommended that you consider this briefing in preparation for your upcoming meeting with the PS Superannuants.

Noted/Approved/Not Approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- Super SA is advised that you are meeting with the PS Superannuants on 9 August 2022, in response to the request by letter of 15 May 2022. Your office has therefore sought a briefing from Super SA in relation to the superannuation matters of interest raised by Mr Brenton Pain on behalf of the PS Superannuants, by letter of 23 February 2022.
- This letter deals with a series of amendments proposed by the PS Superannuants to the *Superannuation Act 1988* (Superannuation Act), which governs the State Pension and Lump Sum Schemes, as well as proposed changes to the governance structure of the Super SA Board. It is noted that the letter is similar in content to a letter sent to the former Treasurer (Koutsantonis) in November 2017 [MFIN17D00392], former Minister for Finance (O'Brien) in December 2013 [MFIN13D0074] and former Treasurer (Lucas) in December 2021 (certain aspects) [TRS21D0987].
- By way of background, the State Pension Scheme is a closed defined benefit scheme with only 269 active and preserved members left in the scheme as at 7 July 2022. This represents **0.12 percent** of the total membership in all SA public sector superannuation schemes administered by Super SA/State Superannuation Office (including 13,570 persons receiving a defined benefit superannuation pension (superannuants)).

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- 2 -

- The State Lump Sum Scheme is a closed defined benefit scheme with 2,218 active and preserved members (as at 7 July 2022). This represents **1.04 percent** of the total membership in SA public sector superannuation schemes administered by Super SA/State Superannuation Office.
- Triple S is an accumulation style superannuation fund, which, as at 7 July 2022, has 175,705 active and preserved members. This represents **82 percent** of the total membership in SA public sector superannuation schemes administered by Super SA/State Superannuation Office. The majority of public sector employees are members of Triple S.
- These above three schemes operate in a constitutionally protected (untaxed) environment, such that the assets of the fund are the property of the Crown and therefore protected from taxation by the Commonwealth, by virtue of section 114 of the Commonwealth Constitution.
- In broad terms, the Superannuants have re-raised the following matters for consideration:
 - changes to the benefit design of the Pension Scheme such that the full pension (as opposed to a 2/3 pension) is paid to a surviving spouse for a specified period after the death of the contributor, as well as the ability for contributors to make their compulsory personal contributions by way of salary sacrifice to the Pension Scheme.
 - changes to the benefit design of the Lump Sum Scheme to enable contributors to salary sacrifice their compulsory personal contributions to this scheme, as well as a revision of the transition to retirement rules.
 - a change to various features of the governance structure of the Super SA Board including that it be reformed to “become a board that more closely resembles the norm for Boards of Australian Superannuation Schemes” and to become legally bound to (i) act in the best interest of members and (ii) the covenants of the Commonwealth *Superannuation Industry (Supervision) Act 1993* and for the Heads of Government Agreement to be enshrined in State legislation.
 - that a comparison between the pensions paid by the Pension Scheme and the benefits paid in Triple S indicates that “most Triple S members who commenced employment since around 2000 would decline an offer to join the Pension scheme and would choose to stick with the [Triple S]”.
- Attachment 1 provides a detailed analysis of each of the points made in the letter (adopting the same numbering) and essentially refutes the proposals on the basis of maintaining existing policy.



Dascia Bennett
CHIEF EXECUTIVE, SUPER SA

4 / 8 /2022

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MINUTES forming ENCLOSURE

File SAF22/0019

Doc No A2421014

To The Treasurer

CORRESPONDENCE - Clause 6(1) – HOLDEN CRUZE TRANSMISSIONS

Timing: ROUTINE – For noting and approval

Recommendations/Issues: It is recommended that you:

- note Clause 6(1) wrote to ^{Clause 6(1)} local member in January 2022 (Vickie Chapman), requesting compensation for transmission failures associated with two Holden Cruze vehicles purchased from the government auction in 2016.
- note compensation was declined and Clause 6(1) was advised to approach Holden for assistance. A copy of this response is attached;
- note Clause 6(1) wrote again on 14 March 2022 seeking clarification on two questions regarding the transmission for the Holden Cruze. A response was prepared by SAFA and was provided to the Treasurer's Office and due to caretaker conventions it was returned to the Under Treasurer's Office for processing;
- note SAFA has now received further correspondence from Clause 6(1), requesting additional information;
- note SAFA has no evidence of transmission failure with the Holden Cruze and the extended manufacturer warranty was arranged to demonstrate confidence in the product to increase sales; and
- approve and send the attached letter of response to Clause 6(1).

Noted and Approved/Not Approved

Hon. Steven Mullighan MP
Treasurer

/ / 2022

Background

- Clause 6(1) wrote to ^{Clause 6} local member at the time, Vickie Chapman, on 4 January 2022 requesting compensation for transmission issues that have occurred with two Holden Cruze vehicles purchased from the government in 2016.

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- 2 -

- SAFA investigated the claims made by **Clause 6(1)** and replied in January 2022, confirming both vehicles had complete service histories and were sold in good, roadworthy condition and on this basis his request for compensation was denied. SAFA's advice to the Treasurer in respect of **Clause 6(1)** original request is attached.
- **Clause 6(1)** wrote again on 14 March 2022 seeking clarification on two questions regarding the transmission for the Holden Cruze. A response was prepared by SAFA and was provided to the Treasurer's Office and due to caretaker conventions it was returned to the Under Treasurer's Office for processing;
- SAFA understands that the previous response it prepared was not sent to **Clause 6(1)**. SAFA has now received further correspondence from **Clause 6(1)**.

