



**Government
of South Australia**

Budget Improvement Measures

Restoring Sustainable State Finances

Second report by the
Sustainable Budget Commission

August 2010

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I. DETAILS OF AGENCY AND ACROSS GOVERNMENT BUDGET IMPROVEMENT PROPOSALS

Overview

Volume 2 of the Sustainable Budget Commission's second report provides an overview of each agency and presents full details of the agency-specific expenditure, cost recovery and revenue proposals the Commission believes the Government should consider.

Volume 2 also presents full details of the whole-of-government expenditure and general revenue savings proposals the Commission believes the Government should consider.

Combined, the proposals listed in Volume 2 are considerably larger than required to meet any savings target the Government might adopt. This allows the Government to choose alternatives based on its own policy priorities.

The proposals in Volume 2 are grouped to reflect the operational and administrative structure of agencies at 30 June 2010. Following the 20 March 2010 State Election, on 18 May 2010 the Government announced some changes to the administrative structure of government to take effect from 1 July 2010. Where saving measures are adopted by the Government and are affected by these 'structure of government' changes, the relevant proposals will be implemented in the new agency responsible for the affected programs.

Savings proposals are classified as operating expense savings, cost recovery/revenue increases or investing/asset sales. Where an initiative contains more than one characteristic it is listed under each heading, with separate savings allocated to each of the relevant components. Savings and increases in revenue are recorded as positive (+) items. Expenditures required to implement some proposals are recorded as negative (-) items.

The summary tables in Volume 2 show the total budget impacts for each portfolio's initiatives on the general government net operating balance and net lending.

The estimated full time equivalent (FTE) employment impacts of the proposals are also shown. A reduction in FTEs is shown as a negative (-), while an increase in FTEs is shown as a positive (+).

Summary of proposals recommended by the Commission

The following table (replicating Table 5.1 in Volume 1) summarises the aggregate savings recommended by the Commission.

The actual impact of the Government's decisions on the net operating balance, net lending, and FTE employment will be determined by the specific measures adopted by the Government. It will certainly be less than shown in this table.

In total, the report includes 442 savings recommendations resulting in an estimated sustained net operating balance improvement building to over \$1.8 billion per annum in 2013-14. Of this, 70 per cent is reduced spending, 10 per cent is increased cost recovery, and 20 per cent is increased general revenue.

The investing saving primarily relates to the recommendation to defer the Southern Expressway duplication project.

Asset sales with an estimated total value of \$144 million have been recommended by the Commission in this report. Further asset sales are also recommended in the Commission's second report (see section 9 in Volume 1). These include the Commission's recommendation that the Government should explore the options for the sale of SA Lotteries and ForestrySA (noting that the Government has previously announced the intention to sell the harvesting rights of ForestrySA's plantations for up to three harvesting cycles). The value of such sale proceeds has not been included in this report.

Table 1: Savings proposals summary (\$ million)^(a)

	Number	2010-11	2011-12	2012-13	2013-14
Operating ^(b)	346	169	621	1,037	1,292
Cost recovery	69	14	117	150	175
Revenue	27	13	297	350	356
Total recommended proposals	442	196	1,035	1,537	1,823
Investing		-20	57	118	198
Asset sales		—	2	132	10
Impact on net operating balance		196	1,035	1,537	1,823
Impact on net lending^(c)		174	1,092	1,784	2,028
Estimated FTE impact ^(d)		-908	-2,744	-5,416	-6,804

(a) Table may not add due to rounding.

(b) Includes depreciation reduction of \$2.3 million in 2010-11, \$2.5 million in 2011-12, \$3.1 million in 2012-13 and \$3.4 million in 2013-14.

(c) The impact on net lending reflects the impact on the net operating balance less depreciation plus investing and asset sales.

(d) The estimated impact on FTEs reflects the FTE impact of all proposals, not all of which will be adopted by the Government.

Proposals whose value exceeds \$10 million

Table 5.4 in Volume 1 provided a breakdown of proposals by value in three groups:

- Proposals greater than \$10 million;
- Proposals between \$1 million to \$10 million; and
- Proposals less than \$1 million.

The following table (Table 2) provides a list of the proposals greater than \$10 million as per the amounts shown in Table 5.4 in Volume 1.

Table 2: List of proposals greater than \$10 million (\$ million)

	Rationale	2010-11	2011-12	2012-13	2013-14
Whole-of-Government					
Emergency Services Levy (Fixed Property) — increase	8	—	70.3	71.3	67.2
Employee leave loading — remove	2	11.1	13.4	58.1	60.4
Mining royalties — increase	8	—	10.0	58.0	59.0
CBD Car Parking Levy — introduce	8	—	31.3	32.1	32.9
Public sector long service leave arrangements — reform	2	—	28.7	30.1	31.8
First Home Owner Bonus Scheme — cease	3	—	34.7	33.3	31.8
Concessions — council rates	4	—	30.7	30.7	30.7

	Rationale	2010-11	2011-12	2012-13	2013-14
Save the River Murray Levy — increase	8	—	25.9	26.9	27.9
Concessions — reform	5	—	16.6	20.5	20.5
Stamp duty landholder model — introduce	8	—	19.8	19.8	19.8
Victims of Crime Levy — increase	8	3.9	15.0	15.0	15.0
Petroleum Subsidy Scheme — cease	3	6.8	13.4	13.4	13.3
Emergency Services Levy (Mobile Property) — increase	8	—	11.1	11.3	11.5
Facilities management — rationalise	2	—	—	10.5	10.5
Premier and Cabinet					
State subsidy for public libraries — cease	1	—	17.1	18.9	20.2
Trade and Economic Development					
Department of Trade and Economic Development — abolish ^(a)	1	23.7	42.3	54.3	59.6
Transport, Energy and Infrastructure					
Departmental expenditure — reduce	2	—	25.0	37.5	50.0
Motor vehicle registration fees — increase	8	—	31.1	33.4	34.5
Public transport metro-ticket fares — increase	7	—	10.2	10.5	10.8
Attorney-General's Department					
Departmental expenditure — reduce	2	—	20.0	30.0	40.0
South Australia Police					
Recruit 300 election commitment — reduce	2	—	6.5	20.1	33.6
Expiation fees — increase	8	—	14.0	15.4	15.4
Health					
Outpatient services phase 1 — rationalise	2	10.9	21.7	21.7	21.7
Outpatient services phase 2 — rationalise	2	—	5.4	32.6	86.9
The Queen Elizabeth Hospital — efficient price reform	2	—	19.2	36.1	48.1
Country hospitals phase 1 — efficient price reform	2	—	15.4	30.7	30.7
Country hospitals phase 2 — efficient price reform	2	—	—	29.4	45.2
Repatriation General Hospital closure — efficient price reform	2	—	—	—	14.2
Corporate services — reform	2	4.3	8.5	12.8	17.0
Medical imaging services — consolidate	1	—	—	12.3	12.3
Education and Children's Services					
Non-government school grants — reduce	5	—	—	29.1	29.8
ICT service costs in schools — recover	7	—	6.6	13.5	13.8
Environment and Heritage					
National Parks and Reserves — rationalise visitor services and operations	5	2.7	6.5	9.4	12.5
Water, Land and Biodiversity Conservation					
Water planning and management — cost recovery	7	—	7.5	15.5	21.6
Natural Resource Management Boards — reduce support	5	14.5	19.5	19.6	21.2

	Rationale	2010-11	2011-12	2012-13	2013-14
Families and Communities					
South Australian Housing Trust — reduce State grant	2	1.3	5.3	13.1	21.0
Further Education, Employment, Science and Technology					
DFEEST operations — efficiencies	2	—	10.0	20.0	22.0
Total		79.2	612.6	946.9	1,114.6
Memorandum Item — breakdown by savings type					
<i>Duplication</i>	1	23.7	59.4	85.5	92.1
<i>Service levels and costs</i>	2	27.6	179.1	382.7	533.2
<i>Economic rationale</i>	3	6.8	48.1	46.8	45.1
<i>Social inclusion and equity</i>	4	—	30.7	30.7	30.7
<i>Lower priority</i>	5	17.2	42.6	78.6	84.1
<i>Balance sheet efficiency</i>	6	—	—	—	—
<i>Cost recovery</i>	7	—	24.2	39.4	46.2
<i>Revenue</i>	8	3.9	228.5	283.2	283.2
Total		79.2	612.6	946.9	1,114.6

(a) The Commission has recommended that the Department of Trade and Economic Development be abolished, with the remaining functions allocated to other parts of government. The Department of Trade and Economic Development section of Volume 2 (see pages 203 – 208 below) lists seven separate proposals that will effectively achieve this. For the purposes of this table, these measures have been aggregated and presented as one total.

Impact of recommendations on local government

As discussed in Sections 5 and 8 of Volume 1, the Commission is aware many of its recommendations will have a direct impact on local government. Where local government is considered best placed to deliver a service, similar state government programs that duplicate these, or are of limited benefit, should be stopped.

The Commission notes this would increase costs for local government. Councils may need to increase their revenues to ensure their financial sustainability and the continued delivery of services. The State Government should not place impediments in the way of local governments doing this.

The proposed changes to State Government funding for libraries and rate concessions would impact on council operations. Councils would need to find extra sources of revenue, should they wish to maintain the current programs and service levels. Lower cost service delivery models and better targeting of programs through eligibility criteria reviews are alternative means for managing the proposed funding changes.

The proposed doubling of the waste levy would probably flow through to higher costs for councils and residents. This increase in costs (in the metropolitan area) is modest on a per household basis.

Proposals that impact on local government planning processes will drive efficiencies, improve local planning processes and accountability.

The Commission supports local government being able to fully recover the costs of goods and services where a specific beneficiary is identifiable.

The following table (Table 3) lists the proposals contained in this report that will have a direct impact on local government.

Table 3: List of proposals that impact on Local Government (\$ million)

	Portfolio/Agency	2010-11	2011-12	2012-13	2013-14
Concessions — council rates	Whole of Gov	—	30.7	30.7	30.7
State subsidy for public libraries — cease	DPC	—	17.1	18.9	20.2
Solid Waste Levy — increase	Whole of Gov	—	5.0	6.0	6.7
Coast protection — cost recovery	DEH	—	4.6	5.9	6.0
Parks Community Centre — relocate services and sell property	DFC	1.2	-3.2	4.2	3.8
Toy library services program — phase out	DECS	—	1.4	1.4	2.0
Family and community development — reduce grant program	DFC	—	—	1.0	2.0
South Australia Works in the Regions program — rationalise	DFEEST	—	—	1.6	1.6
Research projects — reduce	DTF	—	1.5	1.5	1.5
Subsidy for Adelaide City Council water — cease	DEH	—	1.4	1.4	1.5
Development Assessment Commission — reforms	DPLG	—	1.0	1.0	1.0
Planning and Development Fund — reform	DPLG	—	1.0	1.0	1.0
Plan for Greater Adelaide — revise arrangements	DPLG	—	—	0.8	0.8
Lodgement fee — council expiations	CAA	—	0.4	0.4	0.4
Local Government Development Plan Amendments — revise arrangements	DPLG	0.1	0.3	0.3	0.3
Capital City Committee — abolish	DPC	0.1	0.3	0.3	0.3
Geographic Information System (GIS) mapping — revise arrangements	DPLG	0.1	0.2	0.2	0.2
Routine ministerial enquiries — revise arrangements	DPLG	0.1	0.1	0.1	0.2
Development assessments (Schedule 10) — revise arrangements	DPLG	0.1	0.1	0.1	0.1
Total		1.8	61.8	76.7	80.2

Summary of recommendations by broad agency function

The following table (Table 4) shows the classification of proposals based on their broad agency function.

The table attributes all proposals to one of the categories (the category dominating their character) and includes efficiency measures that, by definition do not result in reduced services or outcomes.

Table 4: Savings proposals by broad function (\$ million)^(a)

	Number	2010-11	2011-12	2012-13	2013-14	% of total ^(b)
Health	19	18	86	208	312	17.1
Taxation	14	1	226	288	292	16.0
Other	72	55	145	212	244	13.4
Education	55	31	90	164	183	10.0
Justice	46	12	89	132	163	8.9
Welfare including housing	23	7	113	136	147	8.0
Transport	29	18	108	124	137	7.5
Environment	49	31	72	102	127	6.9
Arts/Culture/Recreation/Tourism	63	6	53	82	104	5.7
Industry	43	15	43	75	98	5.4
Emergency Services	29	3	9	14	18	1.0
TOTAL PROPOSALS	442	196	1,035	1,537	1,823	100.0

(a) Table may not add due to rounding.

(b) Based on 2013-14 estimated net operating balance improvement.

Some of the functions listed above are 'core government' activities, on any definition of that label.

Health is an obvious example. Saving proposals in health make up about 17.1 per cent of the total value of the Commission's proposals. Health is the largest savings area. The Commission recognises the importance of health care. However given evidence that health services in South Australia could be provided more cost-effectively, it is impossible to ignore a function that makes up 32 per cent of total budget expenditure. Many of the health proposals support attaining national benchmark costs on inpatient hospital services. The health strategy is outlined in more detail in Section 8.1 of Volume 1 of the Commission's report.

The education sector covers the operations of the Department of Education and Children's Services and the Department of Further Education, Employment, Science and Technology. Savings in this area could amount to up to 10 per cent of the total proposed.

The Justice sector covers the Attorney-General's Department, Correctional Services, Courts Administration Authority and the South Australian Police Department. Savings in this area could amount to up to 8.9 per cent of the total proposed.

Welfare including housing proposals covers proposals with the Department for Families and Communities and some across government proposals including those relating to concessions and First Home Owner grants. It also includes a few proposals in the Department of the Premier and Cabinet and the Department for Transport, Energy and Infrastructure. Savings in this area could amount to up to 8 per cent of the total proposed.

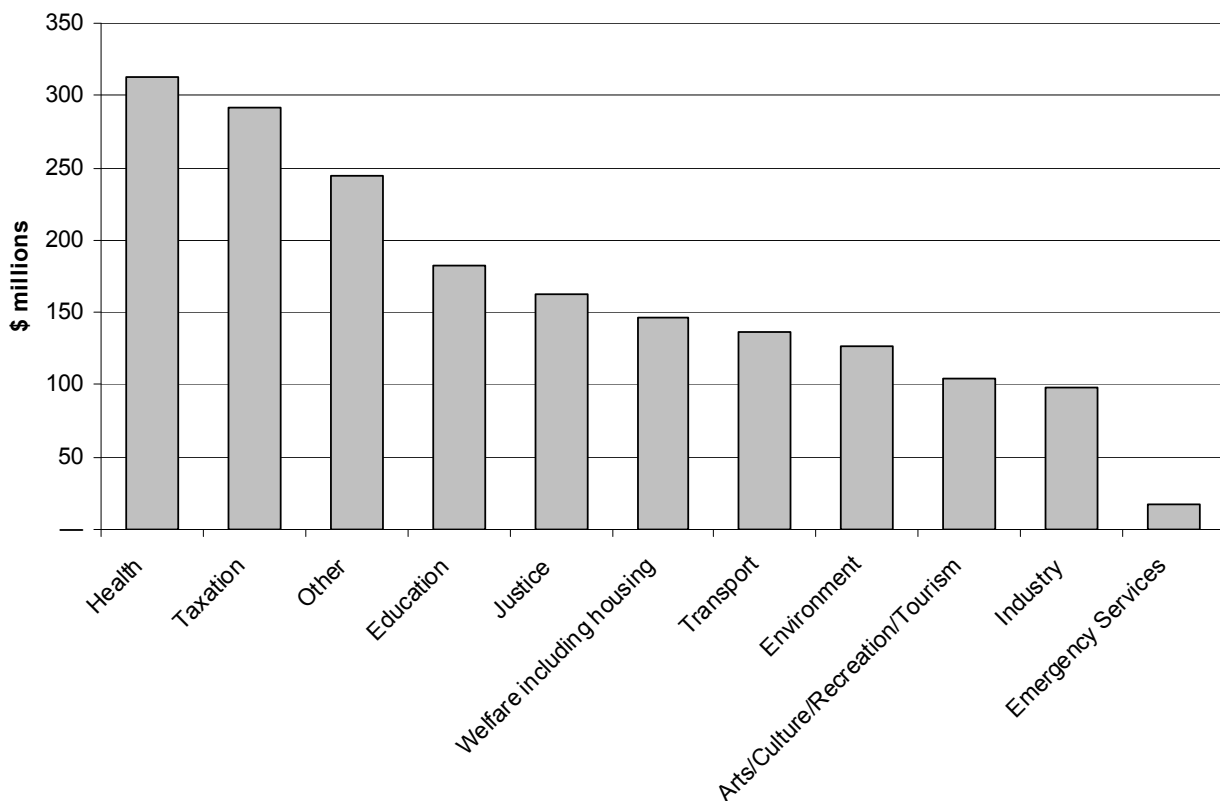
Proposals rationalising, or increasing cost recovery for, industry and arts/recreation and tourism total 11.1 per cent of the total savings proposed.

Taxation measures total \$292 million in 2013-14 or 16 per cent of the savings menu.

The major component of the 'other' category is non tax-related across-government proposals (\$129.8 million) – see Section III below. Also included in the 'other' category is a significant proportion of the savings proposals suggested for agencies whose primary activity does not appropriately fit in any of the broad functions suggested above. This includes the activities of the two central agencies (the Department of Treasury and Finance, and parts of the Department of the Premier and Cabinet), as well as the roles of the Department of Planning and Local Government, and the Department of Trade and Economic Development.

The following chart graphically depicts the information presented in Table 4 above expressed in dollar savings terms.

Chart 1: Savings proposals by broad function



Agency specific and whole-of-government proposals

The remainder of Volume 2 presents full details of the agency-specific expenditure, cost recovery and revenue proposals the Commission believes the Government should consider. It also presents full details of the whole-of-government expenditure and general revenue savings proposals that the Commission believes the Government should consider.

II. DETAILS OF AGENCY-SPECIFIC BUDGET IMPROVEMENT PROPOSALS

Premier and Cabinet

Overview

The Department of the Premier and Cabinet (DPC) is a central government agency, whose role includes supporting and advising the Premier and Cabinet and providing whole-of-government leadership and direction to the public service.

The portfolio can be split into four broad areas of responsibility:

- First Minister's department;
- Arts and cultural heritage;
- Labour; and
- Aboriginal Affairs.

A number of these functions are not typically exercised by a First Minister's agency.

Budget Overview

DPC's operating expenditure budget as published in the 2009-10 Budget is \$299 million, or roughly two per cent of the budget.¹ At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 1,121 at 30 June 2010.

DPC's investing budget as published in the 2009-10 Budget is \$33 million, or 1.5 per cent of the investing budget.

Strategic Challenges/Opportunities

First Minister's department

Delivering the core obligations of the First Minister's agency is critical, including to support executive branch decision-making and to provide policy advice to the Premier from a whole-of-government (and intergovernmental) perspective. In a time of severe budgetary restraint a review of resources to eliminate duplication and overlap will be necessary.

Arts and cultural heritage

When financial times are tight, establishing clear priorities in the cultural arts sector is essential. In the long term, creating funding models that provide greater institutional autonomy will not only be beneficial for financial sustainability, but will create a more diverse arts market.

¹ This figure includes transfer payments to the individual arts agencies, (eg, the Art Gallery Board), but does not include the expenditure of individual arts agencies, or expenditure by the portfolio on items it administers on behalf of the Government.

Labour

Strategic policy advice in relation to government wages policy, and full cost recovery where appropriate is the long term objective of the Labour role. Agency Chief Executives should be responsible for occupational safety and industrial relations outcomes under their direct control.

Aboriginal affairs

The Aboriginal Affairs and Reconciliation Division (AARD) should not be a service delivery division. Policy advice, coordination, and evaluation and measurement of program effectiveness should be the division's long term role. Services designed for Aboriginal people are delivered by a number of agencies right across government and the Commonwealth. AARD as a unit should be focused on ensuring that resources are being devoted to programs that deliver effective outcomes for Aboriginal people.

Savings Proposals Summary

First Minister's department

The savings initiatives recommended by the Commission reflect the Commission's belief that there is scope for a refocusing of activity within the portfolio.

Currently there are a number of advisory-type committees supported by DPC that are highly specialised with a focus on a particular aspect of government activity. In many instances these groups overlap and/or potentially duplicate the activities delivered by other departments across government.

While strong advice to the Premier and Cabinet is crucial on an ongoing basis, there appears no obvious rationale why the creation of policy surrounding these key functions cannot reside exclusively with the departments that provide the services. As such the Commission has recommended the phasing out of the Commission for Integrated Design and the Office of Sustainability and Climate Change.

The Commission has also recommended that a number of DPC functions and positions be rationalised or abolished, on the basis that they represent functions that can either be absorbed within existing government structures (being there is no rationale for the existence of a separate administrative body) or can operate on a reduced scale. Such functions/positions include the Office of the Agent General, the University City Project Team, the Capital City Committee, and the Commissioner for Aboriginal Engagement, as well as a proposed scale back of the Thinkers in Residence Program, and the support functions of Cabinet Office more generally.

Arts and cultural heritage

The portfolio provides support across the broad spectrum of the arts sector in South Australia. A vibrant, diverse cultural sector is valued in any developed society. The necessary extent of direct government contribution to artistic product and appreciation is consistently subject to debate.

In the context of the savings exercise, there is a requirement for rationalisation of the level of support provided to the arts sector.

An across the board reduction of arts funding of approximately 50 per cent (\$65 million by 2013-14) is being recommended by the Commission. This is a significant amount and will involve a transformation in the arts sector. Arts agencies (including the major cultural institutions of the State, as well as public libraries) will have to change the nature of their operations significantly and become more independent through increased levels of cost recovery and/or scale back the breadth of their activity.

Labour

A rationalisation of SafeWork SA's operations has been recommended by the Commission. This will involve SafeWork SA delivering services more efficiently, and focusing activity on areas of highest priority.

The Commission also recommends that the roles of the Commissioner for Public Employment and the Employee Ombudsman should cease, on the basis that the functions of both positions can be absorbed by the Chief Executive of DPC and SafeWork SA respectively.

Aboriginal affairs

AARD is currently undertaking an internal review of its functions. As a result of that review, it is expected that a rationalisation of activity and staff can occur. AARD will focus on the core functions of policy strategy, leadership and coordination on Aboriginal issues.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 5: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		6,864	48,673	79,207	96,810	-365
Operating Revenues		2,500	2,400	-1,219	4,537	—
Impact on Net Operating Balance		9,364	51,073	77,988	101,374	
Impact on Net Lending		9,364	51,073	77,988	101,374	
Operating Expenses						
State subsidy for public libraries — cease	1	—	17,081	18,858	20,170	-26
Major cultural institutions — consolidate support functions	1	—	411	3,228	6,882	-4
Artists and small to medium arts organisations — reduce support	5	520	4,039	4,905	5,854	-1
SafeWork SA — rationalise	2	—	2,798	4,551	5,058	-32
Aboriginal Affairs and Reconciliation Division — rationalise	2	244	541	1,548	4,801	-30
Cabinet Office — rationalise	2	1,726	2,035	2,692	3,273	-22
State Library — reduce support	5	—	1,017	2,076	3,200	-30
Adelaide Festival Centre — reduce support	5	—	1,285	2,601	3,200	-8
Commission for Integrated Design — abolish	1	—	—	—	3,159	-9
State Theatre Company and State Opera — cease support	5	—	920	2,806	3,024	-12
Office of Sustainability and Climate Change — abolish	1	363	356	369	2,868	-17
SA Film Corporation — reduce support	5	108	1,552	1,576	2,200	-3
Agent General — abolish position	5	86	1,868	1,940	2,079	-8
Premier's Office — rationalise	2	307	583	1,197	1,991	-19
Promotion of the State — rationalise	5	896	1,765	1,837	1,971	—
South Australian Museum — reduce support	5	—	759	1,038	1,875	-18
Country Arts SA — reduce support	5	—	767	1,551	1,850	-18

II. Details of agency-specific budget improvement proposals

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Central workforce services — devolve to agencies	1	—	—	—	1,694	-14
Art Gallery of South Australia — reduce support	5	—	509	775	1,600	-15
Carclew Youth Arts — consolidate into Arts SA	2	—	250	775	1,366	—
History SA — reduce support	5	—	504	775	1,350	-13
University City Project Team — cease operations	3	77	616	1,209	1,266	-6
Adelaide Film Festival — cease support	5	—	802	1,129	1,182	—
Windmill Children's Performing Arts Company — cease support	5	—	517	1,129	1,182	—
Major Exhibitions Fund — forego creation ^(b)	5	500	500	1,000	1,000	—
Carrick Hill — transfer collections and sell property	5	—	—	394	848	-8
Employee Ombudsman — eliminate position and office	1	—	—	645	691	-6
Media monitoring services — reduce	5	122	240	372	664	-5
Premier's special grants — rationalise	5	321	309	626	656	—
Adelaide Festival of Arts — maintain as biennial event rather than move to annual ^(b)	5	—	1,000	9,287	646	-7
Live Music Fund — cease	5	—	588	597	625	—
Industrial Court and Commission — rationalise	2	139	268	407	569	-7
Clipsal 500 — reduce state hospitality events	5	539	517	525	550	—
Art boards — revise fee structure	2	—	255	513	526	—
Commissioner for Public Employment — eliminate separate position	1	—	340	500	500	-3
Arts SA — departmental efficiencies	2	—	245	437	453	-4
State protocol activity — rationalise	5	—	176	461	440	-4
Commissioner for Aboriginal Engagement — eliminate position and office	1	—	378	385	403	-3
AARD grant program — reduce	5	54	221	338	354	—
Leigh Warren and Dancers — cease support	5	—	155	316	330	—
Capital City Committee — abolish	5	131	255	263	283	-2
Aboriginal and Torres Straight Islander art development — cease support	5	77	255	258	265	—
Adelaide Fringe Festival — reduce support	5	—	152	205	260	—
Vitalstatistix — cease support	5	—	120	243	255	—
Disability Information and Resource Centre — cease support	1	—	—	213	228	—
Public art and design programs — cease support	5	108	211	216	226	—
Local Stages theatre initiative — cease support	5	—	104	212	223	—
Artlab — reduce support	5	—	103	210	220	-2
Connecting Up Australia — cease support	5	—	93	199	214	—
Jam Factory — reduce support	5	—	102	155	210	—
Strategic Communications Unit — rationalise	2	20	48	99	203	-3
SafeWork SA Fair Work contract	2	192	84	111	200	-1

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Australian Festival for Young People (Come Out) — cease support	5	—	—	184	192	—
Thinkers in Residence Program — reduce	5	—	166	168	176	-2
Out of the Square theatre program — cease support	5	—	78	158	165	—
Anzac Spirit School Prize — cease	5	161	155	158	165	—
Tandanya — reduce support	5	—	52	103	155	—
Government House — rationalise support	2	65	124	126	132	-2
Australian Performing Arts Market — cease support	5	—	—	—	123	—
Arts Education Strategy — cease contribution	5	108	103	105	110	—
Australian Dance Theatre — reduce support	5	—	51	103	105	—
Facilities and equipment grant program — cease	5	—	50	100	100	—
Public and corporate affairs — rationalise	5	—	100	100	100	—
Peer assessment panels — abolish	5	—	50	100	100	—
Ruby Awards — abolish	5	—	50	50	50	—
Operating Revenues						
Adelaide Festival of Arts — maintain as biennial event rather than move to annual ^(b)	5	—	—	-3,419	2,537	—
SafeWork SA Fair Work contract	2	2,500	2,400	2,200	2,000	—
Estimated FTE Impact by year		-31	-155	-253	-365	

(a) Represents the estimated FTE impact in 2013-14.

(b) Represents the reversal of a 2010 Election commitment.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: State subsidy for public libraries — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	17,081	18,858	20,170
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-24	-26	-26

Description/Explanation:

Public libraries are operated by local councils for the benefit of their constituents.

The State currently provides significant funding for:

- The purchase of library material;
- The provision of internet services to the public; and
- The provision of community information.

This proposal is that the State withdraw its support and that the funding and operation of local libraries be left to councils.

Title: Major cultural institutions — consolidate support functions

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	411	3,228	6,882
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-3	-4

Description/Explanation:

Consolidate the executive/administrative functions performed in each of the major cultural institutions of the State (the State Library of South Australia, the Art Gallery of South Australia, the South Australian Museum and the institutions operated by History SA) to eliminate duplication and unnecessary overheads through the creation of a single administrative service.

Title: Artists and small to medium arts organisations — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	520	4,039	4,905	5,854
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Reduce grants to artists and small to medium arts organisations. This would result in the sector having to become less reliant on State subsidies.

Title: SafeWork SA — rationalise**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,798	4,551	5,058
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-16	-32	-32

Description/Explanation:

Rationalise the activities of SafeWork SA to increase efficiencies and focus activity on areas of highest necessity. Savings would be generated in the following areas:

- Administration, marketing and consultancies (\$1.6 million by 2013-14);
- Grants to external bodies (\$1 million by 2013-14);
- General OHS&W workplace inspectorate services (\$1 million by 2013-14);
- Inspectorate and regulatory compliance activities (\$0.6 million by 2013-14);
- Public information and advisory services (\$0.4 million by 2013-14);
- A rationalisation of temporary and contract staff (\$0.3 million by 2013-14); and
- Industrial relations services (\$0.2 million by 2013-14).

Title: Aboriginal Affairs and Reconciliation Division — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	244	541	1,548	4,801
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-7	-13	-30

Description/Explanation:

A full functional review of the Aboriginal Affairs and Reconciliation Division (AARD) of the Department of the Premier and Cabinet is currently being undertaken.

As a result of the review it is expected that a rationalisation of the division can occur, to enable AARD to focus on its core functions.

Title: Cabinet Office — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,726	2,035	2,692	3,273
Operating Revenues	—	—	—	—
Estimated FTE Impact	-9	-14	-19	-22

Description/Explanation:

Rationalise Cabinet Office, which would involve a 30 per cent reduction in staffing. Funding for all staff on secondment from agencies would be transferred to Cabinet Office as part of this process to maximise efficiencies in the current arrangements.

The reduction in staffing would be achieved by reducing the number of policy co-ordination positions and ceasing central oversight of the South Australian Strategic Plan (SASP). Ceasing central oversight for the SASP would involve a greater devolution of responsibility for the Plan to individual agencies.

Title: State Library — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,017	2,076	3,200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-10	-20	-30

Description/Explanation:

Reduce support for the State Library of South Australia by 10 per cent by 2013-14. The Library would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: Adelaide Festival Centre — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,285	2,601	3,200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-3	-7	-8

Description/Explanation:

Reduce the level of subsidy provided for the operation of the Adelaide Festival Centre by 20 per cent by 2013-14. This would require the Centre to operate on a more self sustaining basis and/or identify efficiencies.

Title: Adelaide Festival of Arts — maintain as biennial event rather than moving to annual^(a)**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,000	9,287	646
Operating Revenues	—	—	-3,419	2,537
Estimated FTE Impact	—	-7	-7	-7

(a) Represents the reversal of a 2010 Election commitment.

Description/Explanation:

Sustain the current scope of the Adelaide Festival of Arts as a biennial event and not move to an annual event.

Title: Commission for Integrated Design — abolish

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	3,159
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-9

Description/Explanation:

Cease the operations of the Commission for Integrated Design after completion of the Commissioner’s current contract.

Improvements in urban planning and design practices are ultimately more appropriately engendered within existing government structures (eg, the Department of Planning and Local Government).

Title: State Theatre Company and State Opera — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	920	2,806	3,024
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-12	-12

Description/Explanation:

Remove State subsidies for State Theatre and Opera productions.

The State Theatre Company of South Australia and State Opera would need to become completely self sustaining, or cease operations.

Title: Office of Sustainability and Climate Change — abolish

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	363	356	369	2,868
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-17

Description/Explanation:

Cease the operations of the Office of Sustainability and Climate Change and devolve responsibility for the implementation of climate change policy to individual government agencies, after the development of an adaptation framework is complete.

The Commonwealth has responsibility for the development of a national response to climate change, and a number of State Government agencies have a role in energy/environmental conservation, and are well placed to manage any state based involvement in this area.

Title: SafeWork SA Fair Work contract

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	192	84	111	200
Operating Revenues	2,500	2,400	2,200	2,000
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

An increase in revenue from the Commonwealth, and operational efficiencies, resulting from SafeWork SA providing industrial relations services on behalf of the Office of the Fair Work Ombudsman under the National Industrial Relations System. This contract has already commenced.

Title: SA Film Corporation — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	108	1,552	1,576	2,200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-3

Description/Explanation:

Reduce State support for the SA Film Corporation by 40 per cent by 2013-14.

This would require the film industry in South Australia to be more self sustaining, and result in the provision of State support for specific projects to be undertaken on a more selective basis given the reduced level of available funding.

Title: Agent General — abolish position

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	86	1,868	1,940	2,079
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-8	-8

Description/Explanation:

Abolish the Agent General position in London and associated support staff.

Title: Premier’s Office — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	307	583	1,197	1,991
Operating Revenues	—	—	—	—
Estimated FTE Impact	-3	-6	-10	-19

Description/Explanation:

Reduce resources within the Office of the Premier by 30 per cent.

Title: Promotion of the State — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	896	1,765	1,837	1,971
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Eliminate a specific provision within the Department of the Premier and Cabinet for promotion of the State. Promotion would need to occur from within budgets of individual portfolios.

Title: South Australian Museum — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	759	1,038	1,875
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-10	-18

Description/Explanation:

Reduce support for the South Australian Museum by 18 per cent by 2013-14. This would require the museum to operate on a more self sustaining basis and/or identify efficiencies.

Title: Country Arts SA — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	767	1,551	1,850
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-15	-18

Description/Explanation:

Reduce support for Country Arts SA by 27 per cent by 2013-14. This would require Country Arts SA to operate on a more self sustaining basis and/or identify efficiencies.

Title: Central workforce services — devolve to agencies**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	1,694
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-14

Description/Explanation:

Cease operations of the central division responsible for the development of policy and monitoring of whole-of-government public sector workforce health, safety and injury management. It is also proposed to abolish the Risk Management Fund, which is designed to support across government projects relating to occupational health, safety and welfare (OHS&W).