Key Points:

- **Clause 6(1)** wrote again on 10 May 2022 to the Treasurer (correspondence attached) seeking a more specific response to the following questions:
 - *Prior to the purchase of either of these vehicles (dates supplied) was there any transmission failure within the Government Fleet SA of any Holden Cruze with date of manufacture between 2011 through to 2013. Fleet records and communications should capture a mechanical failure of this significance on any vehicle across the Fleet; and*
 - *Prior to the purchase of either of these vehicles (dates supplied) did Fleet SA either communicate to, or receive advice from, GMH (either Dealership or Corporate) around the subject of Cruze transmissions, and/or any communications around a (existing or pending) extended warranty offer for vehicles manufactured within the same date of manufacture range.*
- SAFA advises that it has no record of failures or known issues with the transmission in the Holden Cruze for the dates referred to by **Clause 6(1)**. There is also no record of advice being received by SAFA from Holden or a dealership, in respect of transmission errors or failures for the Holden Cruze.
- The Holden Cruze was previously a large volume vehicle (in the thousands) in the fleet and SAFA maintained a productive commercial relationship with Holden as one of its biggest customers. At no time has there been any concern with the transmission in the Holden Cruze advised to SAFA.
- The Holden Cruze was impacted by the Takata airbag recall issue, but this is the only relevant mechanical or safety issue associated with this vehicle. In response to this, and due to the large number of Cruze in the Fleet, SAFA negotiated an extended warranty with Holden for the Cruze, to demonstrate confidence in all Holden products and increase saleability.
- The extended warranty was not related to any issue with the transmission.
- Pickles Auctions act as an agent to SAFA and work within strict guidelines to inspect and repair vehicles to a high standard before disposal. At the start of each auction, and in notices and disclaimers provided with the sale, there is reference that vehicles sold at auction are at the responsibility of the purchaser, and neither the Auctioneer nor the Seller will be accountable for any deficiency, damage or loss to the vehicle which may arise, occur, or become apparent thereafter.

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- 3 -


- Based on the advice outlined above, SAFA maintains its position that it is unable to assist **Clause 6(1)** further with this issue.
- It is recommended that you approve and send the attached letter to **Clause 6(1)**, outlining a response to ^{Clause 6(1)} further questions.
- **Clause 6(1)** has also requested that ^{Clause 6(1)} sitting member be included in the response.

A Hughes

Anna Hughes
CHIEF EXECUTIVE OFFICER, SAFA

31 May 2022

Contact Officer:	Jenny White
Telephone:	8429 0562
Email address:	jenny.white@sa.gov.au

Supported / Not supported

Rick Persse UNDER TREASURER Department of Treasury and Finance Date: 1 / 6 / 2022

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Attachments

- TRS22D0047 e-mail from Clause 6(1)
- Draft letter of response to
- Previous response to Clause 6(1)
- Original correspondence from Clause 6(1)

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MINUTES forming ENCLOSURE

File T&F22/0389

Doc No A2385091

To The Treasurer

THE SOUTH AUSTRALIAN GOVERNMENT PROCUREMENT FRAMEWORK

Timing: Routine

Recommendations/Issues: It is recommended that you:

- Note this Minute providing an overview of the South Australian Government Procurement Framework that came into effect on 1 July 2021.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- Government procurement has a significant role in shaping South Australia's economy and creating employment opportunities. The South Australian Government spends over \$11 billion a year on purchasing goods, services and construction works.
- Taxpayers expect Government to make the best procurement choices that represent value for money and support local businesses and industry.
- The introduction of the new SA Government Procurement Framework has represented the most significant procurement reform in close to twenty years. Although improvements have been made, more work is to be done to shift public authorities from a process mindset to an outcome mindset that achieves value for money and broader environment and social benefits.

Procurement Services SA, Procurement Strategy and Development group

- Procurement Services SA (PSSA) within the Department of Treasury and Finance (DTF) is the government's advisor agency on whole of government goods and services procurement. PSSA comprises two groups:
 - Procurement Strategy and Development
 - Across Government Contracts

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- The purpose of the PSSA Procurement Strategy and Development group is to set the strategic direction for procurement across government. The Across Government Contracts team establishes and manages approximately 55 contracts that covers commonly bought goods and services by the public sector. The PSSA Strategic Plan 2021-2024 provides more detailed information on our operations and measures for success (Attachment 1).

Procurement Reform

- In response to small and medium enterprises' concerns about the cost and time required to participate in tendering for government supply opportunities, the South Australian Productivity Commission (SAPC) in 2018-19 was tasked with evaluating the effectiveness and efficiency of the State Procurement Board's policies. Within their inquiry, the SAPC were also to identify options to improve public authority procurement practices and their impacts on local industry.
- The SAPC handed down two reports. The Stage 1 Report was published in May 2019 and the Stage 2 Report in November 2019. In September 2019, the Statutory Authorities Review Committee (SARC) handed down a separate report following their inquiry into the State Procurement Board.
- The findings of SARC and SAPC were consistent, resulting in recommendations focused on improving:
 - the Government's procurement system, including process, governance and architecture considerations
 - industry participation
 - procuring services from the Not-for-Profit sector.
- The former Government supported implementation of eighty-nine (89) of the recommendations.
- A timeline of the reform process and progress to date can be found at Attachment 2.
- A summary of PSSA progress against supported recommendations can be found in the table below. To date, considerable progress has been made:

Recommendations		PSSA to implement	Completed (%)	
SAPC Stage 1	30	25	24 (96%)	This includes: <ul style="list-style-type: none">- increasing procurement delegations for Ministers and Chief Executives- improved guidance on achieving value for money and engaging with industry- requiring the publishing of 24-month forward procurement plans- enhanced procurement reporting and data analytics- the creation of a procurement capability development strategy and learning management system.
SAPC Stage 2	60	46	41 (89%)	This includes: <ul style="list-style-type: none">- repealing of the <i>State Procurement Act 2004</i> and creation of Treasurer's Instruction 18 Procurement.- improved governance mechanisms with the established of the Procurement Review Committee and Industry Advisory Group

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				<ul style="list-style-type: none">- mandating that decisions that are considerate of procurement complexity and risk- greater engagement with local businesses – with the mandate to seek at least one quote from a local business- publishing of the rolling-24-month forward procurement plan for all public authorities to promote opportunities to supply to government- greater transparency and reporting on single source tendering
SARC	15	13	11 (85%)	<p>This includes:</p> <ul style="list-style-type: none">- abolishing the State Procurement Board and establishing PSSA- improved South Australian Industry Participation Policy (IPP) guidelines which requires annual reporting by public authorities on IPP obligations

South Australian Government Procurement Framework

- The State Procurement Board was dissolved at midnight on 30 June 2021 through the proclamation of the *State Procurement Repeal Act 2020* by the Governor of Executive Council.
- In its place a new legal framework comprising *Treasurer's Instruction 18 Procurement* (TI 18) became effective on 1 July 2021 reflecting the reforms committed to by Government. Together, TI 18 and four subordinate policy documents covering procurement governance, procurement planning, sourcing and contract management set out mandatory and essential requirements for the procurement and contract lifecycle and form the "South Australian Government Procurement Framework".
- The new Framework:
 - brings construction, goods and services procurement (including Not-for-Profit sector acquisitions) under a unified approach (construction to transition to the unified framework in late 2022)
 - moves away from a compliance-based model to an outcomes-based model, supported by enhanced performance reporting and data analytics
 - improves engagement with industry and maximises the opportunity for South Australian business participation.
- Attachment 3 provides an overview of the key changes facilitated by the reform and the explanation for the change and resulting benefit. This includes a new requirement for public authorities to:
 - publish a public-facing 24-month forward procurement plan for all known procurements valued over \$55,000 (reduced from \$220,000 under the previous framework in recognition of the volume of expenditure in this range that is of interest to the local supply market)
 - maintain a departure register that sets out all procurements valued over \$55,000 where there has been a departure from the Procurement Planning Policy or Sourcing Policy.
- The new Framework has streamlined financial thresholds, making it easier and quicker for public authorities to buy and SMEs to win work. Attachment 4 provides an overview of the requirements for the previous procurement thresholds and the new requirements.

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<\$55,000	\$55,000 - \$550,000	>\$550,000
<ul style="list-style-type: none"> - No Acquisition Plan - Minimum of one quote 	<ul style="list-style-type: none"> - Simplified Acquisition Plan and Purchase Recommendation - OIA checklist mandatory - Minimum 3 written quotes - At least 1 quote from local supplier must be included - Where 3 suppliers and at least 1 being local cannot be identified, the tender must be advertised on Tenders SA for 14 days - Standardised tender and contract documentation 	<ul style="list-style-type: none"> - Acquisition Plan and Purchase Recommendation - OIA checklist mandatory - Open Tender - Standardised tender and contract documentation

Treasurer's Instruction 18 Procurement

- TI 18 applies to all public authorities as defined in the *Public Finance and Audit Act 1987*, including some public authorities that were previously declared prescribed public authorities (and therefore exempt from procurement policies) under the *State Procurement Regulations 2005*. This includes statutory authorities such as SA Water and Renewal SA.
- In the Instructions, the meaning of Procurement is:
 - *the process undertaken by a public authority: of acquiring goods or services for the public authority, including the acquisition of goods or services on behalf of another public authority or third party (including members of the public);*
 - *or for a construction project; or*
 - *for disposing of goods which involves expenditure by a public authority.*
- The Instructions do not apply to:
 - *the provision of funding to a third party by a public authority that is a grant under Treasurer's Instruction 15; or*
 - *the engagement of a legal practitioner to provide legal services; or*
 - *purchase of real property; or*
 - *any activity or class of activities determined by the Treasurer to not be a procurement for the purposes of this clause and set out in the Schedule.*
 - *that is, a construction project above \$165,000.*
- It is anticipated that the Department for Infrastructure and Transport will finalise the new construction framework in December 2022, and at that time the TI 18 updated to cover goods, services and construction procurement under one unified Framework.

Chief Executive responsibilities

- Recognising there is no 'one-size-fits-all' approach to internal procurement frameworks, TI 18 provides public authority Chief Executives with clear accountability and responsibility to establish¹ local procurement governance arrangements and processes aligned to their public authority's strategic priorities; creating opportunity to streamline internal processes, reduce red tape, and maximise procurement outcomes.
- Key obligations on Chief Executives are to:
 - approve a procurement framework specific for their public authority and conduct an annual review of their framework to ensure it remains current

¹ The Chief Executives of two public authorities may agree in writing to "align" the undertaking of the procurements of the "aligned public authority" and the performance of that public authority's key obligations under TI 18 with the procurement framework of a "host public authority". These arrangements are formalised by way of a MOAA. Several arrangements of this nature are in place including alignment of Local Health Networks to SA Health.

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- identify forecast procurements of their public authority valued over \$550,000 for each 12-month period and report this to PSSA
- approve an acquisition plan for a procurement valued over \$550,000 that involves a direct market approach (without competition)
- keep a register of authorisations given to persons or holders of positions to approve acquisition plans and the monetary limits and conditions of those authorisations
- keep a register of procurements valued over \$55,000 where there has been a departure from the Procurement Planning Policy or the Sourcing Policy.

10 Legal professional privilege

Current Exemptions

Clause 9(1)(a)(i)

Procurement Reporting and System Analytics

- Public authorities are required to provide data on:
 - financial reporting (year to date spend)
 - procurement and contracting activity (including savings achieved, engagement of South Australian businesses, top suppliers and spend per category)
 - procurement operations
 - procurement people
 - contract management.