Public sector OHS&W is the primary responsibility of agency Chief Executives. It is proposed that the development of policy regarding OHS&W should remain exclusively at the agency level, with appropriate levels of interaction and co-operation between agencies occurring as a matter of common practice without financial incentive.

Title: Art Gallery of South Australia — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	509	775	1,600
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-8	-15

Description/Explanation:

Reduce support for the Art Gallery of South Australia by 22 per cent by 2013-14. The Art Gallery would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: Carclew Youth Arts — consolidate into Arts SA

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	250	775	1,366
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Consolidate the operations of Carclew Youth Arts into Arts SA and sell Carclew House and property.

This would involve a rationalisation of corporate functions, and a smaller but more targeted youth arts program. While the number of youth arts companies being funded would be reduced, a smaller number of youth arts companies would be funded to a level that would strengthen their capacity to deliver an increased program of activity.

Estimates of the potential sales proceeds have not been included for the proposal.

Title: History SA — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	504	775	1,350
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-8	-13

Description/Explanation:

Reduce support for History SA (the agency responsible for the operation of the Migration Museum, National Motor Museum, and the South Australian Maritime Museum) by 27 per cent by 2013-14. History SA would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: University City Project Team — cease operations**Rationale:** Economic Rationale**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	77	616	1,209	1,266
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-4	-6	-6

Description/Explanation:

Cease operations of the support unit for the University City Project.

The responsibility for administering current agreements with the universities would be devolved to relevant agencies, and the separate administrative team would be abolished.

Title: Adelaide Film Festival — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	802	1,129	1,182
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the State subsidy to the Adelaide Film Festival after the 2011 Festival. The Adelaide Film Festival would need to operate on a completely self sustaining basis, or cease.

Title: Windmill Children’s Performing Arts Company — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	517	1,129	1,182
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the State subsidy of the Windmill Children’s Performing Arts Company. The company would have to become self sustaining, or cease operations.

Title: Major Exhibitions Fund — forego creation^(a)

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	500	500	1,000	1,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

(a) Represents the reversal of a 2010 Election commitment.

Description/Explanation:

A Major Exhibitions Fund, designed to support securing major national and international exhibitions to the cultural institutions of the State, is scheduled to commence from July 2010. This proposal would involve not commencing with this initiative.

Title: Carrick Hill — transfer collections and sell property**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	394	848
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-4	-8

Description/Explanation:

The Carrick Hill property and collections were a bequest to the State, and are maintained by the State and open for public display. It is proposed that the collections of Carrick Hill be transferred to other cultural institutions, to allow continued access by the public. The house and property would be divested, with savings in ongoing maintenance costs.

Estimates of the potential sales proceeds have not been included in the proposal.

Title: Employee Ombudsman — eliminate position and office**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	645	691
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-6	-6

Description/Explanation:

Change the *Fair Work Act 1994* to remove the functions of the Employee Ombudsman and associated office.

SafeWork SA would assume full responsibility for employee advocacy.

Title: Media monitoring services — reduce**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	122	240	372	664
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-2	-3	-5

Description/Explanation:

Reduce the media monitoring unit by 50 per cent by 2013-14.

Title: Premier’s special grants — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	321	309	626	656
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Eliminate a specific provision within the Department of the Premier and Cabinet for grants by the Premier which are primarily made to Non Government Organisations for community initiatives.

Any grants made to such organisations would need to be sourced from the relevant line agency. The Department for Families and Communities also has an extensive grants program through the Community Connect Division for such activity.

Title: Live Music Fund — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	588	597	625
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the specific state subsidy for live music events and organisations through the live music fund.

Annual support of at least \$500,000 out of the Community Development Fund for live music is required under the *Gaming Machines Act 1992*. It is proposed that the cessation of this fund can occur, due to the fact that Arts SA provides support for various events that involve and support live music that will fulfil the requirements of the Act.

Title: Industrial Court and Commission — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	139	268	407	569
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-4	-6	-7

Description/Explanation:

Eliminate unfilled positions within the Industrial Court and Commission that are not essential for the operation of the Court and Commission.

Title: Clipsal 500 — reduce state hospitality events

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	539	517	525	550
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Eliminate the State funded 750 guest dinner for the Clipsal 500 event, and reduce the number of guests invited to the State suite at the track by a third (from 3,000 to 2,000).

Title: Art boards — revise fee structure

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	255	513	526
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Change the current fee structure for members of the major arts organisation boards from an annual payment to a fee based on the number of sessions.

Title: Commissioner for Public Employment — eliminate separate position

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	340	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-3	-3	-3

Description/Explanation:

Cease the position of the Commissioner for Public Employment and rationalise support functions. The Chief Executive of the Department of the Premier and Cabinet would assume the position's responsibilities. This would remove a layer of administration and lead to efficiency savings.

Title: Arts SA — departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	245	437	453
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-4	-4

Description/Explanation:

An internal restructure within Arts SA would reduce administration positions and deliver efficiency savings.

Title: State protocol activity — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	176	461	440
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-4

Description/Explanation:

Rationalise protocol activities undertaken by the State, to include only those functions that provide significant benefits and/or are considered essential responsibilities of the State.

This includes a rationalisation of the provision for diplomatic and State visitors, as well as hospitality events including public forums and community receptions/award presentations.

Title: Commissioner for Aboriginal Engagement — eliminate position and office

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	378	385	403
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-3	-3	-3

Description/Explanation:

Eliminate the position of Commissioner for Aboriginal Engagement and associated support.

AARD is responsible for policy development and advising the Government on issues affecting Indigenous Australians and would assume the roles of the Commissioner and associated support.

Title: AARD grant program — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	54	221	338	354
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the grant programs administered by AARD.

Specific grants to Aboriginal land holding authorities would be maintained at current levels. Grants to Aboriginal service providers for regular visits to Aboriginal people detained in custody and family reunion programs would cease.

Title: Leigh Warren and Dancers — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	155	316	330
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease State support for Leigh Warren and Dancers, a dance company based in metropolitan Adelaide. The company would have to become self sufficient, or cease operations.

Title: Capital City Committee — abolish

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	131	255	263	283
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

Abolish the Capital City Committee.

Collaboration between State and local government concerning issues affecting the City of Adelaide should not necessitate a separate administrative body with associated costs. The core functions of the Committee would appear better placed within existing structures of government (eg, the Department of Planning and Local Government).

Title: Aboriginal and Torres Strait Islander art development — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	77	255	258	265
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease subsidising the development of artistic product by Aboriginal and Torres Strait Islander artists.

Title: Adelaide Fringe Festival — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	152	205	260
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce State support for the annual Fringe Festival.

Title: Vitalstatistix — cease support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	120	243	255
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease State support for Vitalstatistix, a local theatre company based in metropolitan Adelaide. The company would have to become self sufficient, or cease operations.

Title: Disability Information and Resource Centre — cease support**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	213	228
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease government support for the Disability Information and Resource Centre. The centre does not deliver physical services to people with a disability; rather it provides disability education and referral services to other areas of State support.

This proposal would result in information services being delivered by the agencies responsible for physical service delivery.

Title: Public art and design programs — cease support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	108	211	216	226
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the provision of seed capital for public art and design works. Where these works provide material benefit to a specific community they should be commissioned and supported without State government assistance.

Title: Local Stages theatre initiative — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	104	212	223
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease subsidisation of touring and presentation of regional theatre projects. Local theatre productions would have to be self sustaining, or supported by the participants themselves.

Title: Artlab — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	103	210	220
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-2	-2

Description/Explanation:

Reduce the State subsidisation of Artlab's operations.

This will require art restoration and conservation services for the State's cultural institutions to be delivered more selectively.

Title: Connecting Up Australia — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	93	199	214
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease funding Connecting Up Australia, a non profit organisation that primarily maintains a database of community service information and provides a forum for non profit organisations to communicate with each other. Where valued, this sort of activity should be supported by users of the services.

Title: Jam Factory — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	102	155	210
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce support for the Jam Factory arts centre by 20 per cent by 2013-14. The centre would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: Strategic Communications Unit — rationalise**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	20	48	99	203
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-2	-3

Description/Explanation:

The Strategic Communications Unit provides strategic advice and analysis to the government on State funded advertising. With proposed rationalisations of government advertising activity in general, the resources devoted to this unit can be reduced. The proposal involves a 50 per cent reduction in the size of the unit by 2013-14.

Title: Australian Festival for Young People (Come Out) — cease support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	184	192
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease Arts SA support for the Come Out Festival, a biennial youth arts festival.

The Festival is also supported by Carclew Youth Arts and other private organisations.

Arts SA contributes roughly 40 per cent of the overall funding of the festival, which would have to rely more heavily on external support, or downscale.

Title: Thinkers in Residence Program — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	166	168	176
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-2

Description/Explanation:

Reduce program support and the number of residencies from 6 to 2-3 per annum.

Title: Out of the Square theatre program — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	78	158	165
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease State support for the Out of the Square theatre program, a metropolitan theatre touring program. The program would have to become self sustaining, or cease.

Title: Anzac Spirit School Prize — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	161	155	158	165
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease support for an annual study trip to Europe for six students.

Title: Tandanya — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	52	103	155
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce support for Tandanya, an Aboriginal and Torres Strait Islander arts and cultural venue, by 15 per cent by 2013-14. Tandanya would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: Government House — rationalise support**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	65	124	126	132
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

The proposal involves efficiencies in the State Governor's Establishment that would result in a 10 per cent reduction in staff.

Title: Australian Performing Arts Market — cease support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	123
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease State government support for Australian Performing Arts Market, a biennial event that provides artists an opportunity to showcase their work.

Title: Arts Education Strategy — cease contribution

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	108	103	105	110
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease Arts SA contribution towards the ‘ARTSsmart’ program.

This is a program delivered largely by the Department of Education and Children’s Services with Arts SA and Commonwealth support. It is an arts education strategy designed for junior and secondary students. The measure proposes to cease the Arts SA contribution to the strategy.

Title: Australian Dance Theatre — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	51	103	105
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the subsidy provided to the Australian Dance Theatre (ADT), a local dance company, by 10 per cent. The ADT would need to operate on a more self sustaining basis and/or identify efficiencies.

Title: Peer assessment panels — abolish

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	50	100	100
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Abolish peer assessment panels, a group of recognised individuals in the arts sector who make recommendations to the Minister for Arts regarding the direction of arts grant funding. The process would be absorbed within the structure of Arts SA.

Title: Public and corporate affairs — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	100	100	100
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalise corporate marketing and development activities within Arts SA.

Title: Facilities and equipment grant program — cease**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	50	100	100
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease grant program designed to assist in improving arts and cultural heritage facilities owned by local government, community groups and not for profit arts organisations.

Title: Ruby Awards — abolish**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	50	50	50
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Abolish the Ruby Awards, a series of annual awards recognising artistic achievement presented by Arts SA.

II. Details of agency-specific budget improvement proposals

Trade and Economic Development

Overview

The Department of Trade and Economic Development (DTED) provides economic development advice to the Government. It provides services to business and industry to assist them to improve their productivity and performance, as well as provides direct assistance to assist businesses by way of grants as well as various support programs (such as export, innovation, and small business growth). It also undertakes trade promotion through its overseas offices.

Budget Overview

The DTED operating expenditure as published in the 2009-10 Budget is \$62.9 million in 2009-10 or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were projected to be 205 at 30 June 2010.

The DTED investing budget as published in the 2009-10 Budget is \$6.4 million in 2009-10 or less than one per cent of the investing budget.

Strategic Challenges/Opportunities

Section 8 of Volume 1 outlined the Commission's recommendations for ceasing the majority of the programs managed by DTED. Adopting this recommendation would make DTED unviable as a stand alone department. The remaining functions would be transferred to other areas of Government.

A key challenge in implementing the Commission's recommendations will be focussing the new division's activities around industry policy and investment marketing, utilising the state's competitive strengths rather than trying to boost identified weaknesses or rely on grants ('industry welfare') to attract new investment.

Given the current budget outlook, reducing programs with speculative economic benefits should be a priority. Over time, governments are tempted to grow business and industry related programs. Their effectiveness is often assumed, without being tested.

It will be critical that any industry support provided is subject to detailed cost benefit analysis and to ex-post evaluations. Where activities fail to demonstrate net economic benefits they should stop.

Savings Proposals Summary

There are seven main savings areas proposed.

Trade promotion and international offices

DTED's trade promotion activities duplicate the services provided by the Commonwealth via Austrade and the Commonwealth network of overseas offices.

It is recommended that its trade promotion activities cease and its overseas offices be closed. Any future targeted investment marketing efforts can utilise the Austrade office network under fee for service arrangements.

Migration administration

Immigration is the policy and administrative responsibility of the Commonwealth Government. The benefits of additional state-based involvement in migration administration, through administering applications to the Commonwealth agency, providing state sponsorship, or providing a source of

advice to businesses, have not demonstrated net benefits to the State. Migration services are also provided by registered migration agents operating in private markets.

It is recommended that the department's migration administration role be ceased. The state's role should be wound back to the provision of information for intending migrants only (ie, via the existing website). This low cost function could be undertaken in the future by Department of Further Education, Employment, Science and Technology, but should not require significant resources.

Economic analysis and policy advice

The Department's policy function partially duplicates the policy role of other central agencies, for example economic policy advice within the Department of Treasury and Finance. It is proposed that the economic policy role be stopped and some advisory and industry boards be rationalised.

It is recommended that a smaller, more focussed group be established within the Department of Primary Industries and Resources to undertake industry policy and investment marketing (discussed in Section 8 of Volume 1). The investment marketing activity would be focussed on promoting the state's existing competitive strengths, but would not extend to subsidies or other industry welfare to attract industries.

Regional development

The department's previous support of regional development through regional development boards is of diminished relevance following the Commonwealth's establishment of Regional Development Australia (RDA).

The presence of RDA Regional Development Committees provides the necessary framework for organising regional input into economic development matters, planning, consultation, and interface with levels of government.

It is recommended that the department's regional development role be ceased and that grants to Commonwealth-funded Regional Development Committees be wound down after the current agreement, resulting in savings from 2013-14.

Industry subsidies and grant programs

The department's subsidy and grant programs have been reviewed and do not demonstrate net economic benefits to the State. By their very nature, these programs are discretionary and may be relatively easily stopped. Similar funds are sponsored by DTED but administered by the Department of Treasury and Finance. These savings are reflected in the Department of Treasury and Finance.

Commercial services to business and industry

It is recommended that various business assistance programs be ceased. Advisory services to businesses and industry are available in private markets as well as through the Commonwealth Department of Innovation, Industry, Science and Research (AusIndustry).

Corporate support and departmental overheads

After ceasing ineffective, low value or duplicated activities the size of the agency is too small to be viable as a stand alone department. Moving the remaining activities to other departments provides additional savings opportunities through lower corporate support costs and departmental overheads.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 6: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		23,986	43,023	54,819	60,123	-150
Operating Revenues		-310	-739	-476	-490	—
Impact on Net Operating Balance		23,676	42,284	54,343	59,633	
Impact on Net Lending		23,676	42,284	54,343	59,633	
Operating Expenses						
International market development — cease	1	9,672	19,516	19,493	19,927	-51
Corporate and overhead cost savings	2	6,709	6,538	13,846	14,167	-48
Regional development, industry subsidies and grants — reduce	5	1,538	2,967	2,808	6,926	-13
Economic analysis and policy advice — reduce	1	2,896	6,289	6,461	6,638	-30
Commercial services to industry and business — cease	1	-167	1,090	5,697	5,916	-9
Riverland Sustainable Futures Fund — cease ^(b)	5	2,500	5,000	5,000	5,000	—
Strategic marketing and communications — reduce	5	838	1,623	1,514	1,549	—
Operating Revenues						
Corporate and overhead cost savings	2	-8	-18	-12	-13	—
Regional development, industry subsidies and grants — reduce	5	-25	-60	-40	-41	—
Commercial services to industry and business — cease	1	-41	-98	-65	-67	—
Strategic marketing and communications — reduce	5	-51	-127	-69	-71	—
Economic analysis and policy advice — reduce	1	-60	-141	-94	-96	—
International market development — cease	1	-125	-295	-196	-202	—
Estimated FTE Impact by year		-150	-150	-150	-150	

(a) Represents the estimated FTE impact in 2013-14.

(b) Represents the reversal of a 2010 Election commitment.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: International market development — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	9,672	19,516	19,493	19,927
Operating Revenues	-125	-295	-196	-202
Estimated FTE Impact	-51	-51	-51	-51

Description/Explanation:

Cease trade promotion activities and close the overseas office network to remove duplication with Austrade.

Migration administration and marketing is also proposed to cease. This is the responsibility of the Commonwealth.

Title: Corporate and overhead cost savings

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	6,709	6,538	13,846	14,167
Operating Revenues	-8	-18	-12	-13
Estimated FTE Impact	-48	-48	-48	-48

Description/Explanation:

Realise savings associated with rationalising the existing stand alone agency structure and allocating the remaining functions to another agency. Savings relate to corporate structure overheads including finance, human resources, IT services, senior executive leadership and accommodation requirements.

This relates to operating expenses only. Future analysis of asset disposal opportunities will need to be identified as part of the implementation of the Commission's recommendation.

Title: Regional development, industry subsidies and grants — reduce**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,538	2,967	2,808	6,926
Operating Revenues	-25	-60	-40	-41
Estimated FTE Impact	-13	-13	-13	-13

Description/Explanation:

Discontinue a dedicated Office for Regional Affairs based on duplication with Regional Development Australia and Regional Development Committees (RDCs). RDCs provide an appropriate mechanism for consulting on matters of regional significance such as development matters and service delivery. Cease funding to the RDCs network when the current funding agreement ends.

Cease discretionary grant and subsidy programs where there are no demonstrable net economic benefits. Savings relate to a number of grant programs.

Note that savings from closing funds administered by the Department of Treasury and Finance such as the Regional Development Infrastructure Fund and the Strategic Industry Support Fund are reported under the Department of Treasury and Finance.

Small business workshops and services are also proposed to cease. These are also provided in commercial markets and by the Commonwealth Department of Innovation, Industry, Science and Research (AusIndustry).

Title: Economic analysis and policy advice — reduce**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,896	6,289	6,461	6,638
Operating Revenues	-60	-141	-94	-96
Estimated FTE Impact	-30	-30	-30	-30

Description/Explanation:

Reduce economic analysis and policy function to remove duplication with other agencies.

A focussed industry policy function is proposed to be located within the Department of Primary Industries and Resources. Support for the Economic Development Board and the Competitiveness Council was approved by Cabinet in May 2010 to transfer to the Department of the Premier and Cabinet.

Title: Commercial services to industry and business — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-167	1,090	5,697	5,916
Operating Revenues	-41	-98	-65	-67
Estimated FTE Impact	-9	-9	-9	-9

Description/Explanation:

Cease provision of commercial services to businesses. Established private sector operators will provide these services on a fee for service basis if they are demanded. This proposal includes ceasing funding to Business Enterprise Centres and Innovate SA at the end of current agreements.

Title: Riverland Sustainable Futures Fund — cease^(a)

Rationale: Lower priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,500	5,000	5,000	5,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

(a) Represents the reversal of a 2010 Election commitment.

Description/Explanation:

Non-introduction of a commitment to provide direct grant assistance to Riverland producers to reduce dependence on irrigation water.

Title: Strategic marketing and communications — reduce

Rationale: Lower priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	838	1,623	1,514	1,549
Operating Revenues	-51	-127	-69	-71
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce support for strategic marketing and communications, noting that some activity associated with investment marketing is proposed to be transferred to the new unit within the Department of Primary Industries and Resources.

Defence SA

Overview

Defence SA is South Australia's lead Government agency for all defence-related matters. The agency's mission is to facilitate the development and growth of Defence and defence industries in South Australia on a competitive and sustainable basis.

Budget Overview

The Defence SA operating expenditure budget, as published in the 2009-10 Budget, is \$36.7 million in 2009-10, or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 38 at 30 June 2010.

The Defence SA investing budget, as published in the 2009-10 Budget, is \$68.2 million in 2009-10, or three per cent of the investing budget.

Strategic Challenges/Opportunities

The Commonwealth Government's advocacy of an 'Australian based' defence industry and the value of the defence spend provides some rationale for a defence industry development function. The challenge is to integrate the entity into a broader economic development and industry policy agency, thus delivering corporate support savings while maintaining the Defence SA and Defence State brands.

Defence SA has identified four defence sector opportunities; Land, Maritime, Aerospace and Systems. Whilst acknowledging the strategic drive from the Department of Defence for greater sector integration, without significant South Australian Government support, it may not be viable for South Australia to be a major participant in all sectors.

Defence SA should avoid industry and company specific subsidies and cost shifting from the Commonwealth.

Defence SA should attempt to maximise the financial return of past infrastructure investments and recover the full operating costs and wherever possible seek a return on capital outlays.

Savings Proposals Summary

In accordance with the strategic challenges, the majority of the Commission's recommendations reflect corporate efficiency savings from being encompassed within a larger economic development and industry policy department. Other savings reflect a lower spend on marketing and defence events.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 7: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,412	2,934	5,083	6,574	-16
Operating Revenues		240	290	290	290	—
Impact on Net Operating Balance		1,652	3,224	5,373	6,864	
Impact on Net Lending		1,652	3,224	5,373	6,864	
Operating Expenses						
Corporate support phase 1 — reduce	2	488	499	513	527	-1
Corporate support phase 2 — reduce	1	—	650	1,869	2,562	-12
Marketing and promotion — reduce	5	384	855	1,021	1,854	-2
Defence sector industry policy and assistance — reduce	5	455	741	1,051	995	—
Governance and advice — reduce	5	—	—	260	260	—
Property management — rationalise	5	—	—	177	182	-1
Defence SA Board — reduce	5	—	104	107	109	—
Techport Australia Common User Facility — efficiencies	7	85	85	85	85	—
Operating Revenues						
Techport Australia Common User Facility — efficiencies	7	240	240	240	240	—
Marketing and promotion — reduce	5	—	50	50	50	—
Estimated FTE Impact by year		-2	-7	-11	-16	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Corporate support phase 1 — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	488	499	513	527
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Introduce a lower cost model in the delivery of commercial and risk services for Defence SA activities, using existing networks and contacts to capture business development opportunities and reduce the level of travel, and a lower cost delivery model for recruitment and retention. This proposal is not reliant on Defence SA amalgamating with an existing department and implementation of this proposal has commenced.

Title: Corporate support phase 2 — reduce

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	650	1,869	2,562
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-8	-12

Description/Explanation:

Introduce a lower cost delivery model for corporate support by amalgamating the operations of Defence SA into another economic development agency. Savings will occur in corporate service activities, ministerial support, corporate affairs, the finance and human resources functions, as well as strategic policy and planning activities.

Title: Marketing and promotion — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	384	855	1,021	1,854
Operating Revenues	—	50	50	50
Estimated FTE Impact	-1	-1	-1	-2

Description/Explanation:

Given the State's 'Defence' brand has been established and the Common User Facility becomes operational there is an opportunity for the Government to scale back its event sponsorship, promotion, advertising and participation activities.

This proposal includes a pro rata reduction in expenditure and marketing; reduced minor event participation; restricting major event participation to a maximum of one event per annum; cessation of all sponsorships; partial cost recovery from local industry exhibitors on SA Expo stands at major defence events; and a reduction in the event coordination and management capability.

Title: Defence sector industry policy and assistance — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	455	741	1,051	995
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the number of studies into the economic impact of defence sector expenditure and elect not to pursue opportunities in one of the four defence sectors. Industry analysis and the corporate client management system would be managed within existing resources and grant funding to the Defence Teaming Centre would not be renewed, once the current deed ends in 2011-12.

Title: Governance and advice — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	260	260
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Lower operating costs for the Office of the Chief Executive.

Title: Property management — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	177	182
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

Consolidate property management resources.

Title: Defence SA Board — reduce**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	104	107	109
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the size of the advisory board from nine to seven paid members.

Title: Techport Australia Common User Facility — efficiencies**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	85	85	85	85
Operating Revenues	240	240	240	240
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase third party revenue and operational efficiencies.

Treasury and Finance

Overview

The Department of Treasury and Finance (DTF) is the lead agency supporting the Government's key economic and financial policy outcomes through the provision of advice and coordination of resource allocation for government programs. It also provides financial services to government and the community, including financial asset and liability management, overseeing government businesses, collection of state taxes, and insurance and superannuation administration.

Budget Overview

DTF's operating expenditure budget, as published in the 2009-10 Budget is \$203.5 million in 2009-10, or two per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 1,640 at 30 June 2010.

The \$203.5 million budgeted portfolio expenditure incorporates a number of functions where costs are essentially fully recovered from either other sectors of government or from other general government sector agencies.

Of the estimated \$203.5 million, \$49.1 million relates to the operation of Shared Services SA,² \$22.8 million relates to the operations of the South Australian Government Financing Authority (SAFA) and Super SA,³ and \$15.6 million relates to the provision of ICT services to other government departments, all of which is fully cost recovered.

DTF's investing budget, as published in the 2009-10 Budget is \$10.3 million in 2009-10, or less than one per cent of the investing budget.

Strategic Challenges/Opportunities

DTF has a traditional central financial agency role of providing strategic economic and financial advice and services for the government. It also has a service delivery support role in administering a number of government programs.

Maintenance of a core competency and capability to support the Government on State and Commonwealth matters is essential, as is the capacity to provide broad financial management services and independent oversight of complex financial arrangements being undertaken by operational agencies.

DTF administers subsidy payments to a number of entities, such as the SA Motor Sport Board. Given their nature (ie, the benefits accrue to specific individuals/groups), there is scope for these entities to achieve a greater proportion of their revenue through cost recovery, and rely less on Government subsidies. Further savings opportunities relating to concession and subsidy programs administered by the department are detailed under whole-of-government proposals.

² The creation of Shared Services SA was announced as a part of the 2006-07 Budget to deliver across government savings through the provision of centralised corporate and business services that were being duplicated across government departments.

³ Both SAFA and Super SA are Public Financial Corporations that, through a service level agreement, fully reimburse the Department of Treasury and Finance for the utilisation of staff and resources.

Savings Proposals Summary

The savings proposed for the Department of Treasury and Finance are consistent with strategic opportunities identified. Savings in corporate support areas have been included.

In addition, the Commission has identified a range of savings opportunities in the government motor vehicle fleet through full cost recovery, changes in fleet mix and size, more efficient management and/or outsourcing of management.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 8: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		6,920	20,641	26,001	29,649	-84
Operating Revenues		371	-1,751	-3,918	-3,413	—
Impact on Net Operating Balance		7,291	18,890	22,083	26,236	
Impact on Net Lending		7,291	18,890	22,083	26,236	
Operating Expenses						
Fleet management — alternate arrangements	3	—	2,282	5,039	5,919	-32
Corporate support — reduce	2	4,295	4,998	5,554	5,840	-17
Regional Development Infrastructure Fund — abolish	3	—	3,000	3,000	3,000	—
Clipsal 500 — ticket prices / sponsorship	7	—	—	1,160	2,218	—
Strategic Industry Support Fund — abolish	3	—	2,000	2,000	2,000	—
Chauffeur driven vehicles — limit access	5	—	1,694	1,736	1,780	-8
Research projects — reduce	3	—	1,500	1,500	1,500	—
Strategic procurement — reform	1	—	1,364	1,395	1,428	-8
Strategic financial advice — rationalise	5	—	801	919	934	-4
FBT on Ministerial vehicles — revise arrangements	2	870	870	870	870	—
Government regulation — efficiencies	5	193	390	400	682	-6
Departmental budget management — efficiencies	1	504	512	640	640	—
Depreciation — reduce	6	600	600	600	600	—
Revenue SA — efficiencies	5	—	—	288	594	-7
Industry assistance — discontinue compliance	5	—	—	—	485	—
MP motor vehicle entitlement — remove subsidy	2	63	210	343	416	—
Departmental efficiencies — leave management	1	372	372	388	396	—
Senior Executive — reduce	5	—	—	120	296	-1
Succession duties — abolish	3	23	48	49	51	-1

II. Details of agency-specific budget improvement proposals

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Revenues						
Government regulation — efficiencies	5	—	—	—	603	—
Credit rating services	5	371	377	386	396	—
Fleet management — alternate arrangements	3	—	-2,128	-4,304	-4,412	—
Estimated FTE Impact by year		-6	-49	-81	-84	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Fleet management — alternate arrangements

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,282	5,039	5,919
Operating Revenues	—	-2,128	-4,304	-4,412
Estimated FTE Impact	—	-15	-32	-32

Description/Explanation:

Revised management arrangements for the government motor vehicle fleet. Savings are achieved through lower administrative costs available to private providers with higher rental volumes.

Title: Corporate support — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	4,295	4,998	5,554	5,840
Operating Revenues	—	—	—	—
Estimated FTE Impact	-5	-10	-17	-17

Description/Explanation:

Lower cost delivery models for contract services, ICT and financial services and a rationalisation of support functions within the agency. Includes savings achieved as a result of the review of Contract Services.

Title: Regional Development Infrastructure Fund — abolish

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,000	3,000	3,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Discontinue financial assistance for regional development proposals through the Regional Development Infrastructure Fund.

As a whole, industry or private enterprise specific subsidies provide limited net economic benefits to the broader community.

Title: Clipsal 500 — ticket prices / sponsorship

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,160	2,218
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Clipsal 500 to achieve full cost recovery by 2012-13. This will be achieved through modest increases in ticket prices and a greater emphasis on attracting corporate sponsorship.

Title: Strategic Industry Support Fund — abolish

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,000	2,000	2,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Discontinue the Strategic Industry Support Fund. As a whole, industry or private enterprise specific subsidies provide limited net economic benefits to the broader community.

Title: Chauffeur driven vehicles — limit access

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,694	1,736	1,780
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-8	-8

Description/Explanation:

Reduce the number of chauffeured vehicles from 26 to 17. This involves the removal of chauffeur driven vehicle services to the President of the Legislative Council, Speaker of the House of Assembly, Chairman of Committees, Deputy Leader of the Opposition, Chairman Environment Resources and Development Committee and Chairman Economic and Finance Committee.

The Premier, Deputy Premier, Cabinet Ministers and Leader of the Opposition would continue to have access to a chauffeured vehicle.

Title: Research projects — reduce

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,500	1,500	1,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce funding for research projects undertaken on behalf of local government.

Title: Strategic procurement — reform**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,364	1,395	1,428
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-8	-8

Description/Explanation:

Develop a revised model for strategic procurement that assigns procurement responsibility with agency Chief Executives and abolish the State Procurement Board.

Title: Strategic financial advice — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	801	919	934
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-4	-4	-4

Description/Explanation:

Reduce the financial oversight and reviews of major government infrastructure projects. External resources would need to be sourced from project budgets on a case by case basis.

Title: FBT on Ministerial vehicles — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	870	870	870	870
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduce Australian Taxation Office (ATO) compliant logbooks for ministerial chauffeurs, enabling a reduction in the Fringe Benefits Tax liability. This administrative procedure is already in place in other states and the Commonwealth.

This saving is based on acceptance of the proposal to reduce the chauffeured fleet. If that proposal is not accepted, introduction of ATO compliant logbooks, based on the current chauffeured fleet size, will result in savings of \$1.280 million per annum.

Title: Government regulation — efficiencies

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	193	390	400	682
Operating Revenues	—	—	—	603
Estimated FTE Impact	-1	-3	-3	-6

Description/Explanation:

Rationalise staffing and increase cost recovery for government regulatory services provided in the areas of gambling, water, energy and transport (ports, rail).

Title: Departmental budget management — efficiencies

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	504	512	640	640
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Remove central funding pool for unexpected pressures or special projects.

Title: Depreciation — reduce

Rationale: Balance Sheet Efficiency

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	600	600	600	600
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Lower annual depreciation expense due to a revision (increase) in the useful life of agency assets as per the strategic asset management plan.

Title: Revenue SA — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	288	594
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-7	-7

Description/Explanation:

Amendments to land tax thresholds, mortgage and rental duties result in a natural reduction in Revenue SA compliance activity.

Title: Industry assistance — discontinue compliance**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	485
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Remove administrative support in overseeing compliance and enforcement of industry assistance grant agreements. Assuming no new agreements, the majority of existing agreements will have been finalised by 2014.

Title: MP motor vehicle entitlement — remove subsidy**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	63	210	343	416
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Members of Parliament currently are given the option of using a private-plated motor vehicle provided by the Government through a salary contribution. Members make a payment of \$7,000 per year and the Government subsidises the remaining vehicle costs of approximately \$15,000 per year.

Savings reflect removal of subsidy arrangements at the expiry of current leases.

Title: Departmental efficiencies — leave management

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	372	372	388	396
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Branches within the department are to have direct budget responsibility for the management of maternity leave from within existing budgets.

Title: Senior Executive — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	120	296
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

Rationalise the executive structure and abolish a Deputy Under Treasurer position.

Title: Succession duties — abolish

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	23	48	49	51
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Amend the *Succession Duties Act 1929* to provide a horizon date for succession duty refund claims, thereby removing the ongoing need to administer claims under the Act.

Title: Credit rating services**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	371	377	386	396
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Discontinue payment to credit rating agencies for the provision of credit ratings on South Australia. Credit ratings agencies are still expected to assess the state's financial position and the department would continue to provide the relevant briefing and supply of information.

Revenue reflects increased dividend payable from SAFA.

II. Details of agency-specific budget improvement proposals

Planning and Local Government

Overview

The Department of Planning and Local Government (DPLG) is the State's advisory agency on land use planning, development policy and strategy, the building code, and urban design and open space policy. The department is also responsible for leading the State Government's relationship with local government.

Budget Overview

DPLG's operating expenditure budget as published in the 2009-10 Budget is \$26 million in 2009-10, or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 198 at 30 June 2010.

The investing budget of the DPLG as published in the 2009-10 Budget is less than \$1 million.

Strategic Challenges/Opportunities

Planning is a broad area and the range and scope of the functions undertaken by DPLG will have a large impact on its overall structure and costs. The Commission believes in accordance with the recommendations of the Planning Review that the Department should focus on the 'core' functions of planning.

A number of agencies across government currently undertake some form of land use planning. This results in considerable duplication of effort in the area of planning policy across government departments. Opportunities for the amalgamation of land use planning functions throughout Government, where appropriate, should be undertaken to allow for a more efficient planning function.