PSSA has developed a central Procurement Activity and Reporting System (PARS), to collect this data and to the new reporting schedule is based on the historical State Procurement Board reporting. The biggest difference is the requirement to submit more regularly (quarterly) instead of 15-18 months after the fact (as per the State Procurement Board reporting schedule). This provides relevant data sets that are current rather than outdated by more than a year.

The reporting collated provides a whole of government view of:

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- Total direct savings achieved
- Additional value achieved (e.g. Economic benefit)
- Local spend
- Aboriginal business spend
- % of limited market approaches

The new reporting regime seeks three additional data sets.

% Spend under management

This is the spend through established contracts, purchase cards, and purchase through set policies. It is an understanding of where the money is spent, on what and how. This allows transparency over all expenditure and any 'rogue' spending (i.e purchases made outside of agreed supplier contracts and often ignoring defined procurement processes).

This is a tool used by governments and private business around the world as a Key Performance Indicator (KPI) for procurement. A benchmark is 80-90% of spend should be conducted under established contracts for commonly bought goods and services of a public authority.

Cost of Procurement function

As a percentage of spend under management, a procurement team should not cost more than 2%. This is another benchmarking tool.

Top 40 suppliers

The reporting also asks for the top 40 suppliers.

For agencies that interface with PSSA's procurement system or has given PSSA access to their data via Basware PSSA will develop the reporting on their behalf for this indicator.

To date PSSA has been able to identify spend with Aboriginal businesses and is looking at top 40 suppliers.

Clause 9(1)(a)(i)

- The reporting requirements improve data to better support:
 - greater understanding and leverage with high spend suppliers across Government
 - monitoring of performance
 - continuous improvement
 - the reuse of data to reduce administration and improve accuracy
 - the identification of trends in the procurement system
- PSSA has capacity to develop 'real time' dashboard reports to illustrate findings from the data captured, however this analysis is limited by incomplete data sets submitted by public authorities. Better reporting from public authorities is required to maximise the use of the PARS. PSSA is also limited by its purview relating to goods and services procurement only and has no oversight of construction procurement data.

Clause 9(1)(a)(i)

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- PARS is also utilised to capture information for a public-facing 24-month Forward Procurement Plan and an internal 12-month procurement activity plan to assist with a public authority's usual procurement business planning.
- The first Forward Procurement Plan was publicly released in September 2021 to inform prospective suppliers about future procurement opportunities. At present, almost 1000 planned procurements (valued over \$55,000) are listed on the Plan. The identification of these relatively low value procurements is especially important for small and local business to have sight of.

Challenges identified by public authorities in implementing the new framework

- The two most common complaints from public authorities are the requirements for procurement planning and reporting of data.
- Many public authorities do not have systems to inform planning or collect data and many of their existing processes are manual and document or spreadsheet based.
- PARS was developed by PSSA to provides public authorities with a platform to assist in procurement planning and reporting. Twelve (12) public authorities have integrated their existing systems with PARS to remove duplication. Another seven (7) are pending finalising integration.
- Rather than implement or integrate with PARS some public authorities have resisted changing existing processes and instead elected to seek exemptions justified by costs of establishing systems and processes for planning and reporting. This approach does not consider the significant benefits associated with good planning and reporting that delivers better outcomes for Government and suppliers through early identification of requirements, increased industry engagement, increased transparency and evidence-based decision making.
- Also some prescribed public authorities previously exempt under the State Procurement Regulations 2005 from government procurement policy have resisted the change for procurement oversight of their operations.

Local Supply

- The PSSA Procurement Glossary defines a South Australian Business or "SA Based Supplier" as "a supplier with an office in South Australia". This aligns with the South Australian Industry Participation Policy (SAIPP).
- The SAIPP aims to ensure that South Australian businesses are given full, fair and reasonable opportunity to be considered for all contracts being established by public authorities.
- The Industry Participation Plan (IP Plan) is required for all procurements over \$550,000 and is designed to measure the impact of contracting with a particular business on the economy of South Australia. The greater the positive impact, the higher the IP Plan score.
- For procurements valued over \$550,000 (or over \$220,000 if a public authority determines to apply the IP Plan requirements) a minimum 15% weighting must generally be applied to the IP Plan as part of the overall evaluation ratings. For specific industry sectors and procurements, a higher weighting may be applicable.
- The new Framework reflects the requirements of the SAIPP that are relevant to the procurement of goods and services.
- Inclusion of particular SAIPP requirements and levers in the Framework policies is aimed at supporting public authorities to comply with the SAIPP. This includes:
 - Mandatory completion of the Office of the Industry Advocate (OIA) checklist for all procurements valued over \$55,000 confirming:

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- at least one (1) Offer being sought from a supplier based in South Australia
 - the specification requirements maximise the opportunity for competitive offers from a variety of suppliers and not be an obstacle to the South Australian supply of required goods and/or services
 - the sourcing strategy and evaluation plan consider opportunities for small, start-up and Aboriginal businesses operating in South Australia.
- Minimum three (3) written quotes for procurements valued \$55,000-\$550,000 with at least one quote from local supplier and where a local supplier cannot be identified, the tender must be advertised on Tenders SA for 14 days
 - Quarterly reporting on outcomes relating to increased economic benefit to the State.
- Based on reporting by public authorities, the tables below identify the value and volume of goods and services³ contracts executed during 2020-21 based on supplier location (i.e. where the supplier is based)⁴.