DPLG undertakes a number of services for which there is a defined end user or beneficiary of their products and services. In accordance with the principles outlined in Section 4 of Volume 1 these services should be undertaken on a full cost recovery basis.

The Commission understands that DPLG has engaged Ernst and Young to develop a costing model to accurately determine the cost of its services and situations where external beneficiaries of their services can be clearly identified. This work is currently in progress. The Commission believes that any additional revenue received from a shift to full cost recovery for DPLG's services should be treated as a savings for government and not used to fund additional expenditure within the Department.

Development Plan Amendments (DPAs) are referred to the Minister for Urban Development and Planning for approval regardless of size and overall impact of the proposal. Efficiencies in the amendment approval process could be achieved by delegating the approval authority of minor DPAs to the Chief Executive rather than the Minister. While there is unlikely to be significant cost savings from this proposal, economic flow efficiencies will be achieved through a reduction in the time taken for the amendments to be approved. This will help to reduce and minimise backlog in DPAs and allow for more time to be devoted to assessing significant and strategic DPAs.

DPLG is also responsible for leading the State Government's relationship with local government and is primarily responsible for whole-of-government policy and legislative frameworks as they affect local government. Section 8 of Volume 1 discusses local government issues. These issues will have direct relevance to DPLG given its responsibilities in this area.

Savings Proposals Summary

The savings proposals in DPLG are in line with the strategic challenges and opportunities outlined above.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 9: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,526	3,901	5,469	5,568	-42
Operating Revenues		—	1,000	1,000	1,000	—
Impact on Net Operating Balance		1,526	4,901	6,469	6,568	
Impact on Net Lending		1,526	4,901	6,469	6,568	
Operating Expenses						
Offices of the Southern and Northern Suburbs — close	2	519	1,057	1,070	1,088	-5
Planning and Development Fund — reform	7	—	1,000	1,000	1,000	—
Plan for Greater Adelaide — revise arrangements	2	—	—	756	775	-8
Regional plan development — delay	2	—	—	567	582	-6
Land use planning — rationalise	1	225	461	473	485	-5
Departmental efficiencies	2	102	209	403	414	-3
Local Government Development Plan Amendments — revise arrangements	1	135	277	284	291	-3
Population data collection and analysis — cease service	5	—	200	200	200	-5
Geographic Information System (GIS) mapping — revise arrangements	1	90	185	189	194	-2
Routine Ministerial enquiries — revise arrangements	1	140	144	147	151	-1
Mandatory Schedule 8 referrals — reduce	2	45	92	95	97	-1
Policy development — rationalise	1	90	92	95	97	-1
Development assessments (Schedule 10) — revise arrangements	2	90	92	95	97	-1
Development Plan Amendments — efficiencies	2	90	92	95	97	-1
Operating Revenues						
Development Assessment Commission — reforms	7	—	1,000	1,000	1,000	—
Estimated FTE Impact by year		-21	-26	-42	-42	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Offices of the Southern and Northern Suburbs — close

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	519	1,057	1,070	1,088
Operating Revenues	—	—	—	—
Estimated FTE Impact	-5	-5	-5	-5

Description/Explanation:

Close the Offices of the Southern and Northern Suburbs.

The Offices are designed to provide a coordination role to bring key agencies and stakeholders together to achieve improved economic and social outcomes for the northern and southern suburbs. The actual service delivery functions are undertaken by other government departments. The coordination role provided by the Offices could be achieved more efficiently through the Department of Planning and Local Government.

Title: Development Assessment Commission — reforms

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,000	1,000	1,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase the Development Assessment Commission's responsibilities for planning in state significant areas, corridors and precincts in order to ensure that future planning is consistently structured in line with the 30 Year Plan for Greater Adelaide.

This proposal will require an amendment to Schedule 10 of the Development Regulations 2008 and result in the Department of Planning and Local Government receiving additional revenue associated with the projected increase in development applications whilst managing the increased workload from within existing resources.

Title: Planning and Development Fund — reform

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,000	1,000	1,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Department of Planning and Local Government is responsible for administering the Planning and Development Fund on behalf of the Minister for Urban Development and Planning. This proposal will increase the level of administrative recharge from the Fund to the department to deliver planning reforms, including urban renewal across Greater Adelaide.

There would be a corresponding reduction in the level of annual grants made from the fund.

Title: Plan for Greater Adelaide — revise arrangements

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	756	775
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-8	-8

Description/Explanation:

Divest local councils of responsibility for structure planning of state significant areas and identified corridors and precincts.

Title: Regional plan development — delay

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	567	582
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-6	-6

Description/Explanation:

Delay the completion of regional plans proposed in the Plan for Greater Adelaide.

Title: Land use planning — rationalise**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	225	461	473	485
Operating Revenues	—	—	—	—
Estimated FTE Impact	-5	-5	-5	-5

Description/Explanation:

Transfer staff involved in land use planning across other government departments to the Department of Planning and Local Government.

The consolidation of all staff involved in land use planning into the one area would result in efficiencies in resolving matters related to land use.

Title: Departmental efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	102	209	403	414
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-3	-3

Description/Explanation:

Lower cost delivery models and a rationalisation of support functions within the agency.

Title: Local Government Development Plan Amendments — revise arrangements**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	135	277	284	291
Operating Revenues	—	—	—	—
Estimated FTE Impact	-3	-3	-3	-3

Description/Explanation:

The Department of Planning and Local Government no longer assess, correct and improve council Development Plan Amendments. Councils will need to ensure that their applications are of a suitable standard for consideration by the Minister.

Title: Population data collection and analysis — cease service

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	200	200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-5	-5

Description/Explanation:

Cease the population data collection and analysis undertaken by the Department of Planning and Local Government.

Government agencies that utilise this information would need to rely on the level of detail provided by external providers including the Australian Bureau of Statistics.

Title: Geographic Information System (GIS) mapping — revise arrangements

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	185	189	194
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

Councils have historically been responsible for Geographic Information System (GIS) mapping for Development Plan Amendments. The Department of Planning and Local Government has played a greater role in this area to improve quality and consistency.

This proposal returns responsibility for GIS mapping for Development Plan Amendments to local councils by requiring them to use a template provided by the Department of Planning and Local Government.

Title: Routine Ministerial enquiries — revise arrangements**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	140	144	147	151
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Lower cost model for managing routine matters referred to the Minister for Local Government. Many of the ministerials received by the department are more appropriately dealt with by the relevant council or by other review bodies such as the Ombudsman.

Title: Policy development — rationalise**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	92	95	97
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Rationalise policy work across government resulting in appropriate lead agencies having full responsibility in key areas such as climate change, sustainability and water-sensitive urban design.

Title: Development Plan Amendments — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	92	95	97
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Achievement of lower costs through a more strategic and efficient process of dealing with Development Plan Amendments.

Title: Mandatory Schedule 8 referrals — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	45	92	95	97
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Achievement of lower costs within the Department of Planning and Local Government by amending Schedule 8 of the Development Regulations 2008 in order to reduce mandatory state government agency referrals.

The State Government’s Planning Reforms program includes a comprehensive review of agency referrals under Schedule 8, resulting in an improved framework for development assessment.

The Schedule 8 review, which is due for completion in November 2010, seeks to reduce referrals by 35 per cent through efficiency improvements within the agency and the elimination of unnecessary red tape for developers.

Title: Development assessments (Schedule 10) — revise arrangements

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	92	95	97
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

This proposal provides for lower costs within the Department of Planning and Local Government by removing the Development Assessment Commission from being the responsible authority for Hills Face Zones, Conservation Zones, River Murray Flood Plan, Commercial forestry and Port Waterfront.

This proposal will require an amendment to Schedule 10 of the Development Regulations 2008 resulting in the applicable local council(s) becoming the responsible authority for developments in these areas.

Primary Industries and Resources

Overview

The Department of Primary Industries and Resources South Australia (PIRSA) is a diverse agency supporting a range of sectors from forestry and fisheries to mining and agriculture, food and wine. It supports industry through being a 'one-stop-shop' from regulation and compliance to industry development and promotion.

PIRSA is involved in research and innovation through the South Australian Research and Development Institute (SARDI) and Rural Solutions SA.

Budget Overview

The PIRSA operating expenditure as published in the 2009-10 Budget is \$375.8 million or 2.5 per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 1,414 at 30 June 2010.

The PIRSA investing budget as published in the 2009-10 Budget is \$14.9 million in 2009-10 or less than one per cent of the investing budget.

Strategic Challenges/Opportunities

The primary challenge for PIRSA is to continue moving its programs to full cost recovery. Regulatory and industry services exist to benefit users and, as beneficiaries of those services, they should contribute to the costs of providing those services without public subsidy. In relation to industry development, although there may be legitimate free rider problems justifying government intervention, there is a strong case for the beneficiaries of those services contributing to the costs of providing them.

PIRSA will need to demonstrate to industries the services PIRSA provides are efficient and effective, and that regulatory fees and levies are no higher than necessary.

There is also an opportunity for improved linkages between SARDI's research functions, the industries which benefit from its research and local application and extension activities, and cost recovery from those beneficiary industries. Where industry beneficiaries or broader public benefits cannot be identified, these activities should be ceased or shifted to the university sector.

There is also a general question regarding the benefits of the Government maintaining in-house research capacity. The university sector is arguably better placed to maintain research capacity than a government agency. In the long term, a greater use of external research sources will provide more flexibility to the Government, particularly where expertise can be brought in for specific and time-bound tasks, rather than maintaining capacity 'in-house'.

There are also potential areas of overlap with the Commonwealth and some of its regulatory functions. PIRSA will need to distinguish its activities from those of the Commonwealth to make the case for similar services being provided by the State, and for industry to contribute to those regulatory services. Duplicated activities should be ceased or progressively transferred to the Commonwealth over time.

There are also opportunities to improve the measurement and evaluation of PIRSA's programs and the resultant benefits. This would improve PIRSA's ability to prioritise program delivery and expenditure in the future.

Savings Proposals Summary

The proposed savings reflect the strategic challenges and opportunities and include cost recovery of regulatory and industry services, cessation of industry development activities, and discontinuing grant and subsidy programs. These impact on the mining, aquaculture, rural and research sectors. Internal operating efficiencies are also proposed.

Cost recovery is a major component. Specific proposals include recreational fishing, commercial fishing, biosecurity and animal health, aquaculture, and minerals and energy regulation. These reflect the costs of providing those services to industry and users.

Reduced support to primary industry research is proposed by reducing the state support to SARDI. Funding of research into the productivity and efficiency of rural industries is best provided by the Commonwealth Rural Research and Development Corporations, funded by industry levies.

Similarly, the level of support provided to the commercial consulting operations of Rural Solutions SA is proposed to be reduced such that it reaches a zero net cost of services to the Government by 2013-14.

Reduced assistance to the mining industry is proposed through discontinuing subsidies available through the Plan for Accelerating Exploration (PACE) program and ceasing the State's geological survey activities.

Various PIRSA industry development programs are proposed to be reduced as it is not the role for government to subsidise industry development and the net benefits of programs have not been demonstrated. The largest of these is the food and wine program.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 10: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		12,657	18,189	28,924	39,233	-214
Operating Revenues		-9,059	-3,823	-1,188	6,422	—
Investing Payments		-3,650	-500	-500	-100	—
Impact on Net Operating Balance		3,598	14,366	27,736	45,655	
Impact on Net Lending		-52	14,231	27,651	45,970	
Operating Expenses						
Rural Solutions — cost recovery	7	9,317	10,958	12,112	13,868	-114
Geological survey program — cease	5	—	—	2,395	5,987	-38
SARDI — reduce support	5	2,784	3,370	4,485	5,290	-31
Plan for Accelerating Exploration (PACE) subsidy program — cease	5	—	—	3,926	3,926	-2
Industry development programs — cease support	5	833	2,085	2,682	3,907	-16
Community use of forests — cease community service payment to ForestrySA	7	—	2,145	2,199	2,254	—
Geological survey program — rationalise	2	—	—	—	2,087	—
Strategic policy and analytical capacity — rationalise	5	399	583	708	881	-7

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Agricultural support programs — cessation	5	216	261	762	872	-5
Major project case management — rationalise	5	—	—	606	693	-4
Biosecurity animal health — efficiencies and introduction of fees ^(b)	7	207	199	413	668	-2
Aquatic pest incursions — efficiencies	7	322	322	322	368	—
Marine safety — efficiencies	1	150	300	300	300	-3
Rental assistance program — reduce	2	20	80	130	130	—
Agricultural Societies Council of South Australia — cease support	5	—	50	100	100	—
Operating Expenses (implementation costs)						
Minerals and energy activities — cost recovery	7	-153	-126	-128	-10	—
Recreational fishing licence — introduction ^(c)	7	-1,438	-2,038	-2,088	-2,088	8
Operating Revenues						
Recreational fishing licence — introduction	7	—	3,850	3,850	7,500	—
Biosecurity animal health — efficiencies and introduction of fees	7	900	1,600	2,600	3,946	—
Minerals and energy activities — cost recovery	7	—	894	2,124	3,624	—
Aquaculture industry — increase cost recovery	7	—	420	630	844	—
Commercial fishing industry — cost recovery	7	—	250	500	500	—
SARDI — reduce support	5	-1,840	-1,840	-1,840	-1,840	—
Rural Solutions — cost recovery ^(d)	7	-8,119	-8,997	-9,052	-8,152	—
Investing Payments						
Recreational fishing licence — introduction	7	-3,500	-500	-500	-100	—
Biosecurity Animal Health — efficiencies and introduction of fees	7	-150	—	—	—	—
Estimated FTE Impact by year		-96	-110	-153	-214	

(a) Represents the estimated FTE impact in 2013-14.

(b) Includes estimated depreciation of \$15,000 in 2011-12, 2012-13, and 2013-14.

(c) Includes estimated depreciation of \$350,000 in 2011-12 and \$400,000 in 2012-13 and 2013-14.

(d) Reduction in operating revenues is due to a reduction in activity as Rural Solutions will operate on a full cost recovery basis.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Geological survey program — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	2,395	5,987
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-15	-38

Description/Explanation:

This program provides the mining industry with a free service, access to state mapping of mineral resources, and undertakes speculative geological survey work on prospective mineral deposit areas. It is proposed to discontinue this program which will effectively require mining companies to undertake and fund the necessary geological survey work required to inform their investment decisions.

It is not the Government's role to subsidise and provide services to mining operators, which are able to raise capital and make decisions about investments independent of whether the Government provides additional geological mapping data or otherwise.

It is noted that holders of mineral, petroleum, or geothermal tenements are in any event required by legislation to submit statutory reports and drill core samples to the state. The availability of this data will continue to grow the state's understanding of the prospectivity of mining regions, without the state undertaking additional geological survey activities.

Title: Rural Solutions — cost recovery

Rationale: Cost recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	9,317	10,958	12,112	13,868
Operating Revenues	-8,119	-8,997	-9,052	-8,152
Estimated FTE Impact	-87	-87	-97	-114

Description/Explanation:

Implement full cost recovery of Rural Solutions' commercial services and reduce business capacity to reflect the decrease in demand and revenues from State and Commonwealth Government agencies.

By 2013-14 Rural Solutions should have a zero net cost of services. If it does not achieve this, these commercial services should be ceased.

Achieving full cost recovery will result in workforce adjustment and requires a significant decrease in support costs. Rural Solutions will also need to compete successfully in private markets to earn replacement revenues.

Title: Recreational fishing licence — introduction**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	-1,438	-2,038	-2,088	-2,088
Operating Revenues	—	3,850	3,850	7,500
Investing Payments	-3,500	-500	-500	-100
Estimated FTE Impact	8	8	8	8

(a) Includes estimated depreciation of \$350,000 in 2011-12 and \$400,000 in 2012-13 and 2013-14.

Description/Explanation:

Introduction of licence fees for recreational fishers. New South Wales, Victoria, Western Australia and Tasmania already have recreational fishing licence fees

The recreational licence is proposed to be set at \$40 per annum (indexed annually) with the option of weekly licences (at reduced costs) to accommodate interstate and infrequent fishers. Pensioners and people under 18 will receive fee exemptions.

Title: Biosecurity animal health — efficiencies and introduction of fees**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	207	199	413	668
Operating Revenues	900	1,600	2,600	3,946
Investing Payments	-150	—	—	—
Estimated FTE Impact	—	—	—	-2

(a) Includes estimated depreciation of \$15,000 in 2011-12, 2012-13, and 2013-14.

Description/Explanation:

Increased cost recovery and reducing the costs of the biosecurity and animal health function.

A new fee will be recovered from livestock owners who benefit from the current system of electronic tracking of livestock movements, and which allows improved management of transmitted diseases. Fees will be phased in over three years and be applied to registered properties with a Property Identification Code.

Title: Plan for Accelerating Exploration (PACE) subsidy program — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	3,926	3,926
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-2	-2

Description/Explanation:

Cease mining subsidies under the Plan for Accelerating Exploration (PACE) program and obtain grants from industry to support some of the PACE program. The direct subsidy component of the PACE scheme provides mineral companies with a subsidy for undertaking minerals exploration activities.

Over the period of the subsidy, movement in minerals exploration in South Australia has been broadly in line with other states, suggesting that increases in minerals exploration are due to systemic factors (economic growth and exchange rates), rather than the subsidies themselves.

Mining companies are able to raise sufficient capital to fund minerals exploration activity. It is not the role of Government to subsidise private commercial interests. Furthermore, the Commonwealth Government's policies have a greater bearing on mining investment outcomes.

An election commitment to increase this program by \$3 million per annum is not included in the above amounts. This should also be reviewed.

Title: Industry development programs — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	833	2,085	2,682	3,907
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-7	-16

Description/Explanation:

Includes a reduction and then phasing out of services and programs relating to the agriculture, food and wine sectors delivered by the Government.

These industry development activities are already undertaken by Commonwealth Rural Research and Development Corporations and are appropriately funded by industry levies (the beneficiaries of the activities undertaken by those bodies).

Title: Minerals and energy activities — cost recovery**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-153	-126	-128	-10
Operating Revenues	—	894	2,124	3,624
Estimated FTE Impact	1	1	1	—

Description/Explanation:

Provides for the introduction of and increases in a number of fees to recover the costs of Mineral and Energy Resources division activities relating to regulation of the mining industry.

These include introduction of a major assessment fee, increasing existing fees under the *Mining Act 1971* (including for an exploration licences, mining leases and other general fees), and removal of landowner payment refunds.

Title: SARDI — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,784	3,370	4,485	5,290
Operating Revenues	-1,840	-1,840	-1,840	-1,840
Estimated FTE Impact	-12	-18	-26	-31

Description/Explanation:

Reduce the level of state support to SARDI by \$3.45 million in 2013-14. SARDI undertakes research and development into primary industries to enhance their productivity, profitability or otherwise improve agricultural business practices.

SARDI is funded predominantly from non state government sources including Commonwealth Rural Research and Development Corporations (around 70 per cent), Commonwealth Cooperative Research Centres, and the university sector. The South Australian Government contribution is often required under matching requirements as a condition of funding.

There is not a strong argument for providing State funding to industry development services of this nature.

The beneficiary industries which fund the Commonwealth Rural Research and Development Corporations are best able to make decisions about the level of research and development which should be undertaken and by which bodies. This is their prerogative as they contribute a large amount of the funding to those Commonwealth bodies by way of levy revenues.

It is not a core role of government to be involved in research and development, and the provision of additional funding by the state government should be considered discretionary in nature.

This proposal reduces State support to SARDI and will result in less research in the agricultural, environment, food and nutrition, water and biosecurity sectors, a reduction of FTEs, and the sale of assets at some regional sites (the estimated proceeds of which have not been included as part of the proposal).

Title: Community use of forests — reduce community service payment to ForestrySA

Rationale: Cost recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,145	2,199	2,254
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the community service obligation payment to ForestrySA relating to the community use of forests.

This would remove the obligation on ForestrySA to provide community and recreation services and facilities and effectively require those services to be recovered through increased user charges. Non-commercial services would cease to operate.

Title: Geological survey program — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	2,087
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reductions in PIRSA’s geological survey program to correct for the current under recovery of costs.

The decreased expenditure in this program will result in PIRSA continuing to collect statutory data reports and drill core samples (submitted by tenement holders), but the department’s ability to use that data and provide the information to third parties and inform other companies’ mining investment decisions will depend on the extent to which these activities can be supported by user charges. PIRSA’s capacity to provide technical advice on the state’s mineral and energy resource inventory will also depend on funding from user charges.

Title: Strategic policy and analytical capacity — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	399	583	708	881
Operating Revenues	—	—	—	—
Estimated FTE Impact	-4	-5	-6	-7

Description/Explanation:

Rationalise non service delivery resources in the corporate strategy, policy and advice areas across PIRSA.

Title: Agricultural support programs — cease**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	216	261	762	872
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-4	-5

Description/Explanation:

Cease financial support to the agricultural industry for community related programs and abolish the Advisory Board of Agriculture.

Title: Aquaculture industry — increase cost recovery**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	420	630	844
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rectify the current under recovery of fees charged to the aquaculture industry to cover the costs of industry regulatory and support programs. Increases will be applied to existing fees and no new fees are proposed.

Title: Major project case management — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	606	693
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-3	-4

Description/Explanation:

Rationalise the level of free assistance and planning system advice provided to proponents of major development projects.

Project proponents are able to undertake their own enquiries into the planning requirements associated with major developments and a reduced capacity for undertaking this work will not impact development outcomes.

Title: Commercial fishing industry — cost recovery

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	250	500	500
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase the level of fees charged to the commercial fishing industry to fully recover the costs of providing commercial fishing regulatory and support programs.

Title: Aquatic pest incursions — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	322	322	322	368
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase efficiency in aquatic pest outbreak response and surveillance activities.

Title: Marine safety — efficiencies**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	150	300	300	300
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-3	-3	-3

Description/Explanation:

Reduction in costs through cross government collaboration between PIRSA's Fisheries division and the Department of Transport, Energy and Infrastructure's Marine Safety Unit. Rationalisation of resources, specifically through sharing of vessels, will result in ongoing savings.

Title: Rental assistance program — reduce**Rationale:** Service Level and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	20	80	130	130
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Remove the rental assistance program for PIRSA employees for government-owned accommodation within 100 km of Adelaide. This is consistent with proposals in other portfolios.

Title: Agricultural Societies Council of South Australia — cease support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	50	100	100
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease annual grant payments to the Agricultural Societies Council of South Australia.

II. Details of agency-specific budget improvement proposals

Transport, Energy and Infrastructure

Overview

The Department for Transport, Energy and Infrastructure (DTEI) is a diverse agency. It provides transport systems and services, energy policy and regulation, and infrastructure planning and project delivery for South Australia.

DTEI is also a significant provider of support services to other government agencies. These include whole-of-government ICT, office accommodation and building and facilities management services.

Budget Overview

The DTEI operating expenditure budget as published in the 2009-10 Budget is \$1.23 billion in 2009-10 or 10 per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 3,603 at 30 June 2010.

The DTEI investing budget as published in the 2009-10 Budget is \$1.1 billion or 50 per cent of the investing budget.

Comparative Data

The Commonwealth Grant Commission (CGC) undertakes analysis of states' expenses in the categories of roads and transport services (public transport).

South Australian has the lowest per capita spend on the transport services expense category. The standardised expenditure for Transport Services is dominated by the magnitude of the New South Wales data (eg, New South Wales represents over 55 per cent of the national spend on urban transport services) and this may not be a reliable guide for analysis.

South Australia has the lowest spend per capita for the roads category.

Strategic Challenges/Opportunities

Organisational structure

DTEI's organisational structure reflects its spread of public and intra-government service programs. The organisation may benefit from, and achieve significant savings through, a comprehensive overhaul of its structure to create an integrated organisation.

Provision of adequate infrastructure

The transport network faces growing pressures because of ageing infrastructure and user growth.

The transport forward estimates include a major infrastructure investment program that requires significant State Government borrowing. The projected borrowing program is not sustainable at these levels over the longer term.

The rate of capital investment will have to be reduced in future and new investment must focus on responding to the most pressing capacity constraints. Replacement and improved efficiency of existing assets should be the focus in the current environment.

Deployment of scarce capital funding to large scale asset expansion should only occur where net economic benefits exceed cost. Where certain users are the clear beneficiaries of network expansion, the users should contribute towards the benefit they receive. Toll roads in certain circumstances should be considered as a user pays option.

In support of this, the ongoing maintenance effort to provide the appropriate service potential of existing infrastructure will be a challenge. It will require discipline and rational decision making that focuses on the core activities of government.

Lower cost services

Lower cost service delivery can be achieved through either the competitive tendering of services or improved demand management to lower cost service channels. This is particularly relevant in the areas of rail passenger services, Customer Service Centres and facilities management (see intra-government services).

Cost recovery

In accordance with cost recovery principles outlined in Section 4 of Volume 1, a number of activities are recommended to increase their level of cost recovery. This should not be a one-off response. Maintaining fee parity with the cost of the service provides the appropriate price signal to users of the service and drives efficiency in the delivery of recoverable regulatory functions.

Intra-government services

Duplication of project management and risk management services between the private sector, DTEI and the client agencies in the areas of facilities management, building and contract management should be eliminated. This may require changes to delivery models and DTEI roles.

Utilisation of services

Increasing the utilisation rates of public passenger transport services in the metropolitan area will improve the cost recovery of services. Stopping low patronised services and/or redirecting services to capacity constraint areas will also improve the cost recovery ratio of services.

Savings Proposals Summary

The proposals recommended largely reflect the strategic opportunities outlined above, particularly in the areas of lower cost delivery models, cost recovery and intra-government services. A number of general revenue raising measures on vehicle registration and driver licensing have also been recommended.

Supplementary Proposals

The Commission assessed the distribution and impact of its proposals on agencies (with reference to the split of revenue/cost recovery measures, expenditure based proposals, and effect on FTEs), and considered it appropriate that the Department for Transport, Energy and Infrastructure submit supplementary expenditure based proposals.

Due to time constraints, the Commission was unable to give detailed consideration to such proposals against the criteria of soundness of policy, practicality and robustness of estimate.

List of Specific Savings measures

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 11: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		6,160	44,640	61,218	79,511	-552
Operating Revenues		3,517	84,511	86,501	84,398	—
Investing Payments		-11,120	65,620	125,420	198,300	—
Impact on Net Operating Balance		9,677	129,151	147,719	163,909	
Impact on Net Lending		-1,443	194,890	273,258	362,328	
Operating Expenses						
Departmental expenditure — reduce ^(b)	2	—	25,000	37,500	50,000	-400
Corporate services — efficiencies	2	535	1,864	4,003	5,849	-81
Indirect project expenses — capitalisation	6	5,000	5,000	5,000	5,000	—
Public transport support services — administrative efficiencies	1	325	4,095	4,542	4,626	-60
Information and communication technology services — rationalise	2	—	3,750	3,891	4,197	-1
Motor vehicle registration labels — abolish ^(c)	2	-100	1,527	1,837	2,198	-16
Solar hot water rebate — cease	5	300	300	300	1,861	-1
Public transport advertising — reduce	2	685	1,394	1,426	1,455	—
Ferry services — discontinue at selected sites	5	—	550	1,235	1,235	-1
Remote Area Energy Supply (RAES) scheme	7	86	970	1,036	1,192	—
Public transport metro-ticket fares — increase	7	—	1,115	1,138	1,165	—
Public transport multi-trip fares — realignment to policy	7	—	1,092	1,118	1,145	—
Southern Expressway duplication — defer ^(e)	5	—	—	—	1,000	—
Land Services — efficiencies	6	100	102	410	802	-10
Communications — rationalise	2	300	300	300	300	—
Advertising (level crossing safety) — reduce	5	—	200	200	200	—
Marine facilities — reduce	2	50	100	100	100	—
Operating Expenses (implementation costs)						
Registration and licensing fees — increase	8	—	-112	-121	-125	—
Vehicle inspections — fee increase	7	-100	—	—	—	—
Marine safety regulation — fee increase	7	—	-92	-94	—	—
Land title information — fees for service	7	-50	—	—	—	—
Drivers licence fees — increase	8	—	-34	-36	-29	—
Registration and licensing administration fees — increase	7	—	-63	-64	-64	—
Road safety — point to point speed camera	8	—	-390	-372	-322	2
Unroadworthy vehicle fines	8	-100	-386	-332	-339	4
Motor vehicle registration — renewal options	8	—	-642	-654	-665	—
Renewable boat licence — introduce ^(d)	7	-871	-1,000	-1,145	-1,270	12

II. Details of agency-specific budget improvement proposals

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Revenues						
Motor vehicle registration fees — increase	8	—	31,200	33,537	34,665	—
Public transport metroticket fares — increase	7	—	9,044	9,324	9,614	—
Drivers licence fees — increase	8	—	9,410	9,979	8,011	—
Public transport multi-trip fares — realignment to policy	7	—	6,314	6,512	6,713	—
Registration and licensing administration fees — increase	7	—	4,500	4,640	4,783	—
Motor vehicle registration — renewal options	8	—	3,991	4,029	4,068	—
Renewable boat licence — introduce	7	—	2,934	2,934	2,934	—
Taxi licence sales	8	2,850	2,850	2,850	2,850	—
Unroadworthy vehicles — fines	8	—	2,920	2,628	2,336	—
Land title information — fees for service	7	—	1,764	1,819	1,875	—
Marine safety regulation — fee increase	7	—	600	1,200	1,200	—
Remote area energy supply (RAES) scheme	7	667	1,048	1,099	1,151	—
Number plates — expiation fees for non compliance	8	—	5,000	2,500	1,000	—
Vehicle inspections — fee increase	7	—	928	928	928	—
Road safety — point to point speed camera	8	—	640	1,122	842	—
Public transport special events — fee for organisers	7	—	500	516	532	—
Rail regulation — fees	7	—	383	395	404	—
Marine facilities — fees	7	—	295	295	295	—
Trade plates — fee increase	7	—	100	100	100	—
Development assessment fees — increase	7	—	90	94	97	—
Investing Payments						
Renewable boat licence — introduce	7	-700	—	—	—	—
Motor vehicle registration labels — abolish	2	-420	—	—	—	—
Unroadworthy vehicles — fines	8	—	-80	—	—	—
Southern Expressway duplication — defer ^(e)	5	-10,000	65,700	125,420	198,300	—
FTE Impact by year			-17	-273	-415	-552

(a) Represents the estimated FTE impact in 2013-14.

(b) Refer to supplementary proposal.

(c) Includes estimated depreciation expense of \$84,000 per annum commencing in 2011-12

(d) Includes estimated depreciation expense of \$35,000 per annum commencing 2011-12.

(e) Represents the reversal of a 2010 Election commitment.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Motor vehicle registration fees — increase

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-112	-121	-125
Operating Revenues	—	31,200	33,537	34,665
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase the registration fee for light vehicles by 15 per cent. This would increase the cost of registering a four cylinder vehicle for twelve months by \$15 to \$117. Proposal includes the cost of additional merchant fees.

Title: Public transport metroticket fares — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,115	1,138	1,165
Operating Revenues	—	9,044	9,324	9,614
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Greater cost recovery from users of the metropolitan public transport system through an increase in the price of metroticket fares by ten per cent above the normal inflation adjustment, commencing 1 July 2011.

This price change will increase the average adult fare per trip by \$0.40 and the average concession fare per trip by \$0.20. Fare revenue following this proposed increase would still only contribute 28 per cent of the total cost of providing the service.

Title: Drivers licence fees — increase

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-34	-36	-29
Operating Revenues	—	9,410	9,979	8,011
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase the annual fee for a drivers licence by \$6 to \$34 per annum from 1 July 2011. Proposal includes cost of additional merchant fees.

Title: Public transport multi-trip fares — realignment to policy

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,092	1,118	1,145
Operating Revenues	—	6,314	6,512	6,713
Estimated FTE Impact	—	—	—	—

Description/Explanation:

It is government policy that the price of a multi-trip is sold at a discount of thirty per cent of the equivalent cost of 10 single trip fares. Over time, primarily due to the rounding of the annual indexation fare increases, the discount has increased beyond 30 per cent. The current multi-trip discount is 54 per cent for student concession fares and between 35 and 40 per cent for non-student concession and full fares.

Multi-trip price increases of \$2.00 for an adult, \$4.90 for a student concession and \$1.10 for other concession types from 1 July 2011 will return the price to the 30 per cent discount level in accordance with government policy.

Title: Corporate services — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	535	1,864	4,003	5,849
Operating Revenues	—	—	—	—
Estimated FTE Impact	-16	-27	-57	-81

Description/Explanation:

Implementation of a lower cost delivery model that rationalises support functions (finance, human resources, information technology and communication, administration) across the agency.

Title: Indirect project expenses — capitalisation**Rationale:** Balance Sheet Efficiency**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	5,000	5,000	5,000	5,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

In recognition of the higher than average capital program over the forward estimates, a greater proportion of indirect project expenses will be attributed to the relevant capital projects. Existing capital budgets already account for this higher allocation and therefore no adjustment of the capital budgets is required.

Title: Registration and licensing administration fees — increase**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-63	-64	-64
Operating Revenues	—	4,500	4,640	4,783
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in the administration transactions fee to recover the cost of operating the registration and licensing system, including the Customer Service Centre network. Depending on the transaction, fees will rise by \$1 or \$2 commencing 1 July 2011, with an average increase of \$1.30 per transaction. Proposal includes the cost of additional merchant fees.

Title: Public transport support services — administrative efficiencies**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	325	4,095	4,542	4,626
Operating Revenues	—	—	—	—
Estimated FTE Impact	-5	-55	-60	-60

Description/Explanation:

Implementation of a lower cost delivery model that rationalises support functions for Public Transport Services. Specifically, the operations of TransAdelaide (currently a separate entity) will be brought back within the Department and duplicated support functions performed by the Public Transport Division and Office of Major Projects and Infrastructure will be eliminated.

Title: Motor vehicle registration — renewal options**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-642	-654	-665
Operating Revenues	—	3,991	4,029	4,068
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the number of motor vehicle registration renewal options from four (3, 6, 9 or 12 months) to two (3 or 12 months). The two options being eliminated (6 and 9 months) account for only 14 and 1 per cent respectively of all registration renewal transactions. Proposal includes cost of additional merchant fees and other administrative costs.