Location of the Supplier	Value of Contracts			
	2017-18	2018-19	2019-20	2020-21
	\$ million	\$ million	\$ million	\$ million
South Australia	\$1,174	\$2,150	\$3,525	\$5,236
	44%	49%	62.50%	74%
Other States & NZ	\$1,494	\$2,251	\$2,090	\$1,767
	56%	51%	37%	25%
Overseas	\$8,90	\$21	\$26	\$87
	0.30%	1%	0.50%	1%
Total	\$2,677	\$4,422	\$5,641	\$7,091

Location of the Supplier	Volume of Contracts			
	2017-18	2018-19	2019-20	2020-21
South Australia	1,025	1,134	1,709	1,616
	67%	66%	65%	69%
Other States & NZ	467	544	870	649
	30%	32%	33%	28%
Overseas	41	33	54	81
	3%	2%	2%	3%
Total	1,533	1,711	2,633	2,346

- The first set of data under the new Framework (2021-22) is due to be submitted by public authorities, through the PARS by 31 July 2022.
- PSSA is responsible for the strategic oversight of the SAIPP, Procedural Guidelines, and reporting systems and works collaboratively with the Office of the Industry Advocate to implement new requirements and monitor progress and compliance.

³ Construction data will be captured from 2022-23

⁴ It should be noted that this 2020-21 reporting is limited to contracts falling under the responsibility of the now dissolved State Procurement Board (the relevant governing legislation for that period) and is solely based on a supplier's location. The data differs from the data published by the Industry Advocate which considers economic benefit to South Australia.

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Elizabeth Stavreski
EXECUTIVE DIRECTOR
PROCUREMENT SERVICES SA

27/05/2022

Contact Officer:	Elizabeth Stavreski
Telephone:	0435 197 299
Email address:	Elizabeth.Stavreski@sa.gov.au

Attachments:

1. PSSA Strategic Plan
2. Reform timeframe
3. Overview of key changes facilitated by the reform
4. Procurement Thresholds
5. Register of TI 18 exemptions

Supported / Not supported



Rick Persse
UNDER TREASURER
Department of Treasury and Finance
Date: 3/6/22

Treasurer,

we should discuss ways
to make the balance is
right between red tape
and outcomes



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Government
of South Australia
Department of Treasury
and Finance

MINUTES forming ENCLOSURE

File T22/072

Doc No TRS22D1365

To The Treasurer

SUUPERANNUATION CORRESPONDENCE – Clause 6(1)

Timing: ROUTINE

Recommendation: It is recommended that the suggested response that has been prepared for your consideration be forwarded to Clause 6(1)

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022


Key Points:

- Clause 6(1) a current member of Triple S, wrote to you and David Pisoni MP, Member for Unley, on 5 June 2022 concerned that SA public servants are not permitted to choose their preferred superannuation fund (fund selection).
- In particular, Clause 6(1) raised Clause 6(1) concerns that:
 - Clause 6(1) is forced to have a Super SA account (Triple S), when Clause 6(1) would have preferred to nominate Clause 6(1) own super fund; and
 - Clause 6(1) is incurring Triple S fees that would not have been incurred if the contributions were paid to Clause 6(1) existing private sector fund.
- As you are aware, the *Statutes Amendment (Fund Selection and Other Superannuation Matters) Act 2021* (Amending Act) amends the *Southern State Superannuation Act 2009* (Triple S Act) to give eligible public sector employees the ability to make a fund selection to a complying fund of their choice. This commences with effect from 30 November 2022.
- In summary, from 30 November 2022 Clause 6(1) will be able to direct Clause 6(1) employer contributions to a super fund of Clause 6(1) choosing, rather than having to maintain a Triple S account to receive those contributions.

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- In the meantime, as ^{Clause 6(1)} is not currently working in government ^{Clause 6(1)} has the option to rollover ^{Clause 6(1)} Triple S account to ^{Clause 6(1)} other super fund. However, a new Triple S account would be established for ^{Clause 6(1)} if ^{Clause 6(1)} recommenced state government employment prior to 30 November 2022.
- A previous recent Ministerial briefing to the Treasurer on fund selection is attached, showing the reasons for the commencement date of 30 November 2022.
- The suggested response to ^{Clause 6(1)} is attached for your consideration.



Dascia Bennett
CHIEF EXECUTIVE, SUPER SA

20/6/2022

Supported / Not supported



Rick Persse
UNDER TREASURER

Date: 21/6/22

Contact Officer:	Patrick McAvaney
Telephone:	04053
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MINUTES forming ENCLOSURE

File T&F22/0389

Doc No A2426143

To The Treasurer

ADELAIDE VENUE MANAGEMENT CORPORATION EXEMPTION REQUEST – TREASURER'S INSTRUCTION 18 PROCUREMENT

Timing: ROUTINE – For noting and approval

Recommendations/Issues: It is recommended that you:

- Note the correspondence from Mr Bill Spurr, Chair, Adelaide Venue Management Board, seeking exemption for the Adelaide Venue Management Corporation (AVM) from requirements set out in *Treasurer's Instruction 18 Procurement* (Attachment 1).

Noted

- Note Procurement Services SA's views and advice in relation to AVM's exemption requests (as outlined in Attachment 2).

Noted

- Note the previous letter provided to AMV in response to their request (Attachment 3).

Noted

- 9(1)(a)(i) Opinion or advice**

Approved / Not approved

- 9(1)(a)(i) Opinion or advice**

Approved / Not approved

- Approve the proposed reply to Mr Spurr. A draft letter is attached for your consideration (Attachment 4).