Title: Information and communication technology services — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,750	3,891	4,197
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

Reduce whole-of-government outlays on ICT services by rationalising infrastructure, undertaking asset life extension measures and making changes to operating policy. Specific initiatives include the decommissioning of the transaction portal, consolidation of regional broadband networks, changes to the voice network and carriage system, Statenet core equipment extension of current life and operating efficiencies, policy changes on voice communication patterns and reduction in the contract management capacity.

Investments in upgraded or replacement infrastructure required to deliver some of the savings are to be funded from within existing ICT investing programs.

Title: Taxi licence sales**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	2,850	2,850	2,850	2,850
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Revenue from the sale of an additional 20 general taxi licences and 20 access cab licences over the next four years (five per year). Total licenses to be sold to the market over the next four years are approximately 50 general taxi and 20 access-cab.

Title: Remote Area Energy Supply (RAES) scheme

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	86	970	1,036	1,192
Operating Revenues	667	1,048	1,099	1,151
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Greater cost recovery of electricity supply in remote areas by increasing tariffs payable by large domestic, commercial and government agency consumers.

Title: Motor vehicle registration labels — abolish

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	-100	1,527	1,837	2,198
Operating Revenues	—	—	—	—
Investing Payments	-420	—	—	—
Estimated FTE Impact	—	-7	-10	-16

(a) Includes estimated depreciation expense of \$84,000 per annum commencing in 2011-12.

Description/Explanation:

Amend the *Motor Vehicles Act 1959* to no longer make it a requirement to display a registration label for light motor vehicles. This change will generate efficiencies through a reduction in production and postage costs and processing costs, as more people are expected to renew their registration on-line as a result. Western Australia has already introduced this reform.

Heavy vehicles, due to the national agreement, will still be required to display registration labels.

Title: Unroadworthy vehicles — fines

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-100	-386	-332	-339
Operating Revenues	—	2,920	2,628	2,336
Investing payments	—	-80	—	—
Estimated FTE Impact	1	4	4	4

Description/Explanation:

Introduce fines for vehicles that are declared unroadworthy and receive a defect notice. Fines will be set at \$120 for a minor offence and \$250 for a major offence. Includes costs of additional inspectors.

Title: Land title information — fees for service

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-50	—	—	—
Operating Revenues	—	1,764	1,819	1,875
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduce transaction fees to access property ownership information and conduct historical title searches on the Property Assist website.

The property ownership information fee will be set at \$8.55 per search and the historical title fee at \$6.30 per search.

Other jurisdictions currently charge a fee for these search services.

Title: Solar hot water rebate — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	300	300	300	1,861
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-1

Description/Explanation:

Reduce the solar hot water rebate program to match program demand in 2010-11 to 2012-13 and abolish the program when the current COAG agreement expires in 2013-14.

Title: Renewable boat licence — introduce**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-871	-1,000	-1,145	-1,270
Operating Revenues	—	2,934	2,934	2,934
Investing Payments	-700	—	—	—
Estimated FTE Impact	2	9	11	12

Description/Explanation:

Introduce a renewable motor boat licence replacing the existing perpetual licence. This licensing model is consistent with those operating in Victoria and New South Wales. The annual fee will be set at \$27, with annual or three-year renewal options. An administration fee of \$15 per renewal will apply, reflecting the full cost recovery of supporting the new arrangements.

Title: Public transport advertising — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	685	1,394	1,426	1,455
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Lower cost of public transport advertising through the competitive tendering of promotional, advertising and public transport information and a reduction in the overall number of signage locations, with a greater focus on higher exposure outlets.

Title: Ferry services — discontinue at selected sites**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	550	1,235	1,235
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

Close the River Murray ferry crossings at Cadell and Lyrup at the end of their existing service contracts in March 2011 and June 2012 respectively. Both crossings have low utilisation rates and have alternative bridge or other ferry crossings in relatively close proximity.

Title: Marine safety regulation — fee increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-92	-94	—
Operating Revenues	—	600	1,200	1,200
Estimated FTE Impact	—	1	1	—

Description/Explanation:

Increase vessel survey and marine qualification fees to reflect the full cost of administering these aspects of the *Harbours and Navigation Act 1993* and ensuring compliance with these safety requirements. Includes costs of project manager to implement.

Title: Number plates — expiation fees for non compliance

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	5,000	2,500	1,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Greater compliance and enforcement through the issuing of expiation notices for the non-return of number plates for which registration is more than 90 days overdue and no exemption has been sought.

Title: Vehicle inspections — fee increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-100	—	—	—
Operating Revenues	—	928	928	928
Estimated FTE Impact	1	—	—	—

Description/Explanation:

Increase vehicle inspection fees by between \$25 and \$100 per inspection to reflect the full cost recovery of performing the inspection service.

Title: Land Services — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	100	102	410	802
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-5	-10

Description/Explanation:

Reduction in operating costs of Land Services via the replacement of ageing information technology systems for land titling, valuation and spatial information.

Title: Public transport special events — organiser fees**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	500	516	532
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Greater cost recovery from commercial event organisers for the provision of additional public transport for special events.

Title: Road safety — point to point speed camera**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-390	-372	-322
Operating Revenues	—	640	1,122	842
Estimated FTE Impact	—	3	3	2

Description/Explanation:

Installation of a Safe-T-Cam point to point speed camera on the Dukes Highway.

Title: Rail regulation — fees

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	383	395	404
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase the annual fee for commercial rail infrastructure managers and rolling stock operators to recover the full cost of administering the regulation.

Title: Marine facilities — fees

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	50	100	100	100
Operating Revenues	—	295	295	295
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalise information services and increase the annual fees for marine facilities to ensure the full cost of operating and maintaining facilities is recovered from users. Specific changes include:

- Annual fee increase for commercial vessels for the use of the Beachport Boat Yard;
- Annual mooring fee increase for commercial vessels for the use of the North Arm Marina;
- Increase the launching fee at the O’Sullivan Beach boat ramp;
- Restructure the sliding scale usage fee for the Kingscote slipway; and
- *On Deck* becoming a bi-annual rather than quarterly publication.

Title: Communications — rationalise**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	300	300	300	300
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the department's external websites from 36 to 6.

Title: Advertising (level crossing safety) — reduce**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	200	200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

A comprehensive advertising campaign on safety at level crossings has been in place for a number of years. With the general improved awareness in the community, a more targeted, lower spend campaign will continue in the future.

Title: Trade plates — fee increase**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	100	100	100
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase trade plate fees by an average of \$40 per annum to reflect the full cost of administering the scheme.

Title: Development assessment — fee increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	90	94	97
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase fees for development applications that are referred to the department to reflect the full cost of assessing the applications. The estimate takes into account the lower number of Schedule 8 referrals anticipated due to the planning reforms.

Title: Southern Expressway duplication — defer^(a)

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	1,000
Operating Revenues	—	—	—	—
Investing Payments	-10,000	65,700	125,420	198,000
Estimated FTE Impact	—	—	—	—

(a) Represents the part reversal of a 2010 Election commitment.

Description/Explanation:

Defer the implementation of the Southern Expressway duplication and Darlington interchange project.

Supplementary Proposal

Title: Departmental expenditure — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	25,000	37,500	50,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-200	-300	-400

Description/Explanation:

The above table shows the magnitude of the additional proposal. The Commission recommends that detailed proposals be submitted by DTEI and considered by the Government as part of the 2011-12 Budget.

The Commission recommends that proposals should include, but not be limited to the following:

- Rail services — competitive tender;
- Corporate policy and planning — rationalise;
- Bus Services — go zone changes and discontinue low patronage routes;
- Customer Service Centres — local government delivery model;
- Industry and local government grants — reduce;
- Building and property management — rationalise non service delivery functions and competitive tender for commercial property management; and
- Low traffic volume regional roads — transfer to local government.

II. Details of agency-specific budget improvement proposals

Attorney-General's Department

Overview

The Attorney-General's Department encompasses a broad range of areas and supports a number of business units and statutory officers/authorities. It is also responsible for the coordination role of the Justice portfolio.

In brief its functions are to:

- Provide professional, legal and associated services to Ministers of the Crown and government agencies.
- Serve the people of South Australia by upholding their legal and property rights and maintaining community and business standards.
- Provide strategic policy advice to the agencies comprising the Justice portfolio.

Budget Overview

The Attorney-General's Department's operating expenditure budget as published in the 2009-10 Budget is \$235 million in 2009-10, or around two per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 1,440 at 30 June 2010.

The investing budget of the Attorney-General's Department as published in the 2009-10 Budget is \$5 million, or less than one per cent of the investing budget.

Comparative Data

The Commonwealth Grants Commission (CGC) undertakes an assessment of justice services. The justice services category comprises expenses on police services, law courts and legal services, and prisons and corrective services. While not all categories assessed directly related to the operation of the Attorney-General's Department, it is included as the department has the coordination responsibility for the Justice portfolio.

Data from the CGC's 2010 Review shows that South Australia had an above average level of expenditure on justice services in 2008-09. South Australia's actual expenditure on justice services (\$1.008 billion) was \$61 million above the Commission's assessment of the level of expenditure required to provide the average level of services in South Australia (\$947 million).

Strategic Challenges/Opportunities

Broader justice reform

All areas of the Justice portfolio's operations are intertwined and changes in one area can have consequences for other agencies of the justice system. Identifying the linkages within the Justice portfolio and the underlying cost drivers (causal and impact) is important in assessing both efficiency and effectiveness opportunities. However, any changes and the resultant benefits, will be longer-term, rather than supporting the current financial situation. There are more immediate changes that can be implemented to create sustainable finances.

Administrative arrangements

The Department of Justice was originally created to provide a more integrated and strategic approach to the Justice system in South Australia. However, the ability for the Department of Justice to deliver on these goals appears limited given the current legal structure and administrative arrangements within the portfolio.

As discussed in Section 8 of Volume 1, each administrative unit within the Justice portfolio operates autonomously. The administrative units report through the Justice portfolio services section (located in the Attorney-General's Department) for some whole of government purposes. The centralised reporting adds another layer of administration but does not appear to provide any identifiable benefits.

The Commission believes that there are options for reform in this area. The Justice portfolio structure should be disbanded and SA Police, the Department for Correctional Services, the Courts Administration Authority, the emergency services sector agencies (through SAFECOM) and Attorney-General's Department should operate as independent administrative units reporting through their respective Ministers.

Crown Solicitor's Office

Consistent with recommendations contained in Section 8 of Volume 1 of the report, the Commission recommends that with the exception of constitutional work and core 'public policy' issues, where the experience in the private sector is likely to be more limited, all legal work required by agencies should be put to tender to a panel of preferred legal service providers. On a competitive neutrality basis, the Crown Solicitor's Office should be able to tender for this work.

A shift to outsourcing legal services to a panel of preferred providers will make agencies more aware of the true costs involved in seeking legal advice and should reduce the overall level of demand for legal services. Agencies would also be able to benefit from any efficiencies in work practices or broader range of legal knowledge and experience that may be available in the private sector.

Savings Proposals Summary

A range of proposals focusing on the efficiency of service delivery within the Attorney-General's Department are proposed.

In addition the Commission has recommended a number of revenue measures, including the introduction of annual liquor licensing fees. This proposal includes a risk-based fee structure to ensure each venue contributes appropriately towards the cost of its regulation and is proposed to be based on differentiated risk models available in interstate jurisdictions.

Supplementary Proposals

The Commission assessed the distribution and impact of its proposals on agencies (with reference to the split of revenue/cost recovery measures, expenditure based proposals, and the impact on FTEs), and considered it appropriate that the Attorney-General's Department submit supplementary expenditure-based proposals.

Due to time constraints, the Commission was unable to give detailed consideration to such proposals against criteria of soundness of policy, practicality and robustness of estimate.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 12: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,352	27,315	41,309	51,875	-422
Operating Revenues		—	1,164	5,792	5,920	—
Investing Payments		-400	-600	—	—	—
Impact on Net Operating Balance		1,352	28,479	47,101	57,795	
Impact on Net Lending		952	27,879	47,201	57,895	
Operating Expenses						
Departmental expenditure — reduce ^(b)	2	—	20,000	30,000	40,000	-320
Departmental efficiencies — consolidate small units	1	575	1,785	3,658	3,749	-44
Office of Consumer and Business Affairs and Office of Liquor and Gambling Commission — merge	1	—	1,190	2,440	2,501	-31
Native Title Claims Resolution Unit — rationalise	2	441	2,205	2,236	2,268	-11
Departmental efficiencies	2	517	1,159	1,294	1,546	-15
Grants — reduce	5	—	1,000	1,018	1,036	—
Public Trustee — efficiencies	2	—	—	671	671	—
Office of the Director of Public Prosecutions — efficiencies	2	—	256	525	538	-5
Corporate communications — efficiencies	2	75	231	236	242	-3
Executive structure — rationalise	2	104	212	217	223	-1
Operating Expenses (Implementation Costs)						
Annual Liquor Licensing fees — introduce ^(c)	8	-360	-723	-986	-899	8
Operating Revenues						
Annual liquor licensing fees — introduce	8	—	—	4,592	4,683	—
Liquor and gambling application fees — increase	8	—	1,164	1,200	1,237	—
Investing Payments						
Annual liquor licensing fees — introduce	8	-400	-600	—	—	—
Estimated FTE Impact by year		-44	-243	-341	-422	

(a) Represents the estimated FTE impact in 2013-14.

(b) Refer to supplementary proposal.

(c) Includes estimated depreciation increase of \$100,000 in 2012-13 and 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Annual liquor licensing fees — introduce

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	-360	-723	-986	-899
Operating Revenues	—	—	4,592	4,683
Investing Payments	-400	-600	—	—
Estimated FTE Impact	8	8	8	8

(a) Includes estimated depreciation increase of \$100,000 in 2012-13 and 2013-14.

Description/Explanation:

The proposal is to implement a system of annual licence renewals for licences granted under the *Liquor Licensing Act 1997*.

The proposal will include a risk-based fee structure to ensure each venue contributes appropriately towards the cost of its regulation. The proposed model for South Australia is based on a differentiated risk model (similar to Queensland and Victoria) which includes a base fee determined by licence type and additional loading for risk factors such as operating hours (early and late trading), compliance history and capacity of venue.

The proposal includes an additional eight FTEs to undertake compliance work including four inspectors.

Title: Departmental efficiencies — consolidate small units

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	575	1,785	3,658	3,749
Operating Revenues	—	—	—	—
Estimated FTE Impact	-22	-44	-44	-44

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency.

This involves merging the functions of the Office for Recreation and Sport, Office for Youth, Office for Women, Office for Volunteers, Veterans' Affairs, Guardianship Board and Office of the Public Advocate into a single division (to be called the 'Building Communities Division').

The combined division will allow for an integrated approach to building the capacity of communities by:

- Protecting the vulnerable;
- Engaging the community;
- Strengthening participation and social inclusion; and
- Designing and delivering early intervention and prevention strategies and programs.

Title: Office of Consumer and Business Affairs and Office of Liquor and Gambling Commission — merge

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,190	2,440	2,501
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-15	-31	-31

Description/Explanation:

This proposal involves consolidating the Office of Consumer and Business Affairs and the Office of the Liquor and Gambling Commissioner into a single division. The combined division can leverage off common functions in the areas of policy development, compliance, enforcement, corporate support and administration.

Title: Native Title Claims Resolution Unit — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	441	2,205	2,236	2,268
Operating Revenues	—	—	—	—
Estimated FTE Impact	-11	-11	-11	-11

Description/Explanation:

The proposal includes a rationalisation of the resourcing for the Native Title Claims Resolution Unit.

South Australia is the only state with a group devoted to this function. While the rationalisation may result in a slow down in the resolution of Native Title claims there would still remain a separate unit devoted to this function.

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	517	1,159	1,294	1,546
Operating Revenues	—	—	—	—
Estimated FTE Impact	-15	-15	-15	-15

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including IT, finance, human resources and strategic planning and reporting.

Title: Liquor and gambling application fees — increase

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,164	1,200	1,237
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal seeks to double the fees associated with the application for liquor and gaming machine licences to better reflect the costs involved in regulating the industry.

Title: Grants — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,000	1,018	1,036
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal will reduce the level of grants made by the department. The remaining grants will be focused on high priority recipients.

Title: Public Trustee — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	671	671
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the Public Trustee. Ongoing savings of \$750,000 per annum will result in an increase in dividends and tax equivalent payments to the Government of \$671,000 per annum.

Title: Office of the Director of Public Prosecutions — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	256	525	538
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-3	-5	-5

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the Office of the Director of Public Prosecutions.

Title: Corporate communications — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	75	231	236	242
Operating Revenues	—	—	—	—
Estimated FTE Impact	-3	-3	-3	-3

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the communication areas across the Attorney-General's Department.

Title: Executive structure — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	104	212	217	223
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

The proposal involves rationalising the executive structure in the Chief Executive’s Office. The new structure will be consistent with the proposed realignment of business units across the Attorney-General’s Department.

Supplementary Proposal

Title: Departmental expenditure — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	20,000	30,000	40,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-160	-240	-320

Description/Explanation:

The above table shows the magnitude of the additional proposal. The Commission recommends that detailed proposals be submitted by the Attorney-General’s Department and considered by the Government as part of the 2011-12 Budget.

The Commission recommends that proposals should include, but not be limited to the following:

- Further rationalisation of small offices proposed to be combined into the new Building Communities Division;
- Corporate, financial, business services areas, including savings from removing the central coordination role for the Justice portfolio;
- Reduction in the level of discretionary grants; and
- Shift to full cost recovery for the Office for Recreation and Sport management venues.

South Australian Police Department

Overview

The primary objectives of the South Australian Police Department (SAPOL) are to uphold the law, preserve the peace, assist the public in emergency situations, coordinate and manage emergency incidents, and regulate road use.

Budget Overview

SAPOL's operating expenditure budget as published in the 2009-10 Budget is \$661 million in 2009-10, or around five per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 5,615 at 30 June 2010.

The investing budget of the SAPOL as published in the 2009-10 Budget is \$52 million, or around two per cent of the investing budget.

Comparative Data

South Australia has a high number of police staff per capita compared to the national average. In addition, the proportion of police staff that are operational is higher than the national average.

Strategic Challenges/Opportunities

Recent policies have been focused on increasing the number of commissioned police officers. However, in order for police officers to undertake their job efficiently there needs to be a certain level of back office support.

The Government has a stated policy of increasing overall sworn police officer numbers. Maintaining this position means that any savings generated from the department would be highly skewed towards back office support functions and non-commissioned officers. This may not be the most appropriate outcome and could lead to situations where police officers are required to undertake more back office duties and spend less time focusing on front line policing functions. In most cases this can also be the least cost effective approach. This would be a perverse and inefficient outcome.

Regard needs to be had to the efficient allocation of resources to ensure that the department can operate at its full potential. This may require a shift away from a focus on the numbers of police officers to a holistic assessment of the department's requirements to achieve the most efficient outcomes.

Savings Proposals Summary

Savings proposals for SAPOL are largely from a combination of revenue measures and proposals not to fully implement the election commitment to recruit 300 police.

Consistent with the strategic challenges and opportunities identified above, savings can be achieved by not recruiting the additional 300 police proposed as part of the election commitments. These police officers have not yet been recruited, meaning that there will be no reduction in the level of service currently provided to the community.

Revenue measures proposed include an increase in expiation fines and an increase in the expiation reminder fee, which has not been increased since 1997.

A range of other efficiency measures within the department have also been proposed.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 13: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		3,604	19,354	36,966	53,092	-390
Operating Revenues		570	18,770	20,907	22,470	—
Asset Sales		160	1,272	79	78	—
Impact on Net Operating Balance		4,174	38,124	57,873	75,562	
Impact on Net Lending		4,261	39,250	57,806	75,494	
Operating Expenses						
Recruit 300 election commitment — reduce	2	—	6,500	20,104	33,568	-232
Recruit 300 election commitment — reallocate	2	1,910	3,819	3,819	3,819	-42
Police Band — discontinue	5	—	1,087	2,218	3,394	-34
Departmental efficiencies	2	471	1,350	1,858	2,388	-30
Court awarded costs — limit	2	—	1,600	1,600	1,600	—
Metropolitan police stations — rationalise	2	—	622	1,016	1,384	-13
Community Constable Program — reduce	2	—	648	1,323	1,380	-24
Country police stations — rationalise	2	—	395	807	1,237	-9
SAPOL's cadet course — restructure	2	—	974	994	1,014	—
Housing subsidies — rationalise	2	130	345	689	689	—
Custody suites — revise arrangements	2	—	343	686	686	—
Over-dimensional police escort fees	7	473	489	505	527	—
Forensic odontology services — revise arrangements	2	175	359	368	377	—
Recruitment program — refocus	5	125	247	252	257	-5
SAPOL motor cycle fleet — rationalise ^(b)	2	120	236	242	248	—
Executive management — restructure	2	—	108	221	228	-1
Temporary staff — reduce	2	200	200	200	200	—
Management structure — revise	2	—	32	64	96	—
Operating Revenues						
Expiation fees — increase	8	—	14,000	15,400	15,400	—
Court enforcement fee — introduce	7	—	2,630	3,367	4,930	—
Expiation reminder fees — increase	8	570	1,140	1,140	1,140	—
Police services — introduce fee for major events	7	—	1,000	1,000	1,000	—
Asset Sales						
Country police stations — rationalise	2	—	79	79	78	—
Metropolitan police stations — rationalise	2	—	1,193	—	—	—
SAPOL motor cycle fleet — rationalise	2	160	—	—	—	—
Estimated FTE Impact by year		-47	-143	-280	-390	

(a) Represents the estimated FTE impact in 2013-14.

(b) Includes estimated depreciation decrease of \$73,000 in 2010-11, \$146,000 in 2011-12, 2012-13 and 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals**Title:** Recruit 300 election commitment — reduce^(a)**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	6,500	20,104	33,568
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-36	-137	-232

(b) Represents the part reversal of a 2010 Election commitment.

Description/Explanation:

South Australia currently has a relatively high number of police per capita compared to the national average. The number of police staff per 100,000 people in South Australia was 337 compared to 297 nationally in 2008-09.

This proposal involves not recruiting an additional 232 police officers planned to be employed as part of the election commitment to recruit 300 police.

Title: Expiation fees — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	14,000	15,400	15,400
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in the level of expiation fines.

Expiation fines that are currently above \$100 will be increased by \$50, while fines currently below \$100 will be increased by \$20.

Title: Court enforcement fee — introduce

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	2,630	3,367	4,930
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This proposal involves replacing the current \$25 appearance fee which may be awarded for each court file finalised by a guilty plea or finding with a \$100 enforcement fee awarded to SAPOL at the time a defendant is found guilty in court. This will assist in meeting the cost of prosecution.

A change in court practices to reduce the number of instances of the fee being waived will also lead to a greater level of collections.

Title: Recruit 300 election commitment — reallocate

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,910	3,819	3,819	3,819
Operating Revenues	—	—	—	—
Estimated FTE Impact	-42	-42	-42	-42

Description/Explanation:

The proposal involves the utilisation of 42 officers from the election commitment to recruit 300 police to meet the commitment to provide protective security officers on trains leaving the Adelaide Railway Station after 6 pm.

Savings would arise due to an overall reduction in the number of FTEs employed relative to the Recruit 300 election commitment.

Title: Police Band — discontinue**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,087	2,218	3,394
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-11	-22	-34

Description/Explanation:

This initiative involves discontinuing the operation of the Police Band that has 34 members.

Title: Departmental efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	471	1,350	1,858	2,388
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-20	-30	-30

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including a rationalisation of SAPOL's unsworn workforce at local service areas, headquarters and police stations, a reduction in overtime expenditure and reduced mobile computing costs.

Title: Court awarded costs — limit**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,600	1,600	1,600
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

A legislative change to the *Summary Offences Act 1953* to clearly define circumstances in which costs can be awarded to acquitted persons to reimburse them for the reasonable costs of professional representation.

Regulating court awarded costs would provide consistency and cost savings. Similar legislative provisions have recently been introduced in Queensland.

Title: Metropolitan police stations — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	622	1,016	1,384
Operating Revenues	—	—	—	—
Asset Sales	—	1,193	—	—
Estimated FTE Impact	—	-13	-13	-13

Description/Explanation:

A rationalisation of police stations in the metropolitan area.

The stations identified for closure would be police stations that have both limited opening hours and police service delivery. These stations mainly handle enquiries.

Title: Community Constable Program — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	648	1,323	1,380
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-12	-24	-24

Description/Explanation:

Reduce the number of Community Constable positions in country and metropolitan areas from 36 to 12.

SAPOL currently employs Aboriginal and Torres Strait Islander officers as Community Constables to work within local communities to develop links between SAPOL and Aboriginal communities. The success of this project is mixed, with the recruitment of appropriate officers being a specific challenge. A reduction in the number of Community Constables will allow the program to focus on the recruitment and retention of suitable officers.

Title: Country police stations — rationalise**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	395	807	1,237
Operating Revenues	—	—	—	—
Asset Sales	—	79	79	78
Estimated FTE Impact	—	-3	-6	-9

Description/Explanation:

The proposal involves the rationalisation of the number of country police stations.

The stations identified for closure have small populations, low reported crime rates and low levels of police activity.

Title: Expiation reminder fees — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	570	1,140	1,140	1,140
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The expiation reminder fee imposed by SAPOL has not been increased since 1997.

The proposal involves increasing the fee from \$30 to \$45 from 1 January 2011 to contribute towards meeting the costs of enforcement.

Title: SAPOL's cadet course — restructure**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	974	994	1,014
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves the restructuring of SAPOL's cadet course to reduce the length of the course by six weeks; decreasing the time between recruitment and active duty.

The cadet program will be revised to ensure that policing standards are met within the reduced timeframe.

Title: Police services — introduce fee for major events

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,000	1,000	1,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This measure involves charging the organisers of certain major public events for police presence or attendance at the event.

Title: Housing subsidies — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	130	345	689	689
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves the removal of the government employee housing subsidy at locations within 100 km of Adelaide.

Title: Custody suites — revise arrangements

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	343	686	686
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves replacing 46 sworn cell guards in 6 metropolitan custody suites with lower-cost protective security officers.

Title: Over-dimensional police escort fees**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	473	489	505	527
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This proposal involves the recovery of costs incurred by SAPOL for providing wide-load and over-dimensional traffic escorts, including the introduction of a cancellation fee.

Title: Forensic odontology services — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	175	359	368	377
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This initiative proposes to purchase forensic odontology services (identification using dental records) when such services are required, rather than provide these services internally.

Title: Recruitment program — refocus**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	125	247	252	257
Operating Revenues	—	—	—	—
Estimated FTE Impact	-5	-5	-5	-5

Description/Explanation:

The proposal involves the cessation of a graduate recruitment program for specialist skill graduates within SAPOL.

Title: SAPOL motor cycle fleet — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	120	236	242	248
Operating Revenues	—	—	—	—
Asset Sales	160	—	—	—
Estimated FTE Impact	—	—	—	—

(a) Includes depreciation decrease of \$73,000 in 2010-11, \$146,000 in 2011-12, \$146,000 in 2012-13 and \$146,000 in 2013-14.

Description/Explanation:

Reduce SAPOL’s motor cycle fleet from 56 to 24 motor cycles.

Traffic police freed up under this initiative will be moved into selected country and metropolitan areas to assist in meeting road safety targets.

Title: Executive management — restructure

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	108	221	228
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Amend the senior management structure by removing one Assistant Commissioner position and one Inspector position and replacing them with Senior Constables. Administrative support provided to these positions will also be reduced.

Title: Temporary staff — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	200	200	200	200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the number of employment agency staff employed to fill temporary vacancies.

Title: Management structure — revise**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	32	64	96
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the number of Inspectors in SAPOL and replace them with Senior Constables.

II. Details of agency-specific budget improvement proposals

Courts Administration Authority

Overview

The Courts Administration Authority (CAA) comprises the State Courts Administration Council, the State Courts Administrator and other staff of the Council. The CAA is independent of the Government. Its primary role is to provide administrative support to the courts of this State. The CAA also has the administered responsibility for the collection of court fees and fines, the Victims of Crime Levy and payment of judicial salaries and expenses.

Budget Overview

The CAA's operating expenditure budget as published in the 2009-10 Budget is \$88 million in 2009-10, or around one per cent of the budget. Judicial salaries and on-costs are excluded from CAA's operating expenditure and were estimated to be around \$33 million in 2009-10 at the time of the 2009-10 Budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 810 at 30 June 2010.

The investing budget of the CAA as published in the 2009-10 Budget is \$5 million, or less than one per cent of the investing budget.

Comparative Data

The Report on Government Services (ROGS) contains information on the level of cost recovery from civil court fees across jurisdictions. The level of cost recovery from civil court fees in South Australia in 2008-09 was below the national average for the District Court (21.1 per cent compared to 29.3 per cent nationally) and Magistrates Court (27.7 per cent compared to 38.7 per cent nationally), but was above the national average in the Supreme Court (25.8 per cent compared to 22.0 per cent nationally). It is noted however that civil court fees were increased in South Australia from 1 July 2009. This increase in fees is not reflected in the prior data and will act to increase the level of cost recovery in South Australia.

The ROGS data also includes information on the cost of providing court administration. On a per capita basis, South Australia's aggregate cost of providing court administration (\$59 per capita) is higher than in New South Wales (\$51 per capita), Victoria (\$50 per capita) and Queensland (\$47 per capita), but lower than in Western Australia (\$89 per capita).

Strategic Challenges/Opportunities

A number of reviews into ways to increase the efficiency of the court system and reduce court delays have been undertaken. These reviews, particularly the Criminal Justice Ministerial Taskforce have recommended a number of measures to improve efficiencies in the court system.

The Commission believes that measures to increase the efficiencies of the court process should be implemented as a priority. These measures will not offer immediate savings but over time should lead to a reduction in the level of resources required.

Options that could be progressed further include:

- increasing the jurisdiction of the Magistrates Court to enable more matters to be heard by a lower court and reducing the number of matters required to be heard before a jury;
- an expansion in the range of expiable offences to reduce the number of matters proceeding to court;

- the use of case conferencing to provide a forum for early negotiations to facilitate the speedy and appropriate resolution of matters, or identify issues and exchange information to expedite pre-trial and trial time frames; and
- the greater use of Special Justices to enable a larger range of minor matters to be dealt with in a highly cost effective manner without compromising outcomes.

Administrative arrangements

The CAA governance arrangements are unique to South Australia.

In South Australia the State Courts Administration Council has the responsibility for the provision of administrative services to its participating courts. The Council comprises the Chief Justice, the Chief Judge and the Chief Magistrate. The Council is supported by the State Courts Administrator who is the Council's Chief Executive Officer and is subject to the control and direction by the Council rather than a Minister of the Government.

In other states the responsibility for the administration of the courts sits within a government department.

For the direct operations of court administration, there does not appear to be any quantifiable evidence to suggest that the current governance arrangements either constrain efficiencies or lead to increased costs of administration. However, there are additional functions which are not the direct responsibility of the Judicial Council, eg, Fines Payment Unit, that may be more efficiently run under standard government department arrangements.

Regardless of the governance model, the judiciary has the ultimate responsibility for case flow management including listing procedures. The court decides when and where it will sit, who the presiding judicial officer will be and how cases are allocated. Court staff provide the administrative support in line with the courts policies and procedures.

Savings Proposals Summary

Savings proposed for the CAA focus primarily on revenue measures, with fee increases proposed for a range of civil and criminal matters to more closely reflect the cost of providing these services. Proposals to increase the level of debt collections by the Fines Payment Unit located within the CAA are also recommended.

In addition, a number of minor efficiency measures for the CAA are recommended.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 14: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,174	1,591	2,787	3,046	-30
Operating Revenues		2,000	10,528	7,607	8,404	—
Investing Payments		-531	—	—	—	—
Asset Sales		—	950	—	—	—
Impact on Net Operating Balance		3,174	12,119	10,394	11,450	
Impact on Net Lending		2,643	13,069	10,394	11,450	
Operating Expenses						
Departmental efficiencies	2	1,774	2,554	3,000	3,262	-34
Court report — digital audio reporting	2	—	300	312	322	—
Operating Expenses (implementation costs)						
Fines Payment Unit — additional debt collections	8	-600	-1,263	-525	-538	4
Operating Revenues						
Fines Payment Unit — additional debt collections	8	2,000	5,810	2,124	2,190	—
Civil court fees — introduce corporation fee	7	—	1,819	1,875	1,933	—
Summary court fees for criminal matters — increase	7	—	433	1,051	1,631	—
Civil court fees — increase	7	—	1,106	1,106	1,106	—
Application for relief — introduce fee	7	—	683	752	824	—
Lodgement fee — council expiations	7	—	410	423	436	—
Practitioner fees — increase library levy	7	—	267	276	284	—
Investing Payments						
Court report — digital audio reporting	2	-531	—	—	—	—
Asset Sales						
Country courthouses — sale	5	—	950	—	—	—
Estimated FTE Impact by year		-16	-22	-29	-30	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,774	2,554	3,000	3,262
Operating Revenues	—	—	—	—
Estimated FTE Impact	-20	-28	-33	-34

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including the closure of a number of underutilised country Magistrate Courts' registries where alternative locations are available within reasonable proximity, a restructuring of suburban and city Magistrates Courts' registries and a restructure of judicial support staff.

Title: Civil court fees — introduce corporation fee

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,819	1,875	1,933
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduction of a separate fee in the civil jurisdictions of the Supreme, District and Magistrates Courts for the lodging of a claim by corporations or companies. This fee recognises that corporations have a different capacity to pay compared to individuals, small businesses, not for profit organisations and personal injury claims.

New South Wales, Queensland and Western Australia have separate corporation fees for civil claims.

It is proposed to set the Corporation Fee for the Lodgement and Daily Trial Fee in the Supreme Court at \$3,000, in the District Court at \$1,500 and the General Fee in the Magistrates Court at \$452 from 1 July 2011.

Title: Summary court fees for criminal matters — increase**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	433	1,051	1,631
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in summary fees for criminal matters by 10 per cent above the annual fees and charges adjustment factor in 2011-12 and by a further 5 per cent above the annual fees and charges adjustment factor in 2012-13 and 2013-14. This fee applies only to matters for which penalties are imposed.