Approved / Not approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

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Key Points:

- The South Australian Government Procurement Framework came into effect on 1 July 2021 and empowers Chief Executives to develop fit-for-purpose internal procurement frameworks aligned to their agency's strategic priorities, creating opportunity to streamline internal processes, reduce red tape, and maximise procurement outcomes.
- Under transitional arrangements set out *Treasurer's Instruction 18 Procurement* (TI 18), prescribed public authorities (i.e., those previously exempt from the repealed State Procurement Board framework) are exempt from TI 18 until 1 July 2022. The Adelaide Venue Management Corporation (AVM) is a 'prescribed public authority'.
- AVM operates the Adelaide Convention Centre, Adelaide Entertainment Centre, and Coopers Stadium (formerly Hindmarsh Stadium), '*operating as a commercial enterprise in open markets, competing with other national and international businesses and venues, including within the private sector, in the sale of the AVM's goods and services*'.
- On 16 May, Anthony Kirchner, Chief Executive of AVM emailed you a copy of the letter sent to the former Treasurer on 30 May seeking your support with the original exemption request.
- AVM is seeking an exemption from the following requirements of TI 18:
 - The development, documentation, implementation, and maintenance of a robust and transparent framework, prepared in accordance with the Procurement Governance Policy (s18.11.1);
 - Systems, processes, and procedures put in place to maximise compliance with the Procurement Governance Policy, Procurement Planning Policy, the Sourcing Policy, and the Contract Management Policy (s18.11.3);
 - Procurement Reporting requirements including reporting existing contracted expenditure and forecast procurements, through the Procurement Activity and Reporting System (PARS) managed by Procurement Services SA (PSSA), ensuring Chief Executive approval of submissions to PARS as set out in TI 18 (ss18.16 – 18.21);
 - The need for reporting on PARS, an approved acquisition plan and compliance with the Procurement Planning Policy approval to approach the market (s18.22); and
 - The maintenance of a Departure Register (s18.26.2).
- *Treasurer's Instruction 1 – interpretation and application* sets out the basis for seeking and approving a request to vary the application of a Treasurer's Instruction to a public authority:
 - 1.11 Where the Chief Executive of a public authority is of the opinion that:
 - 1.11.1 the costs of compliance with an instruction will exceed the benefits;
 - 1.11.2 an equivalent procedure or policy is already applied by that authority; or
 - 1.11.3 there are justifiable reasons why a matter required by the Treasurer's instructions should not apply or should be varied; he or she may request that the Treasurer varies the effect of that instruction's application to that agency or transaction by making a submission to the Under Treasurer.

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1.12 The Treasurer may vary or revoke a Treasurer's instruction or authorise alternatives to operate in particular circumstances.

- In his correspondence, Mr Spurr asserts that AVM:
 - will incur costs that far outweigh the benefits of compliance
 - operates as a commercial enterprise in a competitive market
 - has a robust procurement framework, appropriately resourced with capable staff
 - is dependent on commercial revenue to fund its activities which hinder forward planning efforts
 - and that the requirements will slow down decision making, reducing responsiveness and efficiency.

• **9(1)(a)(i) Opinion or advice**

- Attachment 1 sets out the details of each initial exemption request and PSSA's advice and recommendations. These have not changed since the first request.
- A letter of reply sent to AVM by the former Treasurer is provided in Attachment 3.

• **9(1)(a)(i) Opinion or advice**

•

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- **9(1)(a)(i) Opinion or advice**

- A copy of the correspondence from Mr Spurr, and a proposed letter of reply is attached for your consideration (Attachment 4).



Elizabeth Stavreski
EXECUTIVE DIRECTOR
PROCUREMENT SERVICES SA
26 / 05 / 2022

Contact Officer:	Elizabeth Stavreski, Executive Director, Procurement Services SA
Telephone:	0435 197 299
Email address:	elizabeth.stavreski@sa.gov.au

Attachments

- Attachment 1: Exemption Advice
Attachment 2: Letter from Mr Bill Spurr, Chair, AVM Board
Attachment 3: Previous Letter of Reply
Attachment 4: Proposed Letter of Reply

Supported / Not supported



Rick Persse
UNDER TREASURER

27 / 6 / 2022

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OFFICIAL: Sensitive

MINUTES forming ENCLOSURE

File TF22/3004
Doc No B1289407

To The Treasurer

TJW 8/6

FRONTIER CYBER INCIDENT – COMPLAINT FROM Clause 6(1)

Timing: ROUTINE – for noting and approval

Recommendations/Issues: It is recommended that you:

- Note this briefing provided in response to a complaint from **Clause 6(1)** regarding the Frontier Software (Frontier) cyber-incident.

Noted

- Sign the attached draft letter of response to **Clause 6(1)**

Approved / Not Approved

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

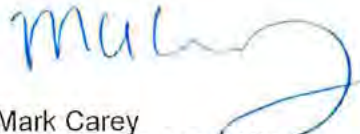
- On 23 May 2022, **Clause 6(1)**, a former SA Government employee, lodged a complaint via the Department of Premier and Cabinet (DPC) website regarding the Frontier cyber-incident. This complaint was referred to your Office on the same day.
- Specifically, **Clause 6(1)** has requested details of how she will be compensated for any future identify theft that may occur as a result of her personal details being accessed from the dark web.
- As previously advised, the Office for Cyber Security within the Department of the Premier and Cabinet (DPC) identified that approximately 20% of the files accessed from Frontier's corporate network were posted to the dark web (on 8 December 2022), and accessible for a period of less than 24 hours. The threat actor subsequently took down this post following engagement with Frontier and there is no evidence to suggest that the data has been republished.
- Frontier subsequently advised the State that the threat actor has deleted the stolen files, however it is not possible to confirm whether this is true or not.

OFFICIAL: Sensitive

- At this stage, there are no confirmed cases of the stolen employee data being used for fraudulent activities.
- If an employee believes that they have been impacted by identity theft or fraud as a result of the Frontier cyber-incident, this should be reported to the Department of Treasury and Finance (DTF) for investigation.