Title: Fines Payment Unit — additional debt collections**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-600	-1,263	-525	-538
Operating Revenues	2,000	5,810	2,124	2,190
Estimated FTE Impact	4	7	4	4

Description/Explanation:

The Fines Payment Unit deals with all monetary orders of the Courts including fines, costs, levies etc as well as any expiations in default that are referred by issuing authorities (eg, SAPOL). Total debt outstanding as at the end of 2008-09 was \$183 million, of which \$72 million was described as unlocated, \$25 million related to suitors (non-government third parties) and \$11 million for Victims of Crime.

Fines enforcement currently occurs in every registry across the state and contact centre, and is distributed according to workload. It is proposed to implement a more tightly coordinated approach to enforcement through appointing an enforcement manager and a small dedicated enforcement team in addition to existing arrangements. It is estimated that the overall collection rate will be increased by 5 per cent with the introduction of a dedicated enforcement team.

The introduction of a fee amnesty over a set limited period is also proposed. Under this option penalties for late payments will be waived if debtors pay their debts during the amnesty period. If the fee amnesty is introduced in conjunction with a range of other enforcement and awareness measures, it is estimated that around an additional \$3 million will be collected. The proposal assumes that the fee amnesty will occur during 2011-12.

Title: Civil court fees — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,106	1,106	1,106
Estimated FTE Impact	—	—	—	—

Description/Explanation:

An increase in the major civil lodgement fee in each court (Supreme, District and Magistrates) by 15 per cent above the annual fees and charges adjustment factor on 1 July 2011. The increase in lodgement fees will help to more closely reflect the cost of providing this service. The fees to be increased under this measure include the following:

- Supreme Court Probate Fee;
- Major Lodgement Fee in the Supreme and District Courts;
- Counter Claim Fee in the Supreme and District Courts;
- Daily Trial Fee in the Supreme and District Courts; and
- Magistrates Court General Fee - lodgement fee for any action other than a minor civil claim.

Title: Application for relief — introduce fee

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	683	752	824
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Client relief applications are lodged under the Expiation of Offences legislation and applies to those debtors who cannot at the time of incurring an expiation fine pay the amount within 28 days. It is proposed to impose a \$25 fee on these applications to meet the costs involved in providing this service.

Title: Lodgement fee — council expiations**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	410	423	436
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Councils are not currently charged for local government expiations lodged with the CAA for enforcement. A fee is added to the amounts owing referred to the CAA for enforcement and the CAA retains this fee for matters on which payment was received. The CAA receives no fees for its work in cases where payment is not received from the debtors.

The CAA currently collects and pays local government councils around \$2.1 million annually. It is proposed to apply a \$10 fee to expiation notices lodged with the CAA for enforcement to compensate for the costs involved in unsuccessful attempts to recover debts.

Title: Court report — digital audio reporting**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	300	312	322
Operating Revenues	—	—	—	—
Investing Payments	-531	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

South Australia has recently completed the replacement of its analogue court reporting equipment with digital audio equipment. This equips the majority of its courtrooms with the potential to progress to concurrent monitoring of courtrooms within the CBD, and remote monitoring in some regional areas. Further investment will enable the introduction of concurrent monitoring of all CBD courtrooms and the introduction of circuit court monitoring. This will produce ongoing savings.

Title: Practitioner fees — increase library levy

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	267	276	284
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Legal practitioners are required to pay a library levy each year for access to the Supreme Court Library. The Practitioner Levy only covers approximately 20 per cent of the library's costs. It is proposed to increase the levy by \$81 to \$200 from 1 July 2011.

Title: Country courthouses — sale

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	—	—	—
Asset Sales	—	950	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

It proposed to close a number of underutilised regional courthouses. Locations identified for closure are able to be disposed of while still retaining current regional circuit arrangements at alternative locations within the township.

Correctional Services

Overview

The Department for Correctional Services (DCS) is responsible for the provision of custodial services, community based supervision services and rehabilitation services to offenders in South Australia.

Budget Overview

DCS' operating expenditure budget as published in the 2009-10 Budget is \$187 million in 2009-10, or around one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 1,575 at 30 June 2010.

The investing budget of the DCS as published in the 2009-10 Budget is \$17 million, or less than one per cent of the investing budget.

Comparative Data

The net operating expenditure on prisons and community corrections per head of population in South Australia was \$104.68 in 2008-09, 16 per cent below the national average.

South Australia has one of the highest community correction rates at 539.9 corrections per 100,000 people in 2008-09, significantly above the national average level of corrections. Community correction costs are considerably lower than imprisonment. The real recurrent cost per community corrections offender per day is only \$11.84 in South Australia. This cost is also well below the national average expenditure of \$16.98 per offender per day.

Strategic Challenges/Opportunities

Prisons carry significant costs and the more prisoners there are, the higher the cost. However, DCS has no control over the number of prisoners in custody or persons on remand. This is a function of the other agencies within the justice system and Government policies on crime (eg, sentencing options).

Early identification of the factors that cause people to commit crimes and effective rehabilitation programs can act to reduce the number of overall offences. This requires an upfront investment, with no guaranteed payback long term.

Changes in current sentencing practices (eg, remand) may also deliver acceptable outcomes to the community at a lower overall cost. For example, community correction costs are considerably lower than imprisonment.

The Commission recommends that work should be conducted into identifying ways of reducing the rate of remand in South Australia. The remand rate in South Australia is considerably higher than other states and territories. Available data also shows that around 45 per cent of prisoners on remand spend less than fifteen days in custody and around 83 per cent are in custody for less than three months. Given the range of issues involved, the Commission did not have time to identify specific measures in this area as part of the report.

Savings Proposals Summary

Budget improvement measures for DCS have focused on areas where a change in the operation of the Department's functions, or changes in legislation can bring about savings while still providing an effective level of service to the community.

Two major savings proposals have been identified:

- The outsourcing of the operation of the Yatala Labour Prison and the Adelaide Remand Centre; and
- Increased sentencing options to allow greater use of electronic monitoring and supervision of sentenced, low security persons in the community.

In addition, a range of smaller efficiency measures within DCS have been identified.

Given the ability of effective rehabilitation programs to reduce re-offending rates, no measures that affect the current range of rehabilitation programs and initiatives provided by DCS are recommended.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 15: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,025	3,714	17,007	19,466	-542
Operating Revenues		—	-149	-2,830	-2,902	—
Impact on Net Operating Balance		1,025	3,565	14,177	16,564	
Impact on Net Lending		1,025	3,565	14,177	16,564	
Operating Expenses						
Prison operations — outsource	2	-470	-942	10,056	11,800	-441
Increased sentencing options	2	—	2,106	4,307	4,401	-45
Departmental efficiencies	2	1,042	1,054	1,065	1,075	-9
Workers' compensation costs — reduce	2	250	256	262	867	—
Regional services delivery — revise arrangements	2	—	440	510	510	-7
Prison rosters — efficiencies	2	203	500	500	500	—
Monitoring of offenders on home detention — revise arrangements	2	—	300	307	313	-40
Operating Revenues						
Increased sentencing options	2	—	-149	-307	-316	—
Prison operations — outsource	2	—	—	-2,523	-2,586	—
Estimated FTE Impact by year		3	-100	-542	-542	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Prison operations — outsource

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-470	-942	10,056	11,800
Operating Revenues	—	—	-2,523	-2,586
Estimated FTE Impact	12	1	-441	-441

Description/Explanation:

The proposal involves the outsourcing of the operations of Yatala Labour Prison and the Adelaide Remand Centre to the private sector.

The cost of corrections in South Australia is currently low by national standards and it is unlikely that any significant cost savings could occur within the current operating environment.

National and international benchmarks suggest that the operation of prisons by the private sector can result in savings of up to 30 per cent. This is largely the result of more flexible workforce arrangements that can be secured by the private sector and the use of casual labour in addition to permanent staff to meet levels of demand.

The successful management of the Mount Gambier Prison in South Australia is an example of where savings can be realised through the private operation of prisons.

It is recognised that the majority of private sector prison operations in Australia have been established at 'greenfield sites' (including the Mount Gambier Prison). However, the operation of Parklea Prison in New South Wales was recently privatised and represents an example of where an operational, publicly managed prison has been successfully transferred to private management in Australia. There are also many examples of successful transitions of prison operations from the public to private sector overseas.

An opportunity exists to market test the viability of the private sector operating existing prisons in South Australia. It is expected that the private operation of the Yatala Labour Prison and the Adelaide Remand Centre could significantly reduce the operating costs of these facilities.

Title: Increased sentencing options

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,106	4,307	4,401
Operating Revenues	—	-149	-307	-316
Estimated FTE Impact	—	-45	-45	-45

Description/Explanation:

The proposal is to increase the range of available sentencing options, leading to a greater level of monitoring of low-security prisoners on home detention (through electronic monitoring devices) as opposed to incarceration.

It is expensive to keep prisoners in custody. The average cost is around \$170 per prisoner per day. Excluding an estimate for the fixed cost of overheads, the cost of keeping a prisoner in custody is around \$125 per day. Increasing the range of sentencing options for low-security prisoners can provide an acceptable level of punishment for the offender while still ensuring an adequate level of safety for the community. It also recognises that in some instances placing offenders in custody is not the most effective way to rehabilitate an offender.

One option that could be considered is front-end home detention, where the courts have a sentencing option to place a person on home detention as the penalty, rather than sentencing the person to a term of imprisonment. However, the terms of this option need to be clearly drafted to ensure that the increased sentencing options are applied only to offenders who would have otherwise spent a period of time in custody.

Other options that could be considered, include changes to the practical implementation of the Government’s Serious Crime election policy related to suspended sentences. Suitable low-risk persons on a repeated suspended sentence could be placed on electronic monitoring rather than automatic incarceration as proposed by the policy.

It is assumed that the increased sentencing options will result in 100 low-risk offenders being monitored on home detention, as opposed to incarceration.

Title: Departmental efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,042	1,054	1,065	1,075
Operating Revenues	—	—	—	—
Estimated FTE Impact	-9	-9	-9	-9

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including the areas of administration, human resources, strategic services and photo identification.

Savings are also generated through lower expenditure on goods and services across the department.

Title: Workers' compensation costs — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	250	256	262	867
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

An intensive focus on injury prevention and injury management will produce savings in workers' compensation payments.

The proposal includes savings in workers' compensation payments that will be achieved following the outsourcing of prison operations at the Adelaide Remand Centre and the Yatala Labour Prison.

Title: Regional services delivery — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	440	510	510
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-7	-7	-7

Description/Explanation:

The proposal includes the creation of service centres within regional offices to produce efficiencies in their operation and the delivery of services.

Title: Prison rosters — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	203	500	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Overtime and penalty payments are a significant component of the salary costs associated with the operation of prison facilities. The implementation of a more efficient rostering system will result in lower overall penalty payments, while still maintaining the required level of supervision.

Title: Monitoring of offenders on home detention — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	300	307	313
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-40	-40	-40

Description/Explanation:

Outsource the electronic monitoring of offenders on home detention and home detention bail supervision. The monitoring of offenders by external providers is more cost effective than retaining this function within the DCS.

Electoral Commission of South Australia

Overview

The Electoral Commission of South Australia is an administrative unit which has been established to assist the Electoral Commissioner to discharge statutory duties in accordance with the provisions of the *Electoral Act 1985*.

The objectives of the Commission are to promote in the community an understanding of electoral matters including the rights and responsibilities of electors and to provide the opportunity to vote at properly conducted State Parliamentary and non-Parliamentary elections and polls.

Budget Overview

The Electoral Commission's operating expenditure budget as published in the 2009-10 Budget is \$13 million in 2009-10, or less than one per cent of the budget. As a State election was held in 2009-10 the expenditure budget of the Electoral Commission was higher than in non-election years. The estimated expenditure budget of the Electoral Commission in 2008-09 was \$4 million. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 22 at 30 June 2010.

The investing budget of the Electoral Commission as published in the 2009-10 Budget was less than \$1 million.

Strategic Challenges/Opportunities

The challenge for the Electoral Commission is to provide cost effective services that do not constrain electoral integrity.

Savings Proposals Summary

The Commission recommends that savings equivalent to only the targets previously allocated to the Electoral Commission should be pursued. These include the FTE reduction target, efficiency dividend and CPI adjustment.

Rather than identifying specific improvement measures to achieve this target, the Commission has allocated it as a general efficiency dividend. As these targets have been previously allocated to the Electoral Commission it should be relatively advanced in its identification of specific measures to achieve these savings.

List of Specific Savings Proposals

Table 16: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		41	33	37	43	—
Operating Revenues		—	—	—	—	—
Impact on Net Operating Balance		41	33	37	43	
Impact on Net Lending		41	33	37	43	
Operating Expenses						
Departmental efficiencies	2	41	33	37	43	—
Estimated FTE Impact by year		—	—	—	—	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	41	33	37	43
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency.

South Australian Fire and Emergency Services Commission

Overview

The South Australian Fire and Emergency Services Commission (SAFECOM) is responsible for supporting the Metropolitan Fire Service (MFS), the Country Fire Service (CFS) and the State Emergency Service (SES). It undertakes strategic policy planning, governance and resource allocation for the overall fire and emergency services sector. SAFECOM also supports emergency management planning across South Australia.

Budget Overview

SAFECOM's operating expenditure budget as published in the 2009-10 Budget is \$14.7 million in 2009-10 or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 106 at 30 June 2010.

Strategic Challenges/Opportunities

SAFECOM was established in 2005 following a review of emergency service governance arrangements in South Australia.

The Commission recommends that the role of SAFECOM be scaled back to focus on providing cross sector coordination and support for the emergency services sector. This is partly due to the fact that the MFS, CFS and SES have always maintained autonomy in terms of their operations and Chief Officers' status, and there is some duplication with the current arrangements. This would involve SAFECOM focusing on core activities which provide centralised support in areas where there are opportunities for economies of scale and reduced duplication.

The streamlined service delivery model retains provision of core activities to emergency services agencies. Other areas in SAFECOM have been assessed and reduced to what is considered an appropriate level of resourcing, taking into account resourcing for the entire emergency services sector.

Under this model, the core functions of SAFECOM would include:

- Financial services;
- Information and management services (including the provision of IT services and support);
- Human resources;
- Public affairs (media liaison etc);
- Health, safety and welfare;
- Volunteer strategy and support;
- Chief Executive's Office (including support for the SAFECOM Board); and
- Records management.

Where applicable, core function resources have been adjusted to reflect an efficient service delivery model.

A significant reduction has been proposed for the asset services function and the cessation of the single training and development role. These are operational-specific and are duplicated by SAFECOM as the other emergency services agencies have sufficient resourcing for these areas.

The remaining functions within SAFECOM that are deemed to be non-core that are proposed to be scaled back are strategic services, which can be handled at the agency-level or through cross-sector meetings with Chief Officers and nominated agency staff, and emergency management, which can transfer some roles to other areas such as financial services.

Savings Proposals Summary

The savings proposed are in line with the Commission’s view, outlined in the strategic challenges and opportunities section above, that the role of SAFECOM should be scaled back to focus on its core functions.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 17: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		1,418	2,696	4,050	4,737	-48
Operating Revenues		—	—	—	—	—
Impact on Net Operating Balance		1,418	2,696	4,050	4,737	
Impact on Net Lending		1,418	2,696	4,050	4,737	
Operating Expenses						
Departmental efficiencies	2	544	876	897	1,081	-11
Chief Executive’s Office — rationalise	5	191	422	509	525	-7
Assets and procurement — efficiencies	5	141	358	475	488	-9
Human resource functions — restructure	5	182	256	433	445	-5
Senior management restructure	5	—	—	210	420	-2
Accommodation — consolidate	2	62	63	319	331	—
Volunteer strategy and support — reform	5	74	227	307	324	-4
Strategic planning — rationalise	5	—	101	233	241	-2
Emergency management — efficiencies	5	49	49	50	187	-2
Public affairs — rationalise	5	98	178	182	187	-2
Health safety and welfare — rationalise	5	—	77	138	143	-2
SAFECOM Ministerial Liaison Officer — remove	5	—	—	76	138	—
Training coordination — revise arrangements	5	—	—	131	135	-1
Angle Park library service — close	5	77	89	90	92	-1
Estimated FTE Impact by year		-16	-31	-44	-48	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	544	876	897	1,081
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-9	-9	-11

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including resourcing for the insurance and risk management function, IT, administration, logistics, financial services, SES business management and Community Emergency Services Fund management.

Title: Chief Executive's Office — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	191	422	509	525
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-5	-7	-7

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the Chief Executive's Office.

Title: Assets and procurement — efficiencies

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	141	358	475	488
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-5	-9	-9

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the area of assets and procurement, including the closure of the MFS store in Wakefield Street.

Title: Human resource functions — restructure

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	182	256	433	445
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-3	-5	-5

Description/Explanation:

The proposal involves a restructure of the delivery of human resources functions within the department and the level of assistance provided to the emergency services sector, including at the MFS training centre.

Title: Senior management — restructure

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	210	420
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-2

Description/Explanation:

The proposal involves a restructuring of senior management, resulting in the abolition of two executive level positions.

Title: Accommodation — consolidate

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	62	63	319	331
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves a review and consolidation of the level of accommodation required by the agency.

Title: Volunteer strategy and support — reform**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	74	227	307	324
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-3	-4	-4

Description/Explanation:

The proposal involves a reduction in regionally based support officers and centrally based administrative staff responsible for the volunteer strategy and support function.

Title: Strategic planning — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	101	233	241
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-2	-2

Description/Explanation:

The proposal involves a rationalisation of strategic planning functions related largely to the recording and reporting of data.

Title: Emergency management — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	49	49	50	187
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-2

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the area of emergency management.

Title: Public affairs — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	98	178	182	187
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-2	-2	-2

Description/Explanation:

The proposal involves the rationalisation of resources within the public affairs function.

Title: Health safety and welfare — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	77	138	143
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-2	-2

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the health safety and welfare function.

Title: SAFECOM Ministerial Liaison Officer — remove

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	76	138
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This proposal involves removing the Ministerial Liaison Officer position for SAFECOM.

Title: Training coordination — revise arrangements**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	131	135
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

The proposal removes the position of training coordinator provided within SAFECOM. Each emergency service agency devotes significant resources towards training.

Title: Angle Park library service — close**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	77	89	90	92
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

The proposal will discontinue the library service provided at the MFS Training Centre at Angle Park.

II. Details of agency-specific budget improvement proposals

South Australian Metropolitan Fire Service

Overview

The Metropolitan Fire Service (MFS) is the State's primary provider of structural fire fighting services and is also responsible for the provision of emergency response and rescue services for the protection of the South Australian community.

Budget Overview

The MFS' operating expenditure budget as published in the 2009-10 Budget is \$112 million in 2009-10, or around one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 925 at 30 June 2010.

The investing budget of the MFS as published in the 2009-10 Budget is \$12 million, or less than one per cent of the investing budget.

Strategic Challenges/Opportunities

The MFS should continue to strive to provide a range of fire and emergency services in the most efficient and effective manner to ensure the best outcome for the community while also minimising the impact on households.

Employee expenses account for a large proportion (around 80 per cent) of expenditure within the MFS. Given the unpredictable nature of the work conducted by the MFS, overtime and penalty payments will always be a significant cost faced by the organisation. However, workforce arrangements need to be structured in a way to ensure that the best value for money option is achieved while still maintaining an efficient level of service.

It is the Commission's understanding that work to contain and control overtime and penalty payments has been undertaken by the MFS. Ongoing monitoring of these arrangements will need to remain in place to ensure the management of future liabilities.

Savings Proposals Summary

The MFS has its resources located within the Adelaide and Greater Adelaide area at a number of one and two-appliance stations in positions that allow the MFS to provide a weighted incident response.

The proposals include a restructure of the number of metropolitan response fire crews. It is proposed to remove three crews from fire stations across metropolitan Adelaide that currently operate with two appliances.

The MFS has a target of responding within 7 minutes in the metropolitan area. This is the response time for the arrival of the first appliance and is designed to ensure the protection of lives. The reduction in crews at selected two-appliance stations to one appliance will not affect the initial response times at an incident.

Two-appliance stations are designed to provide a faster response time for a second appliance at incidents to minimise any damage to infrastructure. Where an incident occurs at a location serviced by a one appliance station, a second appliance, if required is dispatched from the closest available station (if practical) or from the Wakefield Street station to assist.

There are a number of other smaller proposals.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 18: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		300	3,629	5,881	8,541	-80
Operating Revenues		—	400	350	280	—
Impact on Net Operating Balance		300	4,029	6,231	8,821	
Impact on Net Lending		300	4,029	6,231	8,821	
Operating Expenses						
Metropolitan fire services — rationalise	2	—	2,133	4,354	6,648	-66
Community education — rationalise	1	—	684	697	711	-5
Departmental efficiencies	2	300	312	325	672	-4
Regional fire stations — rationalise	1	—	500	505	510	-5
Operating Revenues						
Service fees — increase	7	—	400	350	280	—
Estimated FTE Impact by year		-2	-34	-56	-80	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Metropolitan fire services — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,133	4,354	6,648
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-22	-44	-66

Description/Explanation:

It is proposed to restructure the number of metropolitan fire response crews. Three crews from fire stations across metropolitan Adelaide will be removed under this proposal.

The reduction in crews will be targeted at two-appliance stations to ensure that response times for a single appliance to reach an incident are not affected under this proposal.

Title: Community education — rationalise**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	684	697	711
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-5	-5

Description/Explanation:

The proposal reduces the amount of specific MFS resources devoted to community education, including the Road Accident Awareness Program. Other government agencies such as the Motor Accident Commission provide resources dedicated to reducing road related accidents. Awareness for road accident related issues should be the core responsibility of the Motor Accident Commission.

Title: Departmental efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	300	312	325	672
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-4

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including a restructure of senior management.

Title: Regional fire stations — rationalise**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	500	505	510
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-5	-5

Description/Explanation:

A number of retained MFS regional fire stations are located in areas where the CFS also operates.

It is proposed to close four retained MFS stations in regional South Australia where the CFS also has a presence and it has been determined that the CFS would provide an adequate response to the needs of the community.

Title: Service fees — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	400	350	280
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The level of fees and charges relating to attendance at unwanted ‘false’ alarms has not kept pace with the cost of service provision.

It is proposed to increase the unwanted attendance charge by 25 per cent to more accurately reflect the cost of attendance.

South Australian Country Fire Service

Overview

The Country Fire Service (CFS) is a statutory authority reporting to the Minister for Emergency Services through the Board of the South Australian Fire and Emergency Services Commission. The CFS consists of over 15,000 volunteers providing a range of fire and emergency services to all communities in rural and semi-urban South Australia from over 430 locations.

Budget Overview

The CFS' operating expenditure budget as published in the 2009-10 Budget is \$58 million in 2009-10, or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 111 at 30 June 2010.

The investing budget of the CFS as published in the 2009-10 Budget is \$12 million, or less than one per cent of the budget.

Strategic Challenges/Opportunities

The CFS, inclusive of its volunteers, must continue to strive to provide a range of fire and emergency services in the most efficient and effective manner. Being a volunteer based organisation means a low cost model is already in place. Management however need to continuously strive to ensure this low cost arrangement remains in place and is effective.

Savings Proposals Summary

A range of savings proposals, largely focusing on efficiency, have been proposed for the CFS.

In addition the Commission has also recommended the introduction of fees for a range of services provided to businesses by the CFS. This includes such activities as alarm monitoring and false alarm attendance, and is consistent with MFS charges for the provision of these services. The introduction of these fees will assist in meeting the CFS' cost of service provision.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 19: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		582	908	1,840	1,844	-6
Operating Revenues		36	707	756	801	—
Investing Payments		-1,511	-2,216	-473	-129	—
Impact on Net Operating Balance		618	1,615	2,596	2,645	
Impact on Net Lending		-893	-601	2,123	2,516	
Operating Expenses						
Vehicle fleet — efficiencies	2	277	722	884	865	—
Bushfire awareness resourcing — rationalise	5	500	510	521	533	—
Departmental efficiencies	2	—	—	375	385	-5
Community education resourcing — rationalise	5	—	—	362	370	-3
Operating Expenses (implementation costs)						
CFS service fees — introduce	7	-195	-324	-302	-309	2
Operating Revenues						
CFS service fees — introduce	7	36	707	756	801	—
Investing Payments						
Vehicle fleet — efficiencies	2	-1,511	-2,216	-473	-129	—
Estimated FTE Impact by year		2	2	-3	-6	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Vehicle fleet — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	277	722	884	865
Operating Revenues	—	—	—	—
Investing Payments	-1,511	-2,216	-473	-129
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Significant costs are involved in equipping the CFS motor vehicle fleet with operational requirements such as lights, sirens, badging, radios, bull bars and other custom requirements.

Given the nature of the intended use of the vehicles (eg, off-road use in country areas) greater savings should be achievable through the CFS owning its own vehicles rather than entering into lease arrangements.

Title: Bushfire awareness resourcing — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	500	510	521	533
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalise resources available for annual bushfire awareness media campaigns in light of the Prepare. Act. Survive. initiative which includes a significant bushfire awareness component.

Title: CFS service fees — introduce

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-195	-324	-302	-309
Operating Revenues	36	707	756	801
Estimated FTE Impact	2	2	2	2

Description/Explanation:

Proposal involves recovery of costs incurred for various CFS services such as alarm monitoring and false alarm attendance. This proposal is consistent with MFS charges for the provision of these services.

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	375	385
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-5	-5

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including administration, regional staffing levels and the executive structure.

Title: Community education resourcing — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	362	370
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-3	-3

Description/Explanation:

Proposal involves a rationalisation of resources available for community education programs, including the removal of Education Officers who work with local communities to provide advice on preparing for bushfires.

South Australian State Emergency Service

Overview

The State Emergency Service (SES) provides a volunteer community-based emergency response service across all areas of the state. Volunteer units are particularly active in mitigating the effects of floods and storms, and respond to a range of other rescue tasks.

The SES consists of 66 units (54 units are based in rural areas) and approximately 1,600 volunteers. The SES also provides support for Volunteer Marine Rescue organisations.

Budget Overview

The SES' operating expenditure budget as published in the 2009-10 Budget is \$12 million in 2009-10, or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 38 at 30 June 2010.

The investing budget of the SES as published in the 2009-10 Budget is \$3 million, or less than one per cent of the budget.

Strategic Challenges/Opportunities

The SES, inclusive of its volunteers, must continue to strive to provide emergency services in the most efficient and effective manner. Being a volunteer based organisation means a low cost model is already in place. Management needs to continue to strive to ensure this low cost arrangement remains in place and is effective.

Savings Proposals Summary

Consistent with the strategic opportunities and challenges identified above, a range of minor efficiency measures have been proposed for the SES.

In addition the Commission has recommended that the SES should own its operational vehicles rather than entering into lease arrangements with Fleet SA. Significant costs are involved in equipping the SES motor vehicle fleet with operational requirements such as lights, sirens, badging, radios, bull bars and other custom requirements. Given the nature of the intended use of the vehicles (eg, off-road use in country areas) and the significant upfront costs, greater savings should be achievable through the SES owning its own vehicles rather than entering into lease arrangements.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 20: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		640	892	1,449	1,463	-5
Operating Revenues		—	—	—	—	—
Investing Payments		-200	-200	-200	-250	—
Impact on Net Operating Balance		640	892	1,449	1,463	
Impact on Net Lending		440	692	1,249	1,213	
Operating Expenses						
Vehicle fleet — efficiencies	2	330	330	591	583	—
SES units — consolidate	2	—	—	259	265	—
Regional support framework — restructure	2	120	220	224	229	-2
Training delivery model — restructure	2	93	176	193	200	-2
Departmental efficiencies	2	97	166	182	186	-1
Investing Payments						
Vehicle fleet — efficiencies	2	-200	-200	-200	-250	—
Estimated FTE Impact by year		-5	-5	-5	-5	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Vehicle fleet — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	330	330	591	583
Operating Revenues	—	—	—	—
Investing Payments	-200	-200	-200	-250
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Significant costs are involved in equipping the SES motor vehicle fleet with operational requirements such as lights, sirens, badging, radios, bull bars and other custom requirements.

Given the nature of the intended use of the vehicles (eg, off-road use in country areas) greater savings should be achievable through the SES owning rather than leasing vehicles.

Title: SES units — consolidate

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	259	265
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves the consolidation of two urban and eight rural units into other SES units located within close proximity.

The consolidation of SES units across metropolitan and rural regions will result in a more efficient and effective allocation of resources.

Title: Regional support framework — restructure

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	120	220	224	229
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

This proposal involves a restructure of the regional support framework by merging the North and West Regions. The consolidation of the regions will result in lower overhead and operating costs.

Title: Training delivery model — restructure

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	93	176	193	200
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

This proposal involves a restructure of the model used to deliver training to volunteers, reducing the number of State based trainers from four to two. Increased emphasis will be placed on computer based learning options and the transfer of some training duties to volunteer trainers.

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	97	166	182	186
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

The proposal includes lower cost delivery models and a rationalisation of support functions within the agency, including a reduction in the senior management of the SES.

Health

Overview

The Health portfolio comprises the Department of Health, metropolitan health regions, Country Health SA and the SA Ambulance Service.

The Department sets the directions for health services, supports the delivery of public health services, formulates health policy, facilitates public and consumer consultation on health issues, and monitors the performance of South Australia's health system by providing advice, research and administrative support.

The metropolitan health regions and Country Health SA are responsible for the management and operation of the public hospital network.

Budget Overview

Health's operating expenditure budget as published in the 2009-10 Budget is \$4.036 billion in 2009-10, or 32 per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 27,723 at 30 June 2010.

The Health investing budget as published in the 2009-10 Budget is \$360 million, or 17 per cent of the investing budget.

Comparative Data

On a per capita basis South Australia is the highest spending state for public hospitals. Although a high cost state, South Australia does not produce better health outcomes as measured by the general population health indicators. The CGC standardised or adjusted expenditure per capita still indicates South Australia has higher expenditure levels.

Comparative data analysis has been undertaken with reference to the Productivity Commission, Report on Government Services 2010, the Commonwealth Grants Commission (CGC), Report on GST Revenue Sharing Relativities – 2010 Review and the Australian Institute of Some of the key outcomes are as follows.

Public hospitals

In 2007-08 South Australia continued to have higher per capita recurrent health expenditure (unadjusted) on public hospitals (including psychiatric) than all other states (behind only the Northern Territory) and 7.4 per cent above the national average.

The CGC 2008-09 assessment of admitted patients and total health services identified that South Australia's actual expenses to deliver services for the period 2006-07 to 2008-09 were higher than the CGC assessed level of expenses.

- The CGC assessment identified that in 2008-09, South Australia's actual per capita expenses for admitted patients (\$1,424) were higher than the CGC assessed level of expenses (\$1,284).
- The CGC assessment identified that in 2008-09, South Australia's actual per capita expenses for total health services (\$2,148) were higher than the CGC assessed level of expenses (\$1,888).

Total public hospital separations (excluding psychiatric) in South Australia increased in 2008-09 to 372,400, 2.5 per cent above 2004-05 levels. Over the same period national separations have increased continuously, growing 14.5 per cent over the period.

Within each jurisdiction, changes in separations may not be strictly comparable as different states count inpatient activity differently. For example, since July 2007 chemotherapy and same day scopes have not been included in the South Australian inpatient separations. Exclusions and changes in other states are unknown and as a result cannot be adjusted at this stage. The separation indicator however does give a broad guide that activity levels in South Australia are not growing faster than the rest of Australia and are possibly growing at a lower rate.

South Australia continued to have the highest ratio of public hospital beds per 1,000 population of all jurisdictions in 2008-09 with 3.0 per 1,000 people. The national average for 2008-09 is 2.6 public hospital beds per 1,000 population.

South Australia's relative stay index (direct and indirect) for public in hospitals in 2008-09 was marginally higher than the average. This indicates that for the casemix dealt with, the length of stay of patients in public hospitals was longer than would be expected.

Average FTE staff in public hospitals per 1,000 population (including psychiatric) in 2007-08 for South Australia is 6.2 per cent higher than the national average. Average FTE nurses in public hospitals per 1,000 population (including psychiatric) in 2007-08 for South Australia is 11.8 per cent higher than the national average.

Primary health

South Australia had the second highest ratio of full time workload equivalent (FWE) GPs to the population in 2008-09 with 93.2 FWE GPs per 100,000 people, compared to the national average of 88.1. In 2008-09, South Australia for the first time had similar FWE GPs per 100,000 people ratios in both the rural and urban areas, at 93.1 and 93.2 respectively.

Strategic Challenges/Opportunities

Section 8, Volume 1 outlined the basis for the sustainable management of health. This was predominantly focused on hospital and inpatient services. Its success requires operational commitment. Strong governance and accountability arrangements and the enforcement of corporate standards will be essential.

Governance and accountability

Health region administrators and management must be held to account. Constant budget overruns, with supplementation funding are not acceptable and are not sustainable. Defining corporate, local management and clinical management standards and responsibilities is essential in supporting the decision making process. This will provide the foundation for long-term, sustainable decision-making.

Standards and enforcement

Establishing and enforcing corporate and whole-of-health standards for the provision of services is required. This includes both staffing and purchasing. The variation in the cost of similar services across health regions provides a significant opportunity for delivering lower cost services.

Demand management

In the longer term, greater focus and funding of non-hospital care needs to take place. There are lower cost, non-hospital care models that deliver effective patient outcomes. These should be explored and implemented wherever possible.

A co-payment for services will provide an essential price signal for health services. Opportunities for co-payments for non-health care card holders for out patient and higher model of care elective surgery should be explored.

Consultation and commitment from the Commonwealth Government will be necessary to implement these reforms.

Savings Proposals Summary

The proposals recommended by the Commission reflect the bottom-up reforms required to achieve the top-down funding model benchmark efficient price. These include the rationalisation of infrastructure, changes in service delivery models and consolidation of support functions. In addition, proposals relating to the divestment of non-core activities, improved rates of return on commercial arrangements and a rationalisation of out patient services that match interstate models are also recommended.

List of Specific Savings measures

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 21: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		17,608	84,770	204,518	308,450	-2,323
Operating Revenues		5,174	13,313	5,333	11,777	—
Investing Payments		—	—	—	—	—
Asset Sales		—	—	105,000	—	—
Impact on Net Operating Balance		22,782	98,083	209,851	320,227	
Impact on Net Lending		22,782	98,083	314,851	320,227	
Operating Expenses						
Outpatient services phase 1 — rationalise	2	10,867	21,734	21,734	21,734	-94
Outpatient services phase 2 — rationalise	2	—	5,434	32,601	86,937	-377
The Queen Elizabeth Hospital — efficient price reform	2	—	19,238	36,071	48,094	-208
Country hospital phase 1 — efficient price reform	2	—	15,366	30,732	30,732	-360
Country hospitals phase 2 — efficient price reform	2	—	—	29,376	45,194	-522
Corporate services — reform	2	4,260	8,520	12,780	17,040	-284
Repatriation General Hospital — closure	2	—	—	—	14,152	-125
Medical imaging services — consolidate	1	—	—	12,290	12,290	-123
Noarlunga Hospital — efficient price reform	2	—	3,269	6,129	8,172	-35
Modbury Hospital — efficient price reform	2	—	3,900	5,200	6,500	-38
Pharmacy services — consolidate	1	—	—	5,337	5,337	-53
Governance and administration — efficient price reform	1	2,273	4,022	4,022	4,022	-34
Private hospital support — reduce	2	—	2,871	2,871	2,871	—
Recovery centres — transfer to NGO sector	2	—	—	2,007	2,007	-23
Sterilisation services — consolidate	2	—	—	1,401	1,401	-19
Biomedical engineering — consolidate	2	—	—	1,133	1,133	-19
SA Ambulance Service — administrative efficiencies	2	208	416	834	834	-9

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Revenues						
Retail operations — maximise rate of return	8	—	1,667	3,333	5,000	—
Office accommodation — sub leasing	7	—	—	2,000	4,000	—
Hospital car parks — fees and divestment	8	5,174	11,646	—	3,777	—
Medvet — sale of business	6	—	—	—	-1,000	—
Asset Sales						
Medvet — sale of business	6	—	—	15,000	—	—
Hospital car parks — fees and divestment	8	—	—	90,000	—	—
Estimated FTE Impact by year		-137	-599	-1,640	-2,323	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Outpatient services phase 1 — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	10,867	21,734	21,734	21,734
Operating Revenues	—	—	—	—
Estimated FTE Impact	-47	-94	-94	-94

Description/Explanation:

South Australian hospitals currently deliver a range of outpatient services that in other states and territories are predominantly performed in specialist or GP practices. Examples include, people:

- having surgery that present to outpatient services within public hospitals for one-to-one consultations with surgeons for pre-operation and for post operative assessments;
- who have an acute medical admission to hospitals and then require follow-up review post discharge; and
- who have a chronic disease (eg, diabetes, cardiac conditions, cancer, etc) whose condition is monitored by public hospital physicians through regular consultations.

These services are consultative rather than therapeutic and in other jurisdictions take place in specialist or GP practices rather than the public hospital.

This initiative will progressively eliminate consultative services from public hospitals. In total, this would reduce the number of outpatient services in 2013-14 by 10 per cent from current activity levels. These services will be provided through the general practitioner network and the GP plus health care centres.

Title: Outpatient services phase 2 — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	5,434	32,601	86,937
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-24	-141	-377

Description/Explanation:

South Australian hospitals currently deliver a range of outpatient services that in other states and territories are predominantly performed in specialist or GP practices. Examples include, people:

- having surgery that present to outpatient services within public hospitals for one-to-one consultations with surgeons for pre-operation and for post operative assessments;
- who have an acute medical admission to hospitals and then require follow-up review post discharge; and
- who have a chronic disease (eg, diabetes, cardiac conditions, cancer, etc) whose condition is monitored by public hospital physicians through regular consultations.

These services are consultative rather than therapeutic and in other jurisdictions take place in specialist or GP practices rather than the public hospital.

This initiative will progressively eliminate consultative services from public hospitals. In total, this would reduce the number of outpatient services in 2013-14, when combined with the phase 1 proposal by 50 per cent from current activity levels. These services will be provided through the general practitioner network and the GP plus health care centres.

Title: The Queen Elizabeth Hospital — efficient price reform**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	19,238	36,071	48,094
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-83	-156	-208

Description/Explanation:

Efficient price reform is a four year program where the South Australian hospital system aims to achieve the Australian cost of service benchmark in the delivery of inpatient services.

A change to the Queen Elizabeth Hospital service delivery is included in the reform program. A reduction in the cost of inpatient activity by 30 per cent will be achieved by changing the service profile, increasing the efficiency of service delivery, improving leave management, reduce overtime usage, reduce the use of agency staff, better management of operating theatre use, improved contract management and other initiatives whilst maintaining good patient outcomes.

Title: Country hospitals phase 1 — efficient price reform**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	15,366	30,732	30,732
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-180	-360	-360

Description/Explanation:

Efficient price reform is a four year program where the South Australian hospital system aims to achieve the Australian cost of service benchmark in the delivery of inpatient services.

Included in this program is the closure of acute inpatient services at seventeen low volume country hospitals.

Of recent times, on average, 35 country hospitals have a daily acute inpatient occupancy rate of less than six beds. Six of these hospitals have an acute inpatient occupancy rate of less than one.

This is a significant under utilisation of acute hospital facilities in regional areas. As professionally staffed hospitals, this is not a satisfactory outcome in utilising and maintaining the skills of the clinicians and health practitioners based in these locations.

When inpatient activity does occur, only rudimentary, basic procedures are undertaken. Moderate or more complex treatments are generally referred to metropolitan emergency departments or inpatient services. Whilst the volume of overall activity in the country hospital system has remained relatively constant over recent times, the number of country residents requiring metropolitan inpatient support has increased by more than 30 per cent.

Recruitment and retention of the country health workforce is problematic. The more expensive option of using agency staff is occurring. This will continue if the same service delivery model and hospital status remains.

This situation from a financial, clinical and workforce viability perspective is unsustainable. This in turn will compromise patient outcomes.

The cessation of acute inpatient services at seventeen country sites will assist the cost containment of Country Health through the consolidation of acute inpatient services at fewer sites and improve the utilisation rate of expensive services.

The separate aged care function at the sites will not be impacted by the closure of the acute inpatient services. As aged care is an agreed funding responsibility of the Commonwealth Government, South Australia will negotiate to have all these aged care places fully funded by the Commonwealth.

Recently announced general country hospital upgrades will allow the acute service to transfer from the small country sites to a larger regional facility as well as the return of lower complexity activity from metropolitan hospitals.

On-going collaboration between the SA Ambulance Service, Royal Flying Doctor Service and SA Retrieval Service will continue to ensure timely emergency care.

This proposal is consistent with the better coordinated services objective and primary health emphasis of the *Generational Health Review*.

Title: Country hospitals phase 2 — efficient price reform

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	29,376	45,194
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-339	-522

Description/Explanation:

Efficient price reform is a four year program where the South Australian hospital system aims to achieve the Australian cost of service benchmark in the delivery of inpatient services.

Included in this program is the conversion of a further 20 country hospitals to GP type facilities.

The centres will no longer provide acute inpatient services and will focus on primary health care, early intervention and general community health. They will link with Country General and Country Community hospitals for acute inpatient admissions.

Types of services that may be available (depending upon service needs) include chronic disease self management programs, domiciliary care, health education, specialist clinics, nursing services, antenatal and postnatal care, allied health services (podiatry, occupational therapy, dietetics), respite and palliative care service, children and youth health, drug and alcohol services, community mental health, counselling and aboriginal health.

The separate aged care function at the sites will not be impacted. As aged care is an agreed funding responsibility of the Commonwealth Government, South Australia will negotiate to have all these aged care places fully funded by the Commonwealth.

On-going collaboration between local doctors, nurses, the SA Ambulance Service, Royal Flying Doctor Service and SA Retrieval Service will continue to ensure timely emergency care.

Title: Corporate services — reform

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	4,260	8,520	12,780	17,040
Operating Revenues	—	—	—	—
Estimated FTE Impact	-71	-142	-213	-284

Description/Explanation:

Consolidate corporate services to reduce duplication and improve efficiency through the standardisation and rationalisation of financial, human resource, information technology and communications and administration systems and processes across the department and health system.

Title: Repatriation General Hospital — closure

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	14,152
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-125

Description/Explanation:

The Repatriation General Hospital (RGH) is located less than 10 km from two of Adelaide’s major hospitals, the Royal Adelaide Hospital and the Flinders Medical Centre. The maintenance of three major hospitals within such close proximity is inefficient and unsustainable.

Under the efficient price reform, the acute inpatient activity currently performed at the RGH would be transferred to other public hospitals, and some private hospitals. The outpatient service would cease, with the local general practitioner network and the GP plus health care centres to supply this service. The emergency department function would also transfer to other hospitals.

This reform will enable the location to be decommissioned as a hospital site and placed on the market for sale. The estimated savings reflect the reduction in support expenses (facilities, equipment, administration etc), which are currently approximately 30 per cent of the hospital’s operating budget.

Title: Medical imaging services — consolidate**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	12,290	12,290
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-123	-123

Description/Explanation:

Consolidate medical imaging services across the state hospital network to streamline service delivery and provide a more cost effective service.

Advancements in ICT and infrastructure will enable the consolidation of imaging services at fewer sites. Improved asset utilisation will reduce the replacement and maintenance costs of expensive imaging equipment and lower the labour costs through the rationalisation of the number of operators. Results would be distributed to clinicians in the hospital network using secure web-based technology.

Title: Noarlunga Hospital — efficient price reform**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,269	6,129	8,172
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-14	-27	-35

Description/Explanation:

Efficient price reform is a four year program where the South Australian hospital system aims to achieve the Australian cost of service benchmark in the delivery of inpatient services.

A change to the Noarlunga Hospital service delivery is included in the reform program. A reduction in the cost of inpatient activity by 30 per cent will be achieved by changing the services profile, increasing the efficiency of service delivery, improving leave management, reduce overtime usage, reduce the use of agency staff, better management of operating theatre use, improved contract management and other initiatives whilst maintaining good patient outcomes.

Title: Modbury Hospital — efficient price reform

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,900	5,200	6,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-23	-30	-38

Description/Explanation:

Efficient price reform is a four year program where the South Australian hospital system aims to achieve the Australian cost of service benchmark in the delivery of inpatient services.

Included in the program is for Modbury hospital to be transformed into an acute referral centre with a 12 hour emergency department that is primarily staffed by nurses. In addition, the inpatient facilities would be closed and the services consolidated at other sites. This would reduce by 30 per cent the hospital's operating costs.

Title: Pharmacy services — consolidate

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	5,337	5,337
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-53	-53

Description/Explanation:

Consolidate Pharmacy services across the state hospital network to streamline service delivery and provide a more cost effective service. Whilst distribution points at the majority of sites across the hospital network will remain, full scale pharmacy operations can be rationalised through improved supply chain management.

Title: Retail operations — maximise rate of return**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,667	3,333	5,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Review leasing arrangements for all retail outlets (eg, cafes) across the hospital network and maximise the return on leased space.

Title: Governance and administration — efficient price reform**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,273	4,022	4,022	4,022
Operating Revenues	—	—	—	—
Estimated FTE Impact	-17	-34	-34	-34

Description/Explanation:

Amalgamate the Central Northern Health Service and Southern Adelaide Health Service regions and provide more cost effective support to frontline health services. This initiative has already commenced.

Title: Office accommodation — sub leasing**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	—	2,000	4,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Secure new tenants for vacant building and office accommodation, maximising the return on asset holdings.

Title: Private hospital support — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,871	2,871	2,871
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce grants to seven private hospitals in line with current service needs. These grants are not tied to the provision of public hospital services and are not consistent with the support provided to other private hospitals.

Title: Hospital car parks — fees and divestment

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	5,174	11,646	—	3,777
Asset Sales	—	—	90,000	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Focus the health system effort on core service delivery and sell all metropolitan hospital car parks. As an interim measure, car parking fees will be increased to reflect a move to a commercial rate of return on the asset.

Title: Recovery centres — transfer to NGO sector

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	2,007	2,007
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-23	-23

Description/Explanation:

Transfer the operational responsibility for community recovery centres to the Non Government Organisation sector to achieve a more cost effective service.

Title: Sterilisation services — consolidate**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,401	1,401
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-19	-19

Description/Explanation:

Consolidate instrument sterilisation services across the state hospital network to streamline service delivery and provide a more cost effective service.

Sterilisation is currently managed on a site by site basis. A network wide management approach is forecast to achieve lower operating costs. The logistics of distribution from one or two primary sites will be managed in accordance with Health's recent warehousing reforms. Consolidation of this service will reduce the maintenance and operating costs of equipment, labour and management/support system expenditure. Greater automation and the emergence of disposable single use equipment will provide further cost saving opportunities.

Title: Biomedical engineering — consolidate**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,133	1,133
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-19	-19

Description/Explanation:

Consolidate biomedical engineering services across the state hospital network to streamline services delivery and provide a more cost effective service.

The maintenance and operation of medical equipment is currently managed on a site by site basis. A network wide management approach is forecast to achieve lower per unit maintenance and operating costs. Whole-of-network maintenance and service contracts are expected to be more cost competitive, better utilisation rates will reduce duplicate purchasing and labour management costs and support systems can be rationalised.

Given the specialist nature and the emerging shortage of biomedical engineers, consolidation of the maintenance will reduce the more expensive practice of engaging contract support on a site by site basis.

Title: SA Ambulance Service — administrative efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	208	416	834	834
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-5	-9	-9

Description/Explanation:

Implement a new administrative organisational structure to support more cost effective service delivery.

Title: Medvet — sale of business

Rationale: Balance Sheet Efficiency

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	—	—	-1,000
Asset Sales	—	—	15,000	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Sell Medvet Laboratories as a going concern. Medvet Laboratories is a 100 per cent owned subsidiary of the Minister for Health. It operates and provides a range of services including:

- Drug and alcohol testing;
- Food and environmental testing;
- Commercial pathology;
- DNA testing;
- Medical emergency retrieval;
- International patient care; and
- Agent for the Institute of Medical and Veterinary Science and the Royal Adelaide Hospital for the protection and commercialisation of intellectual property.

As an organisation subject to commercial market pressures, Medvet is not a core business of the Government or Health.

Education and Children's Services

Overview

The Department of Education and Children's Services (DECS) seeks to offer quality education from early childhood through to the end of secondary school.

Budget Overview

The DECS operating expenditure budget, as published in the 2009-10 Budget, is \$2.3 billion in 2009-10 or 18 per cent of the budget. At the time of the 2009-10 Budget full time equivalent employees within the agency (excluding the SACE Board) were estimated to be 20,493 as at 30 June 2010.

The DECS investing budget as published in the 2009-10 Budget is \$523.5 million in 2009-10, or 24 per cent of the investing budget.

Comparative Data

Data in the Report on Government Services 2010 suggests that students' academic results are not significantly different to those interstate. South Australia has an average cost of provision per child and an employee cost per child higher than the national average.

Children's services

- The proportion of expenditure on children's services spent on administration in 2008-09 was higher in South Australia (12.5 per cent) than the national average (8.6 per cent).
- There is considerable variation in the management of children's services across jurisdictions, with 95.5 per cent of South Australian preschools managed by DECS in 2008-09. In contrast, a substantial number of preschools in NSW (79.8 per cent), Victoria (73.8 per cent) and Queensland (90.4 per cent) are community managed and local government is responsible for all 'government managed' preschools in Victoria (18.3 per cent).
- In 2008, the average charge to a parent for a child attending a government funded preschool in South Australia of \$18 per week was considerably lower than the national average charge of \$45 per week.

School education

- At \$11,311 per child, the cost of school provision in South Australia, measured by total recurrent expenditure per full time equivalent (FTE) government school student, excluding user cost of capital, was 5 per cent higher than the national average cost of provision (\$10,771 per child).
- Total employee related expenditure per FTE student in South Australia (\$8,637) was 7 per cent higher than the national average (\$8,072).
- South Australia had 14.3 students per teaching staff member in government schools, which is slightly above the national average of 14.1 students per teaching staff member.
- South Australia has 34.9 students per non-teaching staff member compared to the national average of 39.9 students.
- South Australia's government school retention rate from years 10-12 was 86.0 per cent compared to 73.9 per cent nationally.

- Apart from Year 3 and 5 numeracy where South Australia performed just below the national average, there were no significant variances between the South Australian NAPLAN (national testing in literacy, numeracy and writing for years 3, 5, 7 and 9) results and the national average.
- The gaps in achievement of Indigenous compared to non-Indigenous children in South Australia were comparable to the national gaps in achievement.

Strategic Challenges/Opportunities

The overall resource allocation model (ie, the methodology by which the department allocates funds to schools) is an area that in the Commission's view could yield further improvements to bring South Australia's resourcing levels closer to the national average.

On 25 June 2010 the Industrial Relations Commission of South Australia (IRC) handed down Stage 2 of its decision in relation to the schools, pre-schools and TAFE sectors arbitrated award. The decision allows for the introduction of a student-centred per capita funding model, a model which the Sustainable Budget Commission supports. The previous Enterprise Bargaining Agreement was a significant hurdle to flexible resource allocation and while the full implications of the IRC decision are not clear at the time of writing, the Sustainable Budget Commission hopes that the decision will allow greater flexibility in the allocation of resources within the education sector.

The Sustainable Budget Commission notes that the IRC decision may impact on the savings that can be achieved from a number of the proposals put forward in its Phase 2 report. The proposals were developed before the IRC handed down its decision and more time will be required to review the details of the decision to determine how it may affect the quantum or feasibility of some proposals.

Individual schools require some level of autonomy in areas such as teaching and in financial administration. The hiring, retention and management of suitable staff is a key area in which schools may need more autonomy. A balance must however be found where there are economies of scale to be obtained from DECS head office service provision compared to school-level service provision. Efficiency must be balanced with independence within the education system.

Public school enrolments have declined significantly over the past twenty years. There has not been a corresponding rationalisation of education infrastructure. It is important that there are an appropriate number of schools in suitable locations. The potential for further amalgamations needs to be reviewed regularly.

Savings Proposals Summary

The savings initiatives recommended by the Commission reflect the scope for efficiencies and improved service delivery in the department.

Administrative efficiencies include savings through improving the structure and content of teacher professional development programs, managing travel costs and reducing employee housing rental assistance.

Savings are also proposed by ceasing programs that in the Commission's view are no longer needed or have been developed sufficiently to continue without central DECS funding. Also proposed are reductions in or cessation of other programs such as support for specialist programs at selected schools.

There are a number of opportunities to minimise costs through schools taking greater responsibility for activities from DECS head office. These include temporary replacement teacher costs, operation of the out of school hours program, and management of surplus teachers.

It is proposed to cease a number of current DECS programs that duplicate Commonwealth, other State Government agency or local government programs. These include Green Schools grants, arrangements for behaviour management in schools, the toy library service and an element of funding relating to the Australian Science and Mathematics School.

DECS currently provides some services for which there is little or no charge to recipients. Programs such as the instrumental music service, specialist language and music programs, and the primary and secondary sports associations should recover costs.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 22: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		11,875	31,062	81,553	96,262	-437
Operating Revenues		9,801	30,316	40,550	41,490	—
Asset Sales		—	—	5,121	10,242	—
Impact on Net Operating Balance		21,676	61,378	122,103	137,752	
Impact on Net Lending		21,676	61,378	127,224	147,994	
Operating Expenses						
Non-government school grants — reduce	5	—	—	29,085	29,812	—
Amalgamation of schools	2	—	—	4,411	9,251	-120
Adult re-entry programs in public schools — discontinue	1	—	3,940	8,077	8,279	—
Teachers' professional development — efficiencies	2	—	—	2,758	5,626	-54
Rolling enrolments — cease	2	—	—	2,749	5,497	-65
Departmental programs — efficiencies	2	—	2,000	4,287	4,372	-40
Surplus teacher management	2	1,893	3,861	3,939	3,939	-38
Small school grants — standardise	5	1,660	3,402	3,487	3,575	—
Teacher professional development programs — efficiencies	5	1,191	2,309	2,362	2,414	-18
New arrival transport services — discontinue	2	—	1,051	2,155	2,209	—
Rental assistance program — reduce	2	80	420	1,077	2,208	—
Basic Skills Test grants — remove	1	1,952	2,004	2,049	2,094	—
Temporary replacement teacher supplementation — revise	2	—	—	1,000	2,040	-24
Toy library services program — phase out	5	—	1,395	1,422	2,002	-23
School administrative structures — efficiencies	5	—	865	1,765	1,800	-15
Multi and dual campus structures — efficiencies	2	793	1,625	1,666	1,708	—
Support for specialist school programs — remove	5	713	1,461	1,498	1,535	—
Departmental policy development — efficiencies	5	516	1,072	1,093	1,114	-7
Preventative maintenance program — revise arrangements	2	—	525	1,077	1,104	—

II. Details of agency-specific budget improvement proposals

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Family day care centres — reduce management costs	5	—	1,051	1,072	1,093	-14
Green schools grant — cease	1	1,000	1,000	1,000	1,000	—
Behaviour management in primary schools — revise arrangements	1	410	841	862	883	-8
New arrival support in rural schools — revise arrangements	2	—	379	772	788	—
Bus services in drought affected areas — cease moratorium on withdrawal	5	248	507	520	533	—
Security grants — reduce	5	500	500	500	500	—
Australian Science and Mathematics School — reduce support	1	208	433	441	450	-4
E-Schooling services — efficiencies	5	181	377	385	393	-3
Travel management — efficiencies	2	338	347	355	364	—
Departmental ICT — efficiencies	5	116	241	246	251	-2
Out of school hours care program — efficiencies	5	76	156	159	162	-2
Operating Expenses (implementation costs)						
Copyright licence fees — cost recover	7	—	-700	-716	-734	—
Operating Revenues						
ICT service costs in schools — recover	7	—	6,568	13,463	13,800	—
Aquatics program — user pays	7	3,066	6,377	6,504	6,634	—
Instrumental music service — user pays	7	2,121	5,290	5,413	5,538	—
Regional school bus services — user pays	7	2,180	4,469	4,581	4,696	—
Copyright licence fees — cost recover	7	—	1,141	2,340	2,398	—
Pre-schools — reduce support	7	—	685	1,405	1,440	—
Specialist schools programs — introduce fees	7	905	1,854	1,901	1,948	—
Outreach teaching services program — introduce fee	7	835	1,737	1,772	1,807	—
Arbury Park Outdoor School — introduce fee	7	540	1,123	1,146	1,169	—
SAPSASA and SASSSA administration — cost recover	7	—	655	1,339	1,370	—
Festival of Music program — user pays	7	—	259	524	524	—
Swimming pool chemicals — user pays	7	154	158	162	166	—
Asset Sales						
Amalgamation of schools	2	—	—	5,121	10,242	—
Estimated FTE Impact by year		-44	-174	-437	-437	

(a) represents the estimated FTE impact in 2013-14

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Non-government school grants — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	29,085	29,812
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduction in the level of State Government grants provided to non-government schools.

As part of the 2009-10 Budget the State Government allocated \$136.7 million in 2009-10 to non-government schools. Approximately half of this is allocated on a per student basis and the other half based on school needs including the number of students with disabilities and from families with low incomes.

This proposal will see the per student component of the grant applied on a weighted needs-basis using an index of disadvantage. This represents a reduction of approximately 20 per cent in the grant in 2012-13.

Those schools that are assessed as having the greatest level of need will be unaffected, but the per capita grant for both primary and secondary students would be reduced for other schools and removed for those schools that are assessed as having the lowest level of need. There would be no change to the needs based component of the grant.

Title: ICT service costs in schools — recover

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	6,568	13,463	13,800
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in school fees to cover costs associated with provision of ICT services within and to schools. Average cost excluding those students with a school card would be \$115 per enrolment.

Specific areas for cost recovery include edu-connect (online services to around 1,000 State schools and preschools providing email, filtering of email and internet sites, website tools and video conferencing), software licensing fees, administrative services and other ICT support infrastructure services and support costs.

Title: Amalgamation of schools

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	4,411	9,251
Operating Revenues	—	—	—	—
Asset Sales	—	—	5,121	10,242
Estimated FTE Impact	—	—	-120	-120

Description/Explanation:

The proposal has three elements:

- the amalgamation of selected small schools with low enrolment numbers (fewer than 100) with an alternative school within an acceptable distance to improve the educational outcomes of the students and increase efficiencies;
- the amalgamation of junior primary and primary schools that exist on the same site to reduce overhead costs; and
- the amalgamation of other schools that are in close proximity.

Title: Adult re-entry programs in public schools — discontinue

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,940	8,077	8,279
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

There are currently five specific schools that provide re-entry programs to adults above 21 years of age and there are a further 1,000 adult students at other DECS sites across the state.

To maximise educational outcomes such services are best provided by registered training providers (eg, TAFE).

Title: Aquatics program — user pays**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	3,066	6,377	6,504	6,634
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Services provided under the aquatics program include swimming and water-based sports instruction and surf education for around 109,600 primary and secondary school students.

Full costs will be recovered from individuals to undertake the program. DECS will seek to minimise costs involved in the program, which in turn will lower fees.

Title: Teachers' professional development — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	2,758	5,626
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-54	-54

Description/Explanation:

Professional development for teachers will be reviewed and updated to improve the structure and efficiency of the training. Rather than training being provided in an ad-hoc manner across the school year, an additional two student free days, staggered across the schooling sector, will be allocated for professional development for teachers.

South Australia currently has fewer pupil-free days than other states.

Savings result from avoidance of temporary replacement teacher costs.

Title: Instrumental music service — user pays**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	2,121	5,290	5,413	5,538
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Instrumental Music Service program is a specialist course that provides a 30 minute weekly tuition in a small group setting. It is estimated that 9,000 (five per cent) of school students access the program.

Full costs will be recovered from individuals to undertake the program, which is currently provided free of charge.

Title: Rolling enrolments — cease**Rationale:** Service Levels and Cost**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	2,749	5,497
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-65	-65

Description/Explanation:

Change the current system of 'rolling enrolments' at DECS pre-schools and schools to one intake of children per year at pre-schools and primary schools instead of an intake each term. Pre-schoolers would commence after the age of three years and eight months and primary school students would commence after the age of four years and eight months. The savings arise from a one-off reduction in enrolments and the associated reduction in primary (and later secondary) school staffing. The new intake would commence for pre-schools in 2011 and primary schools in 2012.

Title: Regional school bus services — user pays**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	2,180	4,469	4,581	4,696
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduces a fee for regional students for bus services consistent with the concession rate that metropolitan students pay for public transport services.

School card students are to be exempt.

Title: Departmental programs — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,000	4,287	4,372
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-40	-40	-40

Description/Explanation:

Savings arise from lower cost delivery models and a rationalisation of support functions within the agency.

Title: Surplus teacher management

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,893	3,861	3,939	3,939
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-38	-38	-38

Description/Explanation:

Management of surplus teachers is to be undertaken at the school level rather than head office. Surplus teachers arise, for example, from schools changing subjects on offer. Current responsibility for surplus teachers lies with DECS head office. Schools may then backfill the vacant position with another contract teacher, adding to overall costs. Under the proposal, existing surplus teachers will be placed back into school positions reducing additional contract teacher requirements.

Title: Small school grants — standardise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,660	3,402	3,487	3,575
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Small school grants will no longer be provided over and above the standard level of supplementation provided for schools. Under current arrangements, an amount of \$30,000 is provided to certain categories of schools with up to 70 students. The grant phases out for schools with students above 70 students and cuts out for schools with 85 students.

Title: Teacher professional development programs — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,191	2,309	2,362	2,414
Operating Revenues	—	—	—	—
Estimated FTE Impact	-18	-18	-18	-18

Description/Explanation:

Professional development for teachers will be reviewed and updated to improve the structure and efficiency of the training. Specific programs such as the Professional ICT Learning program, the ICT Leadership program and District e-Teacher program will be discontinued. The SA Leader in Education program will have its funding reduced. Schools and teachers will manage professional development within the overall existing professional development program.

Title: New arrival transport services — discontinue**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,051	2,155	2,209
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Primary school students who attend specific schools that have new arrival programs will be responsible for making their own way to school rather than receiving free public transport metro tickets or utilising a pick up/drop off service provided by DECS.

Title: Rental assistance program — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	80	420	1,077	2,208
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Teachers in remote and other regional areas who rent government-owned accommodation can currently access the rental assistance program. The assistance is not offered to employees who rent private accommodation.

Housing rental subsidies for teachers in regional and remote locations that no longer require workforce attraction and retention initiatives will be removed. This would include regional areas in close proximity to Adelaide and major regional areas such as Clare, Murray Bridge, Victor Harbor and Mount Gambier.

Title: Basic Skills Test grants — remove

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,952	2,004	2,049	2,094
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The current Basic Skills Test grant program that is paid to schools to assist students that are below the national average for the literacy and numeracy test has been superseded by funding arrangements under the National Partnership Agreement on Literacy and Numeracy. As such it is appropriate to discontinue the Basic Skills Test grants.

Title: Temporary replacement teacher supplementation — revise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,000	2,040
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-24	-24

Description/Explanation:

Schools are currently funded for Temporary Replacement Teachers (TRTs) based on the number of teaching positions in schools, regardless of the number of TRTs required throughout the year. Further, if they overspend their allocation they are able to seek further supplementation.

Schools will be responsible for managing the costs of TRTs within their annual allocation.

Title: Toy library services program — phase out**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,395	1,422	2,002
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-23	-23	-23

Description/Explanation:

Phase out the current toy library service over three years. The current program, which costs \$2 million per annum, will cease. A three year grant program in partnership with schools and community groups will operate during the phase out period.

Toy library programs already operate in many council areas.

Title: Specialist schools programs — introduce fees**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	905	1,854	1,901	1,948
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Fees will be introduced for specialised language and music programs run at a range of schools that were previously funded by DECS.

Where this places specialised programs at risk (ie, costs cannot be recovered), DECS will need to cease lower priority programs to achieve the stated savings.

Title: Outreach teaching services program — introduce fee

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	835	1,737	1,772	1,807
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Schools will recover the cost of outreach teaching services currently provided free of charge. It is proposed an excursion fee be introduced to cover the costs involved.

Specific areas include the Festival Centre, Art Gallery, Zoo and Parliament House.

If schools do not use the service and costs are not recovered then the program would cease.

Title: School administrative structures — efficiencies

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	865	1,765	1,800
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-15	-15	-15

Description/Explanation:

Funding that covered the costs of schools converting existing positions into higher classified positions (such as the conversion of teaching positions into coordinators) will be removed. Schools will be responsible for managing the additional costs of higher classified positions within their annual allocation.

Title: Multi and dual campus structures — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	793	1,625	1,666	1,708
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Additional support provided to a number of schools that have multi and dual campuses will be removed.

Greater efficiency in the management arrangements across the multi and dual campuses will result in ongoing savings. To the extent that schools cannot reduce overheads then they would need to increase school fees.

Title: Copyright licence fees — cost recover

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-700	-716	-734
Operating Revenues	—	1,141	2,340	2,398
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Recover costs currently incurred at schools for copyright and to meet increased copyright costs that are forecast as a result of copyright law changes. Costs for digital copyright commence in 2010 and will be incorporated into a single copyright charge which is levied nationally at a flat charge of \$16 per student.

Title: Support for specialist school programs — remove

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	713	1,461	1,498	1,535
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease support for specialist agricultural, zoological and wetlands programs run at a range of schools. Schools may introduce fees for students who wish to participate in specialist programs.

Title: Pre-schools — reduce support

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	685	1,405	1,440
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the DECS operating grants to pre-schools with pre-schools introducing or increasing fees to recover costs.

Currently there is no regulation for pre-school fees, with each centre setting their own fees. The proposal will increase the average fee currently charged by pre-schools from \$49 per term to \$99 per term.

A 'protection threshold' will support disadvantaged families.

Title: SAPSASA and SASSSA administration — cost recover

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	655	1,339	1,370
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The administration costs of DECS in relation to public school student participation in events of the South Australian Primary Schools Amateur Sports Associations (SAPSASA) and the South Australian Secondary Schools Sports Association (SASSSA) will be recovered. There are currently 8.5 FTEs within DECS associated with the program.

Schools will be required to recover these costs in full from the participating students.

The estimated additional average cost per student would be \$20.

Title: Arbury Park Outdoor School — introduce fee**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	540	1,123	1,146	1,169
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Arbury Park Outdoor School is currently a free destination for school camps.

A fee will be introduced so students contribute to the cost of providing the facilities.

Title: Departmental policy development — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	516	1,072	1,093	1,114
Operating Revenues	—	—	—	—
Estimated FTE Impact	-7	-7	-7	-7

Description/Explanation:

Savings arise from lower cost delivery models and rationalisation of support functions within the agency. Specific areas include policy development for programs such as Drug Education in Schools, Healthy Food Guidelines and Responsible Gambling, as policy and guidelines for these programs have been developed and distributed to schools.

Title: Preventative maintenance program — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	525	1,077	1,104
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Centralise the funding for the preventative maintenance program within schools.

The current program requires regular maintenance expenditure irrespective of the condition of the assets. The revised risk-based arrangements will result in expenditure being directed to the areas in greatest need.

Title: Family day care centres — reduce management costs

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,051	1,072	1,093
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-14	-14	-14

Description/Explanation:

Reduce the central office management costs relating to the running of the family day care centre program by around 12 per cent.

Title: Green Schools grant — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,000	1,000	1,000	1,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease grants used by schools for environmental initiatives.

Grants are available from the Commonwealth for such initiatives.

Title: Behaviour management in primary schools — revise arrangements

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	410	841	862	883
Operating Revenues	—	—	—	—
Estimated FTE Impact	-8	-8	-8	-8

Description/Explanation:

Remove specific support provided to a range of schools for behaviour management issues as this program is superseded by the introduction of the Better Behaviour Centres program announced by the Government during the 2010 Election.

Title: New arrival support in rural schools — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	379	772	788
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Remove grants provided to rural schools that have students that meet the definition of a 'new arrival' but do not have a funded New Arrivals Program (NAP) unit.

Some public schools offer the NAP for children who require English language support to prepare them for school. The NAP provides new non-English speaking international students from 5 to 18 years of age with up to 30 hours per week of intensive English language support. The provision of funding to rural schools without access to such a unit would be discontinued.