9(1)(a)(i) Opinion or advice

- In the two cases investigated by DTF to date (with support from the Office of Cyber Security and IDCARE), the identity fraud experienced by the individuals was unlikely to have resulted from the Frontier cyber-incident.
- A draft letter of response to **Clause 6(1)** is attached for your consideration.



Mark Carey
EXECUTIVE DIRECTOR
SHARED SERVICES SA

7/06//2022

Attachment(s):

- Draft letter of response to **Clause 6(1)**

Supported / Not Supported


Rick Persse

UNDER TREASURER
Department of Treasury
and Finance

Date 7/6/22

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Government
of South Australia
Department of Treasury
and Finance

MINUTES forming ENCLOSURE

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To The Treasurer

PRIVATISATIONS ASSESSED BY THE DEPARTMENT OF TREASURY AND FINANCE

Timing: ROUTINE

Recommendations/Issues: It is recommended that you:

- Note the information on proposed privatisations assessed by the DTF Commercial and Economics Branch.

Noted

Hon. Stephen Mullighan MP
Treasurer

/ / 2022

Key Points:

- Your office has requested a briefing for your reference on privatisations previously assessed by the Department of Treasury and Finance but not undertaken by the previous government.
- There are some matters that are considered Cabinet-in-Confidence and therefore not included in this minute.
- However, we have summarised where possible the work DTF has led or assisted to develop in relation to the ownership of the following assets/businesses:
 - AusHealth;
 - State Property Registers;
 - State Motor Vehicles Register;
 - Disability Equipment Services;
 - State Administration Centre Precinct;
 - The West Beach Trust;

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- Port Bonython Jetty; and
- Multi-purpose Arena / Conference Facilities.
- Further details of these proposals are provided below, including relevant public announcements made by the previous government.

AusHealth

- AusHealth was established under Corporations Law in 1985 by the Institute of Medical and Veterinary Science (IMVS) (now SA Pathology) to market services to industry by leveraging the skills of scientific and medical staff of the former IMVS.
- Since the IMVS was dissolved in 2008, AusHealth has been owned by the Central Adelaide Local Health Network (CALHN). AusHealth traded as Medvet until late 2018.
- AusHealth is currently responsible for commercialising health and medical research sourced from CALHN.
- AusHealth currently operates three business segments:
 - *Works*: delivering workplace drug & alcohol testing, workplace vaccinations and education & training;
 - *Hospitals*: managing CALHN's patient payment recovery for non-Medicare patients (mostly foreign students and tourists who use CALHN's services); and
 - *Research*: assisting in translating and commercialising hospital research, primarily for the benefit of government clinical employees who undertake research suitable for commercialising (e.g. through patent licensing).
- In late 2020, the SA Productivity Commission (SAPC) led an inquiry into health and medical research in South Australia.
- The SAPC concluded that the State needs to consider several reforms to improve the productivity, effectiveness and performance of its health and medical research, including centralisation and management of research funding within the Department for Health and Wellbeing.
- The SAPC also recommended that AusHealth's operating surplus could be used to support health and medical research more effectively and transparently in South Australia, if allocated to the State's Health and Medical Research Fund.
- In 2021, the Commercial and Economic Branch in DTF undertook some preliminary work into developing options for reforming AusHealth in anticipation of the previous government's enacting SAPC's recommendations. However, no further work occurred.
- AusHealth remains entirely in government ownership.

State Property Registers

- On 2 October 2020, Land Services SA (LSSA), the operator of the State's property titling and valuation services, submitted an unsolicited proposal to manage and maintain several of the State's property registries.

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- LSSA's proposal outlined several perceived benefits for the State including annual savings, risk transfer for the Information and Communication Technology maintenance, improved security, and an improved and centralised customer experience.
- LSSA's proposal was investigated according to the State's Unsolicited Proposal's process, with Step 2: Exclusive Negotiations and Business Case separated into two phases (Phase 1 – Scoping Study (limited due diligence) and Phase 2 – Business Case and Terms Sheet (significant due diligence)).
- DTF facilitated LSSA's investigations with those State agencies in-scope of LSSA's proposal, enabling LSSA to refine the scope and identify any further benefits anticipated. The final scope of registries proposed by LSSA were:
 - Residential Bonds online;
 - Retail Bonds Management System (Retail and Commercial Bonds registry service);
 - Environmental Protection Authority public register; and
 - SA Resource Information Gateway.
- In December 2021, the previous Treasurer approved LSSA's proposal proceeding to Step 2 Phase 2 (Business Case and Terms Sheet) following the 2022 State Election. However, this initiative has not proceeded any further post the Election.
- DTF has provided separate advice to you (DTF reference A2423033) seeking confirmation to cease the Unsolicited Proposal investigation and advise the proponent that no further assessment will be undertaken.

Motor Vehicles Register

- On 13 October 2017, the Land Services Commercialisation (LSC) Agreement between the State and LSSA came into effect.
- The \$1.605 billion Agreement provided LSSA with a 40-year exclusive right to manage the lands titling and valuation services to the State.
- Under the Agreement, the State was required to decide whether it would commercialise the management of the motor vehicle registry (MVR) and enter an Exclusive Right to Negotiate an agreement with LSSA for the MVR or any Other State Registry by 12 October 2020 or extend the Agreement by a further 7 years.
- In December 2019, the previous government publicly announced that it had considered but decided against commercialising the MVR, instead electing to extend the Agreement by 7 years (to 12 October 2064).