Title: Bus services in drought affected areas — cease moratorium on withdrawal**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	248	507	520	533
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the existing moratorium on the withdrawal of bus services in drought affected areas and apply the standard DECS school transport policy for school bus services in these areas.

Title: Festival of Music program — user pays

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	259	524	524
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Recover the full cost of the Festival of Music program so students contribute to the cost of the services they use.

If revenue cannot be raised then the program would cease.

Title: Security grants — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	500	500	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce by half the existing program of grants that are provided to schools to erect fencing to restrict after hours access to school grounds to reduce the risk of vandalism. Schools would be prioritised on the basis of previous incidents and vulnerability to vandalism.

Title: Australian Science and Mathematics School — reduce support

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	208	433	441	450
Operating Revenues	—	—	—	—
Estimated FTE Impact	-4	-4	-4	-4

Description/Explanation:

Reduce grant funding based on the Commonwealth's and State's additional commitment of funding for maths and science programs as part of COAG reforms.

Title: E-Schooling services — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	181	377	385	393
Operating Revenues	—	—	—	—
Estimated FTE Impact	-3	-3	-3	-3

Description/Explanation:

Savings arise from lower cost delivery of the program relating to students, particularly senior students that require a flexible education system to enable them to learn, care for family members, remain in remote areas or remain in their local schools when the schools have restricted subject availability.

Title: Travel management — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	338	347	355	364
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce travel costs through improved control and approval of travel arrangements.

Title: Departmental ICT — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	116	241	246	251
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

Savings arise from lower cost of delivery to both teachers and students of programs dealing in the effective use of ICT in teaching and learning.

Title: Swimming pool chemicals — user pays

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	154	158	162	166
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Recover the full cost of swimming pool chemicals for pools at DECS schools.

Title: Out of school hours care program — efficiencies

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	76	156	159	162
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-2

Description/Explanation:

Implement a revised model whereby schools will take on greater responsibility for the management of 'out of school hours care' programs at the school level. The service provider can either be the school or private provider and will operate on a fee for service basis.

South Australian Certificate of Education (SACE) Board of South Australia

Overview

The SACE Board is an independent statutory authority that reports to Parliament through the Minister for Education. Its key role is to establish and administer the South Australian Certificate of Education (SACE). It extends its services to all schools in South Australia that offer Stage 1 and Stage 2 studies of the SACE including non-government schools.

Budget Overview

The SACE Board's operating expenditure budget, as published in the 2009-10 Budget, is \$17.6 million or less than one per cent of the budget. At the time of the 2009-10 Budget full time equivalent employees within the agency were estimated to be 78 as at 30 June 2010.

Strategic Challenges/Opportunities

The savings proposals have an emphasis on the SACE Board's administration. As a result, the SACE Board will need to focus on the delivery of core functions with reduced resources.

Service fee increases for participating overseas schools and the Northern Territory Government are proposed as well as fee increases for full fee paying overseas students.

The Commission suggests that consideration be given to how changes in senior school curricula nationwide will affect state-based education organisations such as the SACE Board.

Savings Proposals Summary

The savings proposals for the SACE Board are considered in the strategic challenges and opportunities outlined above.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 23: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		49	897	1,238	1,501	-1
Operating Revenues		—	190	197	204	—
Impact on Net Operating Balance		49	1,087	1,435	1,705	
Impact on Net Lending		49	1,087	1,435	1,705	
Operating Expenses						
SACE Board — efficiencies	2	49	868	1,208	1,470	-1
SACE Board — reduce	2	—	29	30	31	—
Operating Revenues						
SACE services — increase fees	7	—	190	197	204	—
Estimated FTE Impact by year		—	—	-1	-1	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: SACE Board — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	49	868	1,208	1,470
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-1	-1

Description/Explanation:

Savings arise from lower cost delivery models and a rationalisation of support functions within the agency and general efficiencies in the SACE Board's operations.

Title: SACE services — increase fees

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	190	197	204
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase fees to participating schools in Malaysia, China and the Northern Territory Government for the delivery of the South Australian matriculation program. Fees are also increased for full fee paying overseas students.

Title: SACE Board — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	29	30	31
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the number of Board members from 11 to 9.

II. Details of agency-specific budget improvement proposals

Tourism

Overview

The South Australian Tourism Commission (Tourism) works to promote tourism industries in South Australia. It does this through a combination of strategic planning with industry, grant programs, and domestic and international marketing activities. Tourism also sponsors and manages major events.

Budget Overview

Tourism's operating expenditure as published in the 2009-10 Budget is \$67.4 million or less than one per cent of the budget. At the time of the 2009-10 Budget full time equivalent employees within the agency are estimated to be 177 at 30 June 2010.

Tourism's investing budget as published in the 2009-10 Budget is \$0.1 million in 2009-10 or less than one per cent of the investing budget.

Strategic Challenges/Opportunities

The principal challenges for Tourism relate to measurement and evaluation of its marketing activities, robust cost benefit analysis of major events, and increasing the level of cost recovery and sponsorship.

There is a case in principle for government support for generic tourism marketing, because not all of the benefits from marketing success can be 'captured' by private sector marketers, and the risk of 'free rider' benefits to businesses not sharing in the cost of that marketing can be significant.

Improved measurement and evaluation of Tourism marketing activities is an essential first step towards determining whether or not its activities are cost-effective. A particular difficulty is ensuring separation of the effects from Tourism marketing activities from broader influences, such as general economic conditions or price and competition effects. Even the most sophisticated evaluation techniques have significant limitations so estimates of net economic benefits need to be treated with caution.

The case for government support for major events is more controversial. There is considerable evidence from studies across Australia and internationally that key events, for which there is substantial competition between destinations, often deliver negative net economic effects, including to businesses in the destination concerned.

While acknowledging the in-principle 'market failure' and 'free rider' arguments for government support for some tourism promotion activities, the Commission concludes that this should not preclude the recovery of costs from identified beneficiaries to the maximum extent practicable.

The more obvious beneficiaries include commercial accommodation, travel and tourism operators.

Improved measurement and evaluation of tourism net benefits will also improve the ability of SATC to engage industry on the development of cost recovery policy.

Savings Proposals Summary

The proposed savings measures relate to a number of components of Tourism's business.

Operating efficiencies and internal savings have been identified for immediate and ongoing savings. This includes proposed changes to the Board structure to provide a more focussed advisory role to the Minister for Tourism and providing the Chief Executive greater accountability over the performance and operation of the agency.

Tourism’s marketing activities are proposed to be rationalised across the board. It is proposed to reduce intrastate marketing as this represents a partial resource diversion from other sectors of the economy (in many cases South Australians would spend their money within South Australia anyway, although some may substitute a planned interstate holiday with a local one).

Interstate marketing can also be rationalised to focus marketing activities around ‘peak’ travel periods where the greatest return on spending can be achieved. Some marketing activities can be substituted for less expensive channels, for example digital marketing.

A substantial reduction in international marketing is also proposed including overseas representation and promotion. This will require a greater reliance on Tourism Australia’s activities to promote South Australia.

Savings are also proposed across a number of grant and subsidy programs. By their very nature, these are discretionary within the current budget environment. Further, it is not the role of government to be subsidising businesses’ commercial investment decisions.

Commercial sponsorship of major events such as the Tour Down Under is also proposed, while other events which have substantial commercial revenue opportunities are proposed to receive reduced support. Such events include Tasting Australia and WOMADelaide.

Visitor information services are also proposed to be rationalised and alternative delivery channels explored. For example, the King William Street travel centre is proposed to be closed with Tourism instead working with a private partner to provide these services under commercial arrangements.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 24: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		3,956	12,000	15,372	25,356	-43
Operating Revenues		302	1,996	4,726	4,555	—
Impact on Net Operating Balance		4,258	13,996	20,098	29,911	
Impact on Net Lending		4,258	13,996	20,098	29,911	
Operating Expenses						
International marketing — reduce	5	40	577	947	6,815	—
Major events — reduce support	5	730	1,060	1,837	3,497	-3
Regional tourism — alternative delivery models	1	200	1,400	2,530	3,000	-22
Interstate marketing — reduce	5	1,250	2,500	2,500	2,500	—
Marketing — cease campaign production	5	400	800	800	1,040	—
Adelaide Convention Bureau — cease support	5	—	1,000	1,000	1,000	—
Minor grants program and industry support — cease	5	—	1,527	1,527	1,942	-1
Cooperative marketing programs — reduce	5	200	616	696	950	—
Intrastate marketing — emphasis on online delivery	5	399	892	927	940	—
SA Travel Centre — alternative delivery model	2	74	219	605	903	-8

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Digital marketing — operating efficiencies	5	-384	-87	109	561	3
Public relations activities — rationalise	5	82	179	257	560	-2
Destination development — operating efficiencies	5	400	385	537	540	-3
Tourism Information Centre at Adelaide Airport — closure	1	356	388	388	388	-4
Research and policy functions — reduce	1	103	238	369	373	-2
Tourism Board — revise arrangements	2	—	200	204	208	—
Aviation and cruise ship visits — discontinue support	5	106	106	139	139	—
Operating Revenues						
Tour Down Under — increase sponsorship to recover event costs	5	—	2,524	5,734	5,883	—
Digital marketing — operating efficiencies	5	385	385	385	385	—
SA Travel Centre — alternative delivery model	2	-13	-13	-13	-13	—
Intrastate marketing — emphasis on online delivery	5	—	-30	-30	-30	—
Tourism Information Centre at Adelaide Airport — closure	1	-70	-70	-70	-70	—
Regional tourism — alternative delivery models	1	—	-800	-1,280	-1,600	—
Estimated FTE Impact by year		-7	-21	-30	-43	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: International marketing — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	40	577	947	6,815
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalisation of government-funded international marketing activities and decreased representation in international markets.

Implementation is delayed to 2013-14 as a result of pre-existing contractual commitments.

Title: Tour Down Under — increase sponsorship to recover event costs**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	2,524	5,734	5,883
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Tour Down Under is now a mature event and full commercial sponsorship should be achieved by 2013-14. There is not a strong case for ongoing government subsidy of the event.

If full sponsorship cannot be achieved by 2013-14 then the Government should alternately make offsetting reductions in the level of support provided to the event, for example through reduced television coverage or a reduced number of participating teams, to eliminate the Government subsidy.

Title: Major events — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	730	1,060	1,837	3,497
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-3

Description/Explanation:

Reduce support to Tasting Australia, WOMADelaide musical festival, the World Solar Challenge, free hosting of government guests for the Tour Down Under, and a reduction in managed events staff. Reduce grant funding to small regional events.

Tasting Australia is considered a relatively low priority event and additional funding should be sought from industry if required. WOMADelaide event organisers should be able to offset reduced funding support through commercial revenue sources.

The rationale for subsidising events of this type is not strong and the stated economic benefits often fail to recognise the resource diversion from other sectors of the economy and other limitations.

Title: Interstate marketing — reduce**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,250	2,500	2,500	2,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalise interstate marketing activity by focussing on key eastern state markets and peak travel periods.

Title: Minor grants program and industry support — cease**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,527	1,527	1,942
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Cease minor grants program to tour operators and tourism providers for upgrading infrastructure.

Title: Regional tourism — alternative delivery models**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	200	1,400	2,530	3,000
Operating Revenues	—	-800	-1,280	-1,600
Estimated FTE Impact	—	-11	-18	-22

Description/Explanation:

Reduce the number of Regional Visitor Information Centres and seek alternative delivery of regional tourism services by utilising commercial tourism operators, regional local councils, and regional development boards.

Title: Marketing — cease campaign production

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	400	800	800	1,040
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalise the production of new advertising content and achieve greater alignment with Tourism Australia advertising content.

Title: Adelaide Convention Bureau — cease support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,000	1,000	1,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce support to the Adelaide Convention Bureau. The Adelaide Convention Bureau markets Adelaide and the Convention Centre as a destination for major conventions. It currently offers its services to its 200 members free of charge.

The Adelaide Convention Bureau will need to either scale back its activities in attracting conventions or, alternately, it could recover the costs of its activities from its members, the primary beneficiaries of bringing major conventions to Adelaide.

Title: Cooperative marketing programs — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	200	616	696	950
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Improve targeting of commercial marketing partnerships with selected travel agents and wholesalers.

Title: Digital marketing — operating efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-384	-87	109	561
Operating Revenues	385	385	385	385
Estimated FTE Impact	3	3	3	3

Description/Explanation:

Greater use of in-house digital development resulting in lower overall costs and the introduction of fees for listed businesses.

Title: Intrastate marketing — emphasis on online delivery**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	399	892	927	940
Operating Revenues	—	-30	-30	-30
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Refocus intrastate marketing to concentrate on promotion of winter tourism and redirect local consumer marketing towards online methods.

Title: SA Travel Centre — alternative delivery model**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	74	219	605	903
Operating Revenues	-13	-13	-13	-13
Estimated FTE Impact	-2	-4	-6	-8

Description/Explanation:

Close the SA Travel Centre at 18 King William Street and deliver those services under a new model in cooperation with industry and local government.

The new model is to provide funding towards the cost of a store front to provide tourist information operated by a partner, such as Adelaide City Council, and cooperatively resource the booking call centre with a commercial partner(s).

Title: Public relations activities — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	82	179	257	560
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	-2

Description/Explanation:

Rationalise low value public relations activities undertaken by the agency.

Title: Destination development — operating efficiencies

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	400	385	537	540
Operating Revenues	—	—	—	—
Estimated FTE Impact	-3	-3	-3	-3

Description/Explanation:

Delivers savings through internal operating efficiencies of the destination development activities of the agency.

Title: Research and policy functions — reduce

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	103	238	369	373
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-2

Description/Explanation:

Reduce expenditure related to research and policy activities with greater reliance on analysis and policy from Tourism Australia and Tourism Research Australia.

Title: Tourism Information Centre at Adelaide airport — closure**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	356	388	388	388
Operating Revenues	-70	-70	-70	-70
Estimated FTE Impact	-4	-4	-4	-4

Description/Explanation:

This reflects the closure of the Adelaide airport information booth from 1 July 2010.

Title: Tourism Board — revise arrangements**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	204	208
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reconstitute the existing Tourism Board as an industry advisory body focussed on providing policy advice to the Minister for Tourism. The Chief Executive would be accountable to the Minister for the operation of the agency, rather than the Board.

Title: Aviation and cruise ship visits — discontinue support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	106	106	139	139
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Discontinue support for regional aviation and cruise ship visits to South Australia.

II. Details of agency-specific budget improvement proposals

Environment and Heritage

Overview

The Department for Environment and Heritage (DEH) is organised around the following programs: nature conservation and restoration of habitats and species, public lands stewardship and visitor management, public lands fire management, coast and marine conservation, heritage conservation, botanic gardens management and animal welfare. It undertakes substantial science and information activities and regional operations in parks and reserves.

From 1 July 2010 DEH became the Department of Environment and Natural Resources (DENR) and took over responsibility for Natural Resource Management (NRM) and administrative responsibility for NRM Boards.⁴

Budget Overview

DEH's operating expenditure as published in the 2009-10 Budget is \$163 million or one per cent of the budget. At the time of the 2009-10 Budget full time equivalent employees within the agency were estimated to be 993 at 30 June 2010.

DEH's investing budget as published in the 2009-10 Budget is \$25 million in 2009-10 or one per cent of the investing budget.

Strategic Challenges/Opportunities

DENR has a significant opportunity in relation to regional service delivery and improving the coordination of the department's regional delivery with Natural Resource Management Boards. Better coordination of NRM activities through consolidation, coordination and removal of duplication will provide opportunities for efficiencies and savings.

In the long term, NRM Boards provide the Government a mechanism for engaging communities on related landscape issues such as fire management, management of the parks estate, native vegetation clearance, pastoral management and land use planning. They may also provide a channel for service delivery and opportunities for engagement between DENR and the Department of Primary Industries and Resources should be explored.

On the other hand, DENR faces a number of challenges. The department's management of parks will have to take into account activities such as the increased amount of prescribed burning undertaken on public lands and the proposed reduction in departmental operations in relatively lower priority regional parks and reserves.

There are opportunities to improve measurement of DENR's activities and the resultant benefits. This would improve its ability to prioritise program delivery and expenditure.

Savings Proposals Summary

The largest saving initiatives proposed would require DENR to rationalise its regional sites and reduce operations and visitor services in regional parks. It would see a withdrawal of services from a number of lower priority parks and reserves with relatively less conservation value or recreational use, or those with non-commercial operations.

Parks affected by this savings measure would not be closed but would be impacted in a number of ways. For example, visitor and information services would cease at non commercial sites, a reduction in conservation works would occur (weed and pest management and control), there

⁴ Budget improvement measures relating to NRM Boards are discussed under the Department of Water, Land and Biodiversity Conservation section.

would be reduced ecological restoration works where threatened species are identified, and maintenance of tracks and trails would be reduced.

Internally, changes in relation to rationalisation of people and strategy, changes to the internal delivery of IT services, and corporate cost reductions will result in considerable efficiency savings.

A number of program areas are proposed to be rationalised with those areas having to both improve their efficiency and focus their activities on priority or core statutory requirements. These programs include marine parks, species descriptions, abundant species control, Adelaide Dolphin Sanctuary, coast maintenance, heritage and ecological data mapping.

A number of proposals seek to recover the costs of activities from their beneficiaries or users. The largest of these relates to the cost of coast protection and sand management and it is proposed to recover the costs of these services through a combination of Natural Resource Management Levies and through charges to beachside councils, the principal beneficiaries of improved property values and amenity for residents. Other increases to fees and charges are proposed for park fees and development assessment fees in relation to heritage and coastal matters.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 25: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		10,830	18,833	34,522	44,469	-376
Operating Revenues		1,145	6,973	10,129	11,257	—
Investing Payments		—	—	—	—	—
Impact on Net Operating Balance		11,975	25,806	44,651	55,726	
Impact on Net Lending		10,332	23,538	41,758	52,208	
Operating Expenses						
National parks and reserves — rationalise visitor services and operations	5	2,739	6,472	9,407	12,530	-165
Information technology services — efficiencies	2	1,775	1,486	4,970	7,392	-79
Human resources and policy — efficiencies	2	939	979	3,218	4,283	-39
Corporate and shared services — efficiencies	2	802	1,183	3,013	3,992	-14
Depreciation — reduce ^(b)	6	1,643	2,268	2,893	3,518	—
Royal Zoological Society of SA Inc — reduce grant	5	126	1,126	2,626	3,126	—
Marine Parks — rationalise support	5	—	—	1,500	1,500	-15
Subsidy for Adelaide City Council water — cease	5	—	1,390	1,425	1,461	—
Public estate management — operating efficiencies	5	836	1,041	1,251	1,361	-12
Heritage function — service reform	5	354	804	1,021	1,021	-5
Park policy and planning — reduce support	5	112	112	635	635	-6
Botanic Gardens — rationalise non-core services	5	—	—	500	500	-5

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
NatureLinks program — reduce support	5	63	125	408	470	-2
Coast protection outside metropolitan area — rationalise	5	—	—	450	450	-5
Administered entities — reduce support	5	170	280	365	450	—
Nature conservation policy — rationalise	5	235	235	235	447	-5
Park services interpretative signs and education — rationalise	5	286	304	416	416	-1
Ecological restoration and monitoring — reduce support	5	220	220	220	372	-4
Ecological data mapping — reduce support	5	150	150	150	341	-4
Plant species description — reduce support	5	100	100	100	300	-3
Private land conservation — reduce support	5	100	100	172	244	-3
Threatened species — efficiencies	5	90	90	90	228	-3
Marine ecology — reduce support	5	90	180	180	180	-2
Adelaide Dolphin Sanctuary — reduce support	5	—	73	162	162	-2
Abundant species management — introduce fees and reduce support	7	—	115	115	115	-2
Operating Expenses (implementation costs)						
Coast Protection — cost recovery	7	—	—	-1,000	-1,025	—
Operating Revenues						
Coast protection — cost recovery	7	—	4,583	6,889	7,067	—
Park entrance fees — increase	7	500	1,000	1,750	2,500	—
Public estate management — operating efficiencies	5	95	200	300	500	—
One Million Trees program — alternative funding	7	450	450	450	450	—
Abundant species management — introduce fees and reduce support	7	—	290	290	290	—
Coast Protection Board — development application fees	7	—	250	250	250	—
Marine Parks — rationalise support	5	100	100	100	100	—
Heritage function — cost recovery	7	—	100	100	100	—
Estimated FTE Impact by year		-80	-148	-278	-376	

(a) Represents the estimated FTE impact in 2013-14.

(b) Entire saving relates to reduction in depreciation.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: National parks and reserves — rationalise visitor services and operations

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,739	6,472	9,407	12,530
Operating Revenues	—	—	—	—
Estimated FTE Impact	-37	-88	-128	-165

Description/Explanation:

Consolidate regional offices and rationalise services in a number of lower priority parks and reserves with relatively less conservation value or recreational use, or those with non-commercial operations.

Parks affected by this savings measure would not be closed, but the level of active management would reduce in a number of ways. For example, visitor and information services would cease in non-commercial sites; a reduction in conservation works would occur (weed and pest management and control); there would be reduced ecological restoration works where threatened species are identified; and maintenance of tracks and trails would be reduced.

This requires the department to prioritise its regional resources towards sites of high conservation and ecological value, focus on visitor and information services only where commercially viable to do so, and reduce active management of some parks within the portfolio to the management of track access (managing fire risk).

Title: Information technology services — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,775	1,486	4,970	7,392
Operating Revenues	—	—	—	—
Estimated FTE Impact	-10	-15	-50	-79

Description/Explanation:

Implement a new internal service delivery model based on rationalising internal information technology support services across helpdesk support, application support, geographic information systems and research services. The model is based on centrally charging business units for the services used.

Instead of providing all services at their current levels, the model proposes a scaling back of services to core functions. Any additional functions required on top of these will be costed and obtained as needed. In these situations, departmental information management staff would act as a service broker and negotiate to obtain these services from the best available provider, including through external providers.

Title: Coast protection — cost recovery**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	-1,000	-1,025
Operating Revenues	—	4,583	6,889	7,067
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Recover the cost of coast protection services (sand management, beach management and harbour management) through a combination of Natural Resource Management levies and charges to beachside councils, the principal beneficiaries of improved quality of beach environs through increased property values and the amenity of residents. This will require legislative change.

Title: Human resources and policy — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	939	979	3,218	4,283
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-8	-21	-39

Description/Explanation:

Development of lower cost delivery models by way of internal reorganisation and rationalisation of support functions. This includes strategic human resource management, consolidation and rationalisation of policy advice functions, and other non-service delivery functions.

The magnitude of this saving is contingent on the adoption of other savings proposals involving the department.

Title: Corporate and shared services — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	802	1,183	3,013	3,992
Operating Revenues	—	—	—	—
Estimated FTE Impact	-7	-8	-14	-14

Description/Explanation:

Reduce accommodation, corporate, and shared services costs associated with the reduction in size of the department. It includes reductions in accounting services, asset management, procurement, general administration and project management support.

Title: Depreciation — reduce

Rationale: Balance Sheet Efficiency

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,643	2,268	2,893	3,518
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Decrease the department's annual depreciation cost through revised depreciation and accounting policy. Improved balance sheet efficiency is achieved by increasing the asset capitalisation threshold and changing the depreciation methodology on roads to a consumption-based approach.

Title: Royal Zoological Society of SA Inc — reduce grant

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	126	1,126	2,626	3,126
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Phase out the grant to the Royal Zoological Society of SA Inc (the Zoo).

The Zoo currently receives a \$3.1 million per annum operating subsidy from the Government. However the substantial private and government investment in the Zoo in the last two years should allow the subsidy to be reduced and the Zoo to raise offsetting commercial revenues.

Title: Park entrance fees — increase**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	500	1,000	1,750	2,500
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Progressively increase park revenue through user charges to partially correct the current under-recovery of costs.

Title: Public estate management — operating efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	836	1,041	1,251	1,361
Operating Revenues	95	200	300	500
Estimated FTE Impact	-8	-9	-11	-12

Description/Explanation:

Cease the acquisition of land for new national parks or conservation parks and focus the development of park management plans to icon parks or reserves of state significance. The savings strategy also includes administrative savings as well as legislative change to increase cost recovery from mining, geothermal and petroleum companies who apply to explore on parks and reserves.

Title: Marine Parks — rationalise support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,500	1,500
Operating Revenues	100	100	100	100
Estimated FTE Impact	—	—	-15	-15

Description/Explanation:

Rationalise support for the Marine Parks program to concentrate on core services and introduction of cost recovery for some mapping and survey information.

Title: Subsidy for Adelaide City Council water — cease

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,390	1,425	1,461
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease the annual grant to the Adelaide City Council for its water costs.

The annual grant to the Adelaide City Council represents a state subsidy for water costs and is inconsistent with encouraging water conservation by large users. Implementation of this proposal requires cancellation of the grant agreement and changing legislation to remove the Council's statutory right to free potable water.

Title: Heritage function — service reform

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	354	804	1,021	1,021
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-3	-5	-5

Description/Explanation:

Focus activities to those required under the *Heritage Places Act 1993*, including the provision of advice on development application referrals, the listing and delisting of State heritage places, and enforcement activities.

Title: Park policy and planning — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	112	112	635	635
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-6	-6

Description/Explanation:

Rationalise policy, programming and operational planning in the Public Land Visitor Management Program. This includes reduction in project management for redevelopment of visitor facilities and reduce strategic planning and development of business cases for major visitor sites.

Title: Botanic Gardens — rationalise non-core services**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-5	-5

Description/Explanation:

Rationalise non-core services including community engagement, education, marketing, event and operations management in the Botanic Gardens.

Title: NatureLinks program — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	63	125	408	470
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-2	-2

Description/Explanation:

Reduce support for the NatureLinks landscape-scale conservation initiative, which coordinates efforts to manage and restore habitat across private and public land.

The NatureLinks program will be implemented through partnership arrangements. Departmental staff associated with implementation and on ground works would progressively reduce.

Title: Administered entities — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	170	280	365	450
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce support to entities administered by DENR including the Botanic Gardens and State Herbarium Board, Dog and Cat Management Boards, and Coast Protection Fund. This requires administered entities to absorb savings and realise efficiencies in line with the rest of the environment portfolio.

Title: Coast protection outside metropolitan area — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	450	450
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-5	-5

Description/Explanation:

Rationalise coast protection services outside of the metropolitan area. This proposal also includes coast protection operating efficiencies.

Title: One Million Trees program — alternative funding

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	450	450	450	450
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Use the existing budget of the Planning and Development Fund (Fund) for the program. Grants to external bodies from the Fund would need to be reduced. This is appropriate if the One Million Trees initiative is the most strategic use of the Fund.

The Fund is administered by the Department of Planning and Local Government and therefore appears under Department of Environment and Heritage as operating revenue.

Title: Nature conservation policy — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	235	235	235	447
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-5

Description/Explanation:

Rationalise high-level central policy support in the nature conservation program.

Title: Park services interpretative signs and education — rationalise**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	286	304	416	416
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Rationalise provision of education, information and interpretation services in parks.

Title: Abundant species management — introduce fees and reduce support**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	115	115	115
Operating Revenues	—	290	290	290
Estimated FTE Impact	—	-2	-2	-2

Description/Explanation:

Full cost recovery for the management and regulation of commercial kangaroo harvesting and reduce support to the Abundant Species Management area of the department.

Title: Ecological restoration and monitoring — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	220	220	220	372
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-4

Description/Explanation:

Reduce policy and planning effort associated with the ecological restoration and monitoring initiative, including services to Natural Resource Management Boards.

Title: Ecological data mapping — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	150	150	150	341
Operating Revenues	—	—	—	—
Estimated FTE Impact	-2	-2	-2	-4

Description/Explanation:

Rationalise the analysis and modelling of ecological data and implement a new service provision model for ecological data services to be purchased from the best suited provider.

Title: Plant species description — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	100	100	100	300
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-3

Description/Explanation:

Reduce and then discontinue plant species description activities.

Title: Coast Protection Board — development application fees

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	250	250	250
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Implement cost recovery for advice on development applications referred to the Coast Protection Board.

Title: Private land conservation — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	100	100	172	244
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-2	-3

Description/Explanation:

Reduce expenditure on private land conservation activities including the development of private land conservation policy, application of Heritage Agreements, and reduce incentive grants to local landholders.

Title: Threatened species — efficiencies**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	90	90	228
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-3

Description/Explanation:

Operating efficiencies in threatened species protection and recovery, including through alignment of State policies with Commonwealth threatened species legislation.

Title: Marine ecology — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	90	180	180	180
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-2	-2	-2

Description/Explanation:

Reduce support for the department's marine ecology activities.

Title: Adelaide Dolphin Sanctuary — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	73	162	162
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-2	-2

Description/Explanation:

Reduce operational support for the Adelaide Dolphin Sanctuary.

Title: Heritage function — cost recovery

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	100	100	100
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduce a referral fee for all Development Plan Amendments referred to the Heritage Branch.

Water, Land and Biodiversity Conservation

Overview

The Department of Water, Land and Biodiversity Conservation's (DWLBC) objective is to improve ecological sustainability through the integration and management of all of the State's natural resources and to achieve improved health and productivity of biodiversity, water, land and marine resources.

DWLBC manages a number of business functions associated with the management of the State's natural resources including provision of natural resource management (NRM) policy advice, management of water licensing, development assessment advice, NRM planning, management of pest animals and plants, and management of infrastructure assets.

From 1 July 2010, DWLBC became the Department for Water, with NRM related functions transferred to the new Department of Environment and Natural Resources.

Budget Overview

The DWLBC operating expenditure as published in the 2009-10 Budget is \$191 million or around one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 593 at 30 June 2010.

The DWLBC investing budget as published in the 2009-10 Budget is \$21.9 million in 2009-10 or one per cent of the investing budget.

Strategic Challenges/Opportunities

The proposed recovery of water planning and management costs, together with already announced changes in the water pricing regime, will ultimately require SA Water to recover costs from water users through prices. There will be expectations on DWLBC to demonstrate to the Government and the Essential Services Commission that its costs are efficient before any costs will be passed through to consumers.

The department also has an opportunity to improve the efficiency of water allocation planning by centrally undertaking the necessary scientific and hydro-geological investigations into ground water resources, and subsequently forming water allocation plans. Efficiencies can be delivered by reducing the disparate work effort of the State's eight NRM Boards and undertaking this work centrally by the department.

Similar efficiencies can be driven in relation to NRM Boards and Department of Environment and Natural Resources' regional service delivery and operations. However, this will be an issue for DENR to manage, rather than the Department for Water.

There are also opportunities to increase the level of cost recovery associated with the provision of infrastructure and services to private landholders and beneficiaries, for example, those associated with the South East Drainage Scheme and administration of water trading.

The recent machinery of government changes have made a positive start to the rationalisation of water policy and strategic planning into one area within government, but further opportunities for consolidation exist.

In the context of limited financial resources, better measurement and evaluation will allow the department to better communicate the results of its programs and allow more effective prioritisation of its activities in the future.

Savings Proposals Summary

The principal budget improvement measure proposed is the phased recovery of water planning and management costs from SA Water and, ultimately, consumers. Cost recovery for water users was agreed in principle by the Government as part of the National Water Initiative (NWI) in 2004. This proposal is a step towards implementing that policy decision. Ultimately only costs which bear independent scrutiny from the Essential Services Commission will be passed to consumers.

Additional proposals have also been submitted which relate to internal operating efficiencies, rationalisation of non service delivery staff, and reducing vehicle costs.

In relation to NRM Boards, measures are proposed which shift NRM Boards to increased cost recovery, relying more on the levy revenues from local landholders who benefit from local NRM activities, and removal of government operating grants and agency support services (or cost recovery of services).

Savings in relation to NRM Boards will be achieved by reducing state grant funding, discontinuing payroll tax subsidies, reducing grants under the state complementary NRM program, and a combination of rationalising agency NRM support services and recovering the remainder of those costs from NRM Boards.

Supplementary Proposals

The Commission assessed the distribution and impact of its proposals on agencies (with reference to the split of revenue/cost recovery measures, expenditure based proposals, and effect on FTEs), and considered it appropriate that the DWLBC submit supplementary expenditure based proposals.

Due to time constraints, the Commission was unable to give detailed consideration to such proposals against the criteria of soundness of policy, practicality and robustness of estimate.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 26: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		16,258	22,460	24,065	26,900	-103
Operating Revenues		—	14,586	22,663	28,909	—
Impact on Net Operating Balance		16,258	37,046	46,728	55,809	
Impact on Net Lending		16,258	37,046	46,728	55,809	
Operating Expenses						
Natural Resource Management Boards — reduce financial support	5	14,500	14,500	14,500	16,000	—
Departmental expenditure — reduce ^(b)	5	—	3,200	4,800	6,400	-85
Natural Resource Management Boards — cost recovery	7	—	2,500	2,500	2,500	-9
Departmental efficiencies — reduction in travel costs	2	700	800	800	800	—
Office of Water Security — administrative efficiencies	2	1,058	960	965	700	-4

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Native Vegetation Council — administrative efficiencies	1	—	500	500	500	-5
Operating Revenues						
Water planning and management — cost recovery	7	—	7,503	15,479	21,612	—
Natural Resource Management Boards — reduce financial support	5	—	4,983	5,084	5,197	—
Natural Resource Management Boards — cost recovery	7	—	2,100	2,100	2,100	—
Estimated FTE Impact by year		-4	-61	-82	-103	

(a) Represents the estimated FTE impact in 2013-14.

(b) Refer to supplementary proposal.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Water planning and management — cost recovery

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	7,503	15,479	21,612
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Recovery of the Department of Water's water planning and management costs from users through a charge to SA Water.

The principle of cost recovery for water users was agreed by the Government as part of the National Water Initiative (NWI) in 2004 and this is a step towards implementing that policy decision.

Initially this measure will result in reduced dividends from SA Water to the Government without a net benefit to the budget. However, the future adoption of pricing policies which allow the pass through of costs to users will ultimately result in a net benefit to the budget. This was the intent of the NWI and is the focus of water pricing reforms being pursued under the *Water for Good* plan.

In implementing this recommendation the Department for Water must undertake further work around the identification of water planning and management activities, the allocation of costs, the exclusions of unrelated activities, and detailed apportionment of costs between users.

Development of the regulatory and policy framework within which costs will ultimately be passed on to consumers, and the incidence of those costs between user groups and the charging structure, will also need to be addressed.

Title: Natural Resource Management Boards — reduce financial support

Rationale: Lower priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	14,500	14,500	14,500	16,000
Operating Revenues	—	4,983	5,084	5,197
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cease government support to Natural Resource Management (NRM) Boards through reducing direct State Government funding to Boards and ceasing payroll tax subsidies.

The activities of NRM Boards benefit local landowners and are appropriately funded from NRM Levies and do not require ongoing financial support from the State Government. The additional support provided by the State Government is proposed to cease.

NRM Boards have a mechanism for responding to future community demands about the level of work undertaken on private lands, by recommending changes to the level of levies.

The impacts above assume the NRM Boards will partially increase their levy revenue. However, this would need to occur in consultation with affected communities. Ultimately, the savings could occur through a different combination of revenue increases and expenditure reductions.

Title: Natural Resource Management Boards — cost recovery

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,500	2,500	2,500
Operating Revenues	—	2,100	2,100	2,100
Estimated FTE Impact	—	-9	-9	-9

Description/Explanation:

Reduce the Natural Resource Management Board support activities of the department and recover the costs of providing the services from NRM Boards.

The activities of NRM Boards benefit local landowners and are appropriately funded from NRM Levies. The reduced level of support activities provided by the agency will be cost recovered from the NRM Boards.

Title: Departmental efficiencies — reduction in travel costs**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	700	800	800	800
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Rationalisation of agency travel costs.

Title: Office of Water Security — administrative efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,058	960	965	700
Operating Revenues	—	—	—	—
Estimated FTE Impact	-4	-4	-4	-4

Description/Explanation:

Rationalisation of communications activities and advertising costs. These savings flow from the successful completion of the *Water for Good* strategy and the resulting reduction in workload for the Office of Water Security. The Commissioner for Water Security's role has also been reduced to being part-time.

Title: Native Vegetation Council — administrative efficiencies**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	500	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-5	-5	-5

Description/Explanation:

Rationalise support functions of the Native Vegetation Council.

Supplementary Proposal

Title: Departmental expenditure — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	3,200	4,800	6,400
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-43	-64	-85

Description/Explanation:

The above table shows the magnitude of the additional proposal. The Commission recommends that detailed proposals be submitted by the DWLBC and considered by the Government as part of the 2011-12 Budget.

The Commission recommends that proposals should include, but not be limited to the following:

- realising savings in water policy and planning;
- rationalising water compliance and enforcement;
- reducing the amount of groundwater and surface water monitoring;
- reducing the agency's water science, monitoring and evaluation activities;
- reducing support to the South East Water Conservation and Drainage Boards and seek cost recovery; and
- corporate operating costs.

Environment Protection Authority

Overview

The Environment Protection Authority (EPA) is an independent statutory body responsible for licensing of business activities that lead to pollution. The EPA's activities include compliance and enforcement, pollution reporting, emergency response to environmental incidents, development assessment on the impact of major projects, and various other small programs.

Budget Overview

The EPA's operating expenditure as published in the 2009-10 Budget is \$39.4 million or less than one per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 213 at 30 June 2010.

The EPA's investing budget as published in the 2009-10 Budget is \$0.5 million in 2009-10 which is less than one per cent of the budget.

Strategic Challenges/Opportunities

The primary medium term challenge is transitioning the EPA to a full cost recovery regulatory agency, where beneficiaries of EPA programs, fully pay for the services provided and the cost of regulation.

This will require a stronger focus on limiting activities to enforcement/compliance and prosecutions required under regulatory and legislative obligations.

As the EPA progressively moves towards full cost recovery of its regulatory services, it will need to demonstrate that its operations and costs are efficient. This will require a greater focus on comparative indicators of operational efficiency and benchmarking with counterpart agencies interstate.

Savings Proposals Summary

Proposed budget improvement measures relate to cost recovery and a number of operating efficiencies. A number of measures are proposed in relation to internal operating efficiencies. The operating efficiencies do not impact service levels but reduce support to minor non-legislated activities.

The cost recovery measures include increases in existing radiation and protection licence fees, recovering the costs of the container deposit legislation from commercial operators, and new fees for sustainability licences.

Savings are also proposed in relation to ceasing aquaculture licensing advice to PIRSA and stopping advice on development applications for low risk environmental activities.

Waste levies

The Commission recommends that the current policy of hypothecating waste levy proceeds and subsidising business regulatory activities of the EPA be ceased. This will require legislative change. At present over 60 per cent of EPA revenues are from waste levies. These revenues are unrelated to the EPA's cost base and beneficiaries.

It is also proposed that waste levies be increased to be brought more in line with other states, from \$25.50 per tonne to \$54 per tonne. This is included as a proposal under whole-of-government proposals.

Supplementary Proposals

The Commission assessed the distribution and impact of its proposals on agencies (with reference to the split of revenue/cost recovery measures, expenditure based proposals, and effect on FTEs), and considered it appropriate that the EPA submit supplementary expenditure based proposals.

Due to time constraints, the Commission was unable to give detailed consideration to such proposals against the criteria of soundness of policy, practicality and robustness of estimate.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 27: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		50	2,051	3,368	4,193	-51
Operating Revenues		—	1,550	2,000	2,000	—
Investing Payments		-1,500	-1,000	—	—	—
Impact on Net Operating Balance		50	3,601	5,368	6,193	
Impact on Net Lending		-1,450	2,601	5,368	6,193	
Operating Expenses						
Departmental expenditure — reduce ^(b)	2	—	1,500	2,500	3,000	-40
Radiation licence fees — remove subsidy	7	—	—	100	403	-4
Aquaculture licensing — cease planning role	5	—	200	206	212	-2
Development application referrals — reduce support	2	—	200	206	212	-2
Site contamination — administrative efficiencies	2	—	—	200	206	-2
SmokeWatch program — reduce support	5	—	100	103	106	-1
Departmental efficiencies	2	50	51	53	54	—
Operating Revenues						
Radiation licence fees — remove subsidy	7	—	850	850	850	—
Container deposit scheme — introduce compliance fee	7	—	500	500	500	—
Environment authorisation application — increase assessment fees	7	—	—	450	450	—
Sustainability licence fees — cost recovery	7	—	200	200	200	—
Investing Payments						
Radiation licence fees — remove subsidy	7	-1,500	-1,000	—	—	—
Estimated FTE Impact by year		—	-28	-41	-51	

(a) Represents the estimated FTE impact in 2013-14.

(b) Refer to supplementary proposal.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Radiation licence fees — remove subsidy

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	100	403
Operating Revenues	—	850	850	850
Investing Payments	-1,500	-1,000	—	—
Estimated FTE Impact	—	—	-1	-4

Description/Explanation:

The current fees for administration, compliance and enforcement of radiation licensing activities do not recover the costs of providing those regulatory services.

This corrects the current under recovery of costs and will require change to the *Radiation Protection and Control Act 1982*.

A systems investment to improve efficiency of fees and charges administration (across all fee types), streamline processes, and realise internal operating efficiencies, is included with this proposal.

Title: Container deposit scheme — introduce compliance fee

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	500	500	500
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduce fees to enable full cost recovery of the container deposit scheme from commercial operators.

This includes a proposed fee for the authorisation of labels and fees for commercial super collectors (the return agents operating between collection depots and selling to material recyclers and reprocessors).

Title: Environment authorisation application — increase fees

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	—	450	450
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in licence fees to correct the current under recovery of the costs of undertaking authorisations and assessments of the environmental impacts associated with new developments.

The proposal includes adoption of a tiered fee structure to reflect the difference in complexity of applications.

Title: Development application referrals — reduce support

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	206	212
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-2

Description/Explanation:

Rationalise advice provided on Development Applications relating to environmental activities with negligible risk.

Title: Aquaculture licensing — cease planning role

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	206	212
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-2

Description/Explanation:

Cease assessing aquaculture licences applications and the provision of advice to the Department of Primary Industries and Resources (PIRSA).

The Environment Protection Authority is a referral agency under the *Aquaculture Act 2001*, but PIRSA has ultimate responsibility for issuing licences. This proposal requires legislative change to remove a layer of planning bureaucracy. It would require PIRSA to obtain advice on technical issues from other experts, where it deems necessary.

Title: Site contamination — administrative efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	200	206
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	-2	-2

Description/Explanation:

Administrative efficiencies relating to the implementation of revised site contamination legislation.

The legislation was introduced in 2008 and required increased resourcing for transition, but will realise efficiencies in the years ahead.

Title: Sustainability licence fees — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	200	200	200
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Increase in licence fees to enable full cost recovery of sustainability licences.

Title: SmokeWatch program — reduce support

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	100	103	106
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Reduce support for the Smokewatch program relating to wood smoke from domestic heaters.

Title: Departmental efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	50	51	53	54
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The reclassification of a position within the department that will result in a lower cost. This has already occurred.

Supplementary Proposal

Title: Departmental expenditure — reduce

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,500	2,500	3,000
Operating Revenues	—	—	—	—
Investing Payments	—	—	—	—
Estimated FTE Impact	—	-23	-33	-40

Description/Explanation:

The above table shows the magnitude of the additional proposal. The Commission recommends that detailed proposals be submitted by the EPA and considered by the Government as part of the 2011-12 Budget.

The Commission recommends that proposals should include, but not be limited to the following:

- rationalising the ambient air quality monitoring programming;
- cost recovery for statutory referrals of development applications;
- bringing the EPA within the broader environment agency and maintaining an independent Board with reduced membership; and
- moving further towards cost recovery through environment licence fees and charges.

Zero Waste SA

Overview

Zero Waste SA (ZWSA) is established by the *Zero Waste SA Act 2004* and provides policy advice and undertakes programs and projects to reduce waste, promote recycling and ecological sustainability. ZWSA also undertakes industry development of the waste and resource recovery industries.

Funding for programs overseen by the ZWSA Board comes from the solid waste component of the waste depot levy, collected by the Environment Protection Authority under the Fees and Levies Regulations of the *Environment Protection Act 1993*.

Budget Overview

ZWSA's operating expenditure as published in the 2009-10 Budget is \$8.7 million or less than one per cent of state operating expenditure. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 19 at 30 June 2010.

Strategic Challenges/Opportunities

In Section 8 of Volume 1 the Commission recommended ceasing Zero Waste's industry development, education, and local government assistance programs. It also recommended locating waste policy functions within the Department of Environment and Natural Resources, rather than continue as a standalone agency with reduced function.

In implementing the Commission's proposal outlined below, the key challenge will be to focus waste policy and advice within the Department of Environment and Natural Resources (DENR). Additionally, the Government will need to resist the temptation to respond to calls from local councils and industry for new waste related or other support programs; these are not warranted.

The previous arrangement where councils, which faced a large portion of the costs associated with the waste levy, received offsetting assistance under various Zero Waste programs, was not sustainable.

Local councils will need to recover the costs of dumping waste and the increase in the waste levy from property owners. It is appropriate and necessary that individuals and businesses face the price signals of the costs of putting waste to landfill as this affects behaviour change and encourages less waste.

The waste and recycling industry will have to transition from the program and subsidy support it has enjoyed in the past to rely on the economic incentives provided by the waste levy.

The functions proposed to be shifted to the DENR are:

- Waste policy advice including support to the Minister and the Environment Protection and Heritage Council waste working group;
- Commissioning waste audits, surveys and research, to inform development of policy; and
- Problematic waste and waste stewardship program.

Savings Proposals Summary

The contribution of ZWSA's programs to reduced waste to landfill outcomes, over and above the impact of the solid waste levy, is not clearly demonstrated.

It is proposed to reduce the level of support to the waste and resource recovery industries as they have significant economic incentives under the current regulatory regime to operate without grant and subsidy arrangements in place.

It is proposed that the majority of waste programs within ZWSA be ceased with core policy expertise brought within the DENR. Programs to cease relate to industry grants and subsidies, community education and programs that are the responsibility of local government or the Commonwealth.

A number of the grants programs being proposed for expenditure reductions were election commitments, including the Resource Efficiency Assistance Program (REAP), recycling of energy efficient globes, E-Waste collection, food waste collection and recycling infrastructure.

It is also recommended that the waste levy increase from \$25.50 to \$54 per tonne (see discussion under whole-of-government proposals), and that the current hypothecation policy cease (see Section 8 of Volume 1). This recognises that the recycling and reuse industries are now established under the current regulatory regime and are well placed to operate independent of additional ongoing program support.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 28: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		4,026	7,344	7,482	7,657	-16
Operating Revenues		—	—	—	—	—
Impact on Net Operating Balance		4,026	7,344	7,482	7,657	
Impact on Net Lending		4,026	7,344	7,482	7,657	
Operating Expenses						
Industry support programs and subsidies — cease	3	737	3,090	3,148	3,221	-4
Community, education and local government programs — cease	1	2,196	3,171	3,231	3,306	-6
Rationalise agency structure — corporate and overhead savings	1	1,093	1,083	1,104	1,129	-6
Estimated FTE Impact by year		-16	-16	-16	-16	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Industry support programs and subsidies — cease

Rationale: Economic rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	737	3,090	3,148	3,221
Operating Revenues	—	—	—	—
Estimated FTE Impact	-4	-4	-4	-4

Description/Explanation:

Cease industry support programs and subsidies to waste and recycling industry.

Diversion of waste to landfill is driven by the solid waste levy. As the regulatory regime is well established and been in place for several years, the case for industry support programs and infrastructure grants is not strong. The solid waste levy provides sufficient economic incentive to the resource recovery and recycling sectors without requiring subsidies from government. These incentives will be strengthened by the separate proposal to bring the solid waste levy in line with other states.

Title: Community, education and local government programs — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,196	3,171	3,231	3,306
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-6	-6	-6

Description/Explanation:

Cease programs for community, education and local government.

Programs proposed to cease are discretionary and do not have measurable benefits, these include community education campaigns through KESAB, council programs, and teacher training (waste and recycling would not be removed from schools' curricula; teacher training needs are the responsibility of the Department of Education and Children's Services).

Other programs proposed to cease relate to local government programs and incentives, workplace recycling, and information to businesses to use resources more efficiently. The results of these programs have not been demonstrated and are discretionary in their nature.

In relation to remote indigenous programs, municipal services is the responsibility of the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. Financial support to these communities is not the responsibility of the State Government.

Title: Rationalise agency structure — corporate and overhead savings

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,093	1,083	1,104	1,129
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-6	-6	-6

Description/Explanation:

Realise corporate and overhead savings by bringing waste policy functions within the Department of Environment and Natural Resources.

Families and Communities

Overview

The Families and Communities portfolio is responsible for achieving many of the Government's social inclusion objectives.

The portfolio delivers support services in the areas of housing, families/child protection, alternative care, youth justice, anti-poverty, carers, communities, ageing and disability.

The portfolio also administers on behalf of the government a series of functions relating to social welfare, including administration of many of the State's concession schemes, where payments are made to eligible members of the public to subsidise certain living costs.

The portfolio consists of the Department for Families and Communities (DFC) and the South Australian Housing Trust (SAHT).⁵

Budget Overview

DFC's operating expenditure budget (exclusive of items administered by the portfolio on behalf of the Government) as published in the 2009-10 Budget is \$1.6 billion,⁶ or roughly 13 per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency (including the SAHT) were estimated to be 5,764 at 30 June 2010.

DFC's investing budget as published in the 2009-10 Budget is \$8.0 million, or less than 1 per cent of the investing budget. The relatively modest capital program reflects the fact that DFC's activities centre around service delivery rather than the development and provision of infrastructure.⁷

Comparative Data

Commonwealth Grants Commission

The Commonwealth Grants Commission (CGC) considers State expenditure on providing welfare and housing services. This incorporates services provided to families and children, the aged, people with a disability and the homeless.

In its 2010 review, the CGC assessed South Australia as having a higher than average per capita share of the overall national cost of welfare and housing services. This was mainly due to the higher than average population receiving disability or aged care pensions, who are heavy users of disability, aged care and housing services. Notwithstanding this, at an aggregate level South Australia is spending well in excess of the CGC assessed level of necessary per capita expenditure (nine per cent above).

⁵ The transfers between DFC and the SAHT impact on the general government net operating balance.

⁶ This figure includes one-off economic stimulus funding provided by the Commonwealth and transferred from DFC to the SAHT for the construction and maintenance of social housing. At the time of the 2009-10 Budget this amount constituted \$304.2 million in 2009-10.

⁷ The SAHT has a significant capital program (\$372.2 million original budget in 2009-10). The SAHT is a PNFC, and its capital expenditure does not contribute to general government capital expenditure.

Report on Government Services

The 2010 Report on Government Services (ROGS) provides inter-jurisdictional information in the areas of disability services, aged care, child protection and housing.

Disability services

ROGS information demonstrates that at a high level, South Australia provided services to the highest proportion of the potential population with a disability of any jurisdiction (46.4 per cent compared to 31.8 per cent national average), however on average spent the lowest per service user (\$16,541, compared to the Australian average of \$26,617).

Aged care

South Australia had the highest proportion of population aged 70 years and over in Australia as at 30 June 2009, at 11.2 per cent compared to 9.5 per cent nationally. As at 30 June 2009, South Australia had approximately 6 per cent more than the national average of residential care places but was at or below the national average in the provision of services designed to enable people to remain living in their own home.

Child Protection and support

- South Australia spent less per child in child protection services, out-of-home care and intensive family support services than the national average.
- South Australia had the quickest rate of finalising investigations of child abuse in Australia.

The growth in the number of children in out of home care has increased significantly between 2004-05 and 2008-09 in South Australia (11 per cent per year). Residential care placements have increased by 16 per cent per year over the same period.

Housing

South Australia had a high level of public housing stock with 6.9 per cent of households residing in public housing, well above the national average of 4.3 per cent in 2006.

In 2008-09 the net recurrent cost per public housing dwelling in South Australia was 0.4 per cent less than the national average; however the net recurrent cost per capita was significantly higher at \$168 compared to \$100 nationally.

Strategic Challenges/Opportunities

Families and Communities

Section 8, Volume 1 of the Report explains the Commission's concerns regarding the challenges facing the portfolio, and has recommended a comprehensive external review be undertaken over the next six months to identify improvements in four key areas:

- Demand management;
- The targeting and effectiveness of services;
- Service delivery models, including the structure of internal services versus those provided by the Non Government Organisation (NGO) sector; and
- Portfolio structure and governance.

The aim of the review will be to identify opportunities for structural and ongoing efficiency improvements.

Public housing

The SAHT has recently undertaken an external review of its operations, as required under legislation. The review has made a series of recommendations regarding governance/policy matters. The SAHT is currently preparing a response for the consideration of the Government.

Section 8 of Volume 1 outlines the Commission's views in terms of the operation of the SAHT and public/social housing more generally.

Savings Proposals Summary

Notwithstanding the recommended external review that will be designed to identify further efficiencies, the Commission has recommended measures that can be implemented now that will generate immediate savings.

Rationalise support for the SAHT

The Commission recommends a reduction in State grants to the SAHT of approximately \$30.8 million by 2013-14. This includes specific proposals to standardise rent arrangements across public housing tenants (\$9.6 million) and rationalise governance structures (\$0.3 million), as well as a general reduction in state grants to the SAHT (\$21.0 million).

The reduction in State grant has been allocated on the basis that in light of the recent external review, the SAHT has significant scope to implement reforms that will ensure and maintain its viability moving forward. The SAHT will make recommendations to the Government specifically on how it will achieve this, but the strategy will likely include a combination of rent/tenure reform, targeted expenditure prioritisation, and appropriate asset sales and debt repayment targets.

Other measures

Other significant measures for DFC include the proposed sale of the Parks Community Centre at Angle Park, and relocation of existing departmental services to an alternative site. It is expected that this will result in a rationalisation of positions and lower maintenance costs.

Proposed efficiencies can also be generated through rationalisations in corporate/policy staff, as well as the devolution of financial counselling services and emergency assistance payments to the NGO sector, where it is more appropriately placed.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 29: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		5,209	19,152	37,303	46,810	-99
Operating Revenues		267	1,304	1,324	762	—
Investing Payments		-1,500	-3,300	-5,900	—	—
Asset Sales		—	—	17,000	—	—
Impact on Net Operating Balance		5,476	20,456	38,627	47,572	
Impact on Net Lending		3,976	17,156	49,610	47,847	
Operating Expenses						
South Australian Housing Trust — reduce State grant	2	1,331	5,280	13,143	21,007	—
Public Housing — standardise rent arrangements	7	—	9,100	9,327	9,560	—
Parks Community Centre — relocate services and sell property ^(b)	5	1,318	-3,140	4,274	4,506	-12
Anti poverty program — transfer to the non government sector	1	—	2,145	2,916	2,976	-44
Departmental efficiencies	2	360	1,540	2,350	2,400	-32
Energy concession payments — GST recovery	2	2,210	2,229	2,249	2,270	—
Family and Community Development — reduce grant program	5	—	—	1,000	2,000	—
South Australian Spectacle Scheme — abolish	5	—	813	830	848	-1
Disability client trust management — transfer to the Public Trustee	1	—	728	743	758	-8
Consolidate statutory bodies	1	—	411	418	425	-4
South Australian Housing Trust (SAHT) — governance reform	2	100	266	273	280	—
Operating Expenses (Implementation Costs)						
Adult clients with a disability — equipment fees	7	-110	-220	-220	-220	2
Operating Revenues						
Supported accommodation — fee harmonisation	7	—	680	702	726	—
Adult clients with a disability — equipment fees	7	360	720	720	720	—
Parks Community Centre — relocate services and sell property	5	-93	-96	-98	-684	—
Investing Payments						
Parks Community Centre — relocate services and sell property	5	-1,500	-3,300	-5,900	—	—
Asset Sales						
Parks Community Centre — relocate services and sell property	5	—	—	17,000	—	—
Estimated FTE Impact by year		-5	-68	-99	-99	

(a) Represents the estimated FTE impact in 2013-14.

(b) Includes estimated depreciation expense reduction of \$117,000 in 2012-13 and increase of \$275,000 in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposal**Title:** South Australian Housing Trust — reduce State grant**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,331	5,280	13,143	21,007
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the level of government subsidy provided to the South Australian Housing Trust (SAHT).

The SAHT would have to accommodate this reduced level of grant subsidy as part of an overall viability strategy which will involve material action to enable the SAHT to operate on a sustainable basis. This strategy will likely include a combination of rent/tenure reform, targeted expenditure prioritisation, and appropriate asset sales and debt repayment targets.

Title: Public Housing — standardise rent arrangements**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	9,100	9,327	9,560
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Include from 2011-12 the full Commonwealth pension income of South Australian Housing Trust (SAHT) tenants in their ongoing rent assessments. Previously, the 2009 once-off Commonwealth pension increase has been excluded from this assessment.

Pensioners would pay the same proportion of their income to meet the ongoing costs of their accommodation as all other SAHT tenants (currently 25 per cent).

The policy of providing an increased subsidy of public housing rent to pensioners creates a benefit not shared by pensioners who are not part of the public housing system. There is no obvious rationale why pensioners in public housing should pay a lower proportion of their income on accommodation.

New South Wales adopted this approach in its 2010-11 Budget.

Title: Parks Community Centre — relocate services and sell property**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses ^(a)	1,318	-3,140	4,274	4,506
Operating Revenues	-93	-96	-98	-684
Investing Payments	-1,500	-3,300	-5,900	—
Asset Sales	—	—	17,000	—
Estimated FTE Impact	—	-3	-12	-12

(a) Includes estimated depreciation expense reduction of \$117,000 in 2012-13 and increase of \$275,000 in 2013-14.

Description/Explanation:

Close and sell the Parks Community Centre at Angle Park and relocate existing government services provided at the site.

Ongoing savings would be generated through the cessation of an annual grant of \$1.8 million to the City of Port Adelaide Enfield Council for cultural, community and recreational services provided at the centre. It is proposed that the council be provided a one-off non recourse grant to assist in the transition of services from this location.

It is also proposed to use a portion of the sale proceeds to fund the relocation of current DFC services, which would result in ongoing savings through lower maintenance and labour costs.

Title: Anti poverty program — transfer to the non government sector**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,145	2,916	2,976
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-33	-44	-44

Description/Explanation:

Cease DFC's provision of financial counselling services and provide payments to the NGO sector which would administer emergency assistance support to families in financial distress.

The NGO sector is better placed to deliver such services and should be a first point of contact for families in such circumstances.

Families SA would retain the capacity to provide integrated financial counselling and social work with care and protection cases.

Title: Departmental efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	360	1,540	2,350	2,400
Operating Revenues	—	—	—	—
Estimated FTE Impact	-6	-21	-32	-32

Description/Explanation:

Lower cost delivery models and a rationalisation of support functions within the department, including corporate and policy development functions.

Title: Energy concession payments — GST recovery**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	2,210	2,229	2,249	2,270
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Represents the outcome of a review of an Australian Tax Office ruling which now enables the Department for Families and Communities to recover GST on energy concession payments made to energy providers.

Title: Family and Community Development — reduce grant program**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,000	2,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the Family and Community Development grant program by approximately a quarter by 2013-14.

The program consists of grants to Non Government Organisations and local councils to provide a range of services designed to support local communities. The proposal would necessitate better targeting of the grant funding provided under this program with a focus on prioritising the most effective programs.

Title: South Australian Spectacle Scheme — abolish

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	813	830	848
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-1	-1	-1

Description/Explanation:

Abolish the current spectacle scheme for pensioners and Health Care Card holders. The current scheme provides on average \$21 per client and this represents less than 15 per cent of the average cost of spectacles/contact lenses.

The take up of this scheme has fallen significantly in recent years from 60,000 in 2003-04 down to 33,500 per annum. As a consequence of this, and the relative low level of concession provided, it is suggested that the program cease.

Title: Disability client trust management — transfer to the Public Trustee

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	728	743	758
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-8	-8	-8

Description/Explanation:

Transfer responsibility for the management of approximately 700 disability client trust funds from Disability Services to the Public Trustee from 2011-12.

This function is not core business for the Department for Families and Communities and is more appropriately provided by the Public Trustee which specialise in the provision of such services.

Title: Supported accommodation — fee harmonisation**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	680	702	726
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal involves a new harmonised fee structure for supported accommodation services provided to low needs clients with a disability, with a mental illness or in aged care.

Following administrative restructures over recent years in the disability services sector, over 18 different fees are currently being charged for similar service types as a result of differing historic assessments of disability pension income.

A more equitable structure of fees would be introduced based on four standard categories of service. The fee revenue would appropriately include full recovery of any pension allowance received for accommodation expenses, such as rent assistance and utilities allowance.

Title: Adult clients with a disability — equipment fees**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-110	-220	-220	-220
Operating Revenues	360	720	720	720
Estimated FTE Impact	1	2	2	2

Description/Explanation:

The proposal involves introducing a minimal charge for adult clients with a disability in order to part fund the cost of items of equipment provided.

This would bring adult clients with a disability into line with the long standing charging regime currently in existence for domiciliary care clients and also with the majority of other States.

The charging regime proposes clients would be charged at the concessional rate of \$2.50 per week per item for the first two pieces of equipment provided (ie, capped at \$20 per four week period).

Title: Consolidate statutory bodies

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	411	418	425
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-4	-4	-4

Description/Explanation:

Administrative efficiencies through the consolidation under a single statutory body of the existing functions of the Housing Appeals Unit, Child Death and Serious Injury Special Investigations Unit, Office for the Guardian, Council for the Care of Children and the Commissioner for Health and Community Services Complaints.

Consolidation of these bodies would deliver efficiency savings without compromising services.

Title: South Australian Housing Trust (SAHT) — governance reform

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	100	266	273	280
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reform the current governance arrangements of the SAHT by eliminating external appointments to the SAHT board.

This measure was recommended in the independent SAHT Triennial Review.

Further Education, Employment, Science and Technology

Overview

The Department of Further Education, Employment, Science and Technology (DFEEST) seeks to develop the skills and capability of the state's workforce and to maximise the opportunities for all South Australians to engage in work.

Budget Overview

The DFEEST operating expenditure budget, as published in the 2009-10 Budget is \$532.9 million, or four per cent of the budget. At the time of the 2009-10 Budget, full time equivalent employees within the agency were estimated to be 3,382 at 30 June 2010.

The DFEEST investing budget for 2009-10 is \$27.9 million, or one per cent of the investing budget.

Comparative Data

Data in the Report on Government Services 2010 for government-funded vocational education and training (VET) suggests that South Australia's VET system costs relatively more per student than the national average. While South Australia has the highest student achievement (load pass rate), a higher proportion of lower-level VET courses are delivered in South Australia than nationally.

- Government real recurrent expenditure on VET was \$285.55 on average per person aged 15-64 years across Australia in 2008 while in South Australia it was slightly lower at \$256.91 on average per person.
- South Australia's real government recurrent expenditure per annual adjusted curriculum hour (\$13.99 in 2008) continued to be higher than the national average of \$13.10. With a higher proportion of lower-level (and lower cost) VET courses delivered in South Australia than the national average, the cost of VET provision in South Australia should be lower than the national average, not higher.
- In 2008, although the proportion of VET students in South Australia participating in courses at Certificate III and above increased to 46.4 per cent, South Australia was still considerably below the national average of 60.1 per cent in terms of participation in higher-level VET courses.
- 'Government recurrent expenditure per load pass' is an indicator of the efficiency of the provision of VET services. It is the cost to government of each successfully completed VET module or unit of competency (that is, the cost per successfully achieved output). South Australia has a lower than average government real recurrent expenditure per hour of publicly funded load pass at \$16.30, compared to the national average of \$16.70.
- The percentage of all 15-64 year olds who participated in VET in South Australia was 8.2 per cent compared to the national participation rate of 8.0 per cent.
- The proportion of Indigenous (self-identified) VET students in South Australia was 4.5 per cent, which was lower than the national average of 5.0 per cent.

No comparative data is available for the non-vocational education and training areas of DFEEST.

Strategic Challenges/Opportunities

The Commission considers a key issue for the VET system in South Australia is the cost of the provision of services. The Commission suggests that costs per training hour could be further reduced. Private sector competition will provide pressure in this regard.

A significant improvement in reporting systems is required to ensure that DFEEST understands its cost base. It should then work on delivering a lower cost service as well as endeavouring to provide appropriate levels and types of courses.

TAFE as the South Australian public provider of VET will face future competition with other providers for the students it trains, and the revenue it earns as a consequence. TAFE will need to have more flexibility in staffing and administration to be an effective training provider in this environment.

Related to this is TAFE's infrastructure, which needs to be rationalised to reduce costs and to best meet the demands of students, both in location and in the types of courses those facilities can offer. Any proposal for redevelopment of infrastructure would need to take into account the likelihood of Commonwealth funding, the absence of which might restrict future options.

Savings Proposals Summary

The major savings proposal for the department is to reduce its delivery of vocational and educational training (VET) services that are in lower priority occupation areas, and to reduce the costs of the delivery of the services that it should continue to deliver through rationalisation of support functions.

While the proposals include increasing User Choice and student fees, DFEEST is not the sole provider of VET services in South Australia and to be competitive the department will need to be flexible in the courses it provides and how they are provided.

Support for some specific organisations will cease following determination that the training or services provided should be part of a contestable training allocation model.

The Commission has identified duplication in a number of grants provided by DFEEST, particularly in employment programs. For example, the Commonwealth Government has the main responsibility for employment programs and the Commission considers it not necessary for the State to replicate such activities.

The Commission also recommends the department reduce its expenditure on science and innovation. DFEEST's expenditure in this area includes industry attraction or support activities and the Commission does not believe this has demonstrated net economic benefits to support the current funding levels. Such a reduction should be captured within the DFEEST operations — efficiencies proposal.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 30: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		10,905	29,240	45,296	49,841	-332
Operating Revenues		956	3,467	5,419	5,823	—
Asset Sales		—	—	4,594	—	—
Impact on Net Operating Balance		11,861	32,707	50,715	55,664	
Impact on Net Lending		11,861	32,707	55,309	55,664	
Operating Expenses						
DFEEST operations — efficiencies	2	—	10,000	20,000	22,000	-223
Excess staff — reduce	2	3,365	5,440	5,440	5,440	-73
Trainee subsidies — remove	5	3,900	5,000	5,000	5,000	—
Construction industry training support grants — reduce	1	—	—	3,000	4,500	—
VET delivery — efficiencies	2	1,000	3,000	3,200	3,500	-35
Training support grants — reduce	1	300	1,820	3,079	3,127	—
South Australia Works in the Regions program — rationalise	1	—	—	1,600	1,600	—
User Choice training fee — increase	7	695	1,390	1,390	1,390	—
User Choice funding — reduce	2	685	1,370	1,370	1,370	—
Industry skills boards — efficiencies	1	—	200	200	900	—
Youth Conservation Corps Program — cease	1	500	500	500	500	-1
Alternative Learning Options Program — cease	1	400	400	400	400	-1
Helpmann Academy — reduce support	5	200	200	200	200	—
Operating Expenses (Implementation Costs)						
Car parking fees at TAFE campuses — introduce	7	-140	-80	-83	-86	1
Operating Revenues						
Student fees — increase	7	—	1,500	3,000	3,000	—
User Choice training fee — increase	7	605	1,211	1,350	1,350	—
VET and higher education regulation fees — increase	7	180	414	718	1,114	—
Car parking fees at TAFE campuses — introduce	7	171	342	351	359	—
Asset Sales						
Austraining International — sale of business	3	—	—	4,594	—	—
Estimated FTE Impact by year		-83	-205	-309	-332	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: DFEEST operations — efficiencies

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	10,000	20,000	22,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-102	-203	-223

Description/Explanation:

Savings arise from lower cost delivery models and a rationalisation of support functions within the agency and general efficiencies in DFEEST’s operations. This includes a reduction in the department’s science and technology related activities, and in training services on lower priority occupation areas as indentified by the Training and Skills Commission including business services, cultural and recreation, education and training, primary industries and food and beverage processing.

Title: Excess staff — reduce

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	3,365	5,440	5,440	5,440
Operating Revenues	—	—	—	—
Estimated FTE Impact