Disability Equipment Services

- The Domiciliary Equipment Service (DES) manages the equipment and home modification needs of approximately 13,700 people in South Australia. This includes clients from the National Disability Insurance Scheme (NDIS), South Australian Department of Human Services (DHS), a range of hospitals and community care agencies, and people privately hiring equipment.
- The way clients receive services changed following the introduction of the NDIS and ageing reforms. Because clients can now access services from the National Disability

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Insurance Agency, partners in the community, and the non-government sector, the previous government decided in June 2018 to transfer DES to the non-government sector through an open market process.

- In March 2019, an Expression of Interest (EOI) was made publicly available via the SA Tenders and Contracts website. The EOI closed in April 2019.
- Shortlisted respondents were invited to participate in an Invitation for Proposal (IFP), which concluded in July 2019.
- Based on the risks presented by the responses to the IFP, and the low likelihood of the proposal achieving the State's objectives, DHS resolved to terminate the market process in September 2019.
- DHS has since undertaken other reforms of those services including contracting certain services through Novita, however this has not had the involvement of the Commercial and Economics Branch.

State Administration Centre Precinct (SACP)

- During 2017, the State engaged with Funds SA, on an arm's length commercial basis, about its potential purchase of the SACP (excluding 24 Flinders Street), and that the State also procured an advisor to provide a report detailing the various strategic sale options for the SACP (excluding 24 Flinders Street).
- In April 2017, the State declined the indicative non-binding offer(s) received from Funds SA.
- In May 2017, the State engaged Hames Sharley to advise on the alternative sale options for the SACP (excluding 24 Flinders Street), including sale and leaseback options and potential development options.
- In February 2018, DTF engaged Ernst & Young (EY) as a Strategic Sales Advisor to provide the State with advice and recommendations regarding the various sale options applicable to the SACP as detailed in the Hames Sharley report, and to provide the State with a Sale and Implementation Strategy for the preferred sale option including likely timing and funding implications.
- On 15 January 2019, the contract with EY lapsed and was not extended. However, on 26 March 2019, EY was re-engaged to provide an additional body of work to assist DTF in the preparation of advice to the previous Treasurer on the sale of the SACP.
- The potential net benefit to the budget from a sale of the remaining properties in the precinct was small and had the capacity to be diluted further by site specific risks associated with separating titles and utilities infrastructure.
- As part of the 2019-20 Mid-Year Budget Review, the previous government announced its decision to no longer pursue the sale of assets in the SACP.

West Beach Trust

- The West Beach Trust (WBT) is a statutory authority created under the *West Beach Recreation Reserve Act (1987) (WBRR Act)* to manage the reserve and its associated facilities.

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- The majority of WBT's revenue comes from the Caravan Park and the Resort and Function Centre. The two sites are available for use by fee-paying customers seeking accommodation. There is no free access to the public at either site.
- DTF has undertaken internal, desktop analysis of options to improve the financial returns to the State associated with WBT's commercial operations. DTF has also considered potential sale and leasing options (noting that there are constraints in the WBRR Act in relation to disposal of land or entering long term lease agreements).

15 Adverse effect on financial or property interests

10 Legal professional privilege

- DTF has previously identified four broad options improve outcomes from WBT:
 - Option 1 – The government setting a profit and dividend target from WBT that is closer to that expected from similar businesses operating in the private sector. Based on WBT's historical performance, this strategy appears unlikely to succeed without significant reform of the scope of WBT's business;
 - Option 2 – Divesting WBT land in its entirety for residential purposes. While this has the potential to generate land sale revenues, it would require significant investment by the government in building community support and may require considerations and concessions to various interest groups interested in maintaining community access to WBT's services and land. It would also require legislative change and re-zoning of the land from Crown Land to freehold Torrens title;
 - Option 3 – Increase the efficiency of operations through a market process to take over the management of the day-to-day operations; and
 - Option 4 – Sale of either one or more portions of under-utilised land, which could be sold for residential purposes with shared reinvestment by government and the recreational assets retained by the WBT. The major sites and utilisation include:

Site	Owner	Area (hectares)	Utilisation	Built form
Caravan Park	West Beach Trust	12.66	high	medium
Resort and function site	West Beach Trust	7.91	high	medium
Golf course	West Beach Trust	63.22	medium	low
Woolshed site	West Beach Trust	0.73	low	high
SARDI Aquatic Sciences	PIRSA	1.95	high	high

- These options have not been progressed over the past 4 years. However, WBT did pursue redevelopment of its Woolshed site within its existing ownership arrangements.

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Port Bonython Jetty

- In early 2020 the Department of Infrastructure and Transport considered the future ownership risks associated with the State's ownership of the jetty at Port Bonython.
- DTF also undertook a desktop analysis and valuation of the potential sales proceeds associated with the hypothetical case of selling the Jetty to its major user, Santos. Santos had previously advised DIT that it was keen to explore potential purchase scenarios, however there was no formal submission received at the time.
- The previous government did not pursue any privatisation of the jetty and related assets. However, it has undertaken a public Expression of Interest in relation to land at Port Bonython.

Multi-purpose Arena / Conference Facilities

- In 2021 DTF undertook high level confidential market sounding to assess the potential for private investment (or co-investment) in a multi-purpose arena / conference facility assets. This followed commercial interest identified through the Department for Trade and Investment.
- The market sounding exercise did not involve Adelaide Venue Management Corporation or any other agency.
- Discussions with major financiers, contractors, and with venue operators identified that there are two major international companies with vertically integrated business models which include venue ownership and management (as well as ticketing, promotion, etc).
- These discussions revealed that there are various private finance opportunities available under a concession model which could raise a private capital contribution (thereby reducing overall costs to government), if such a transaction were pursued in the future.
- No private transaction was pursued by the former government.


Brad Gay

EXECUTIVE DIRECTOR,
COMMERCIAL AND ECONOMICS BRANCH

4 July 2022

Supported / Not supported



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UNDER TREASURER
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Date: 5/7/22

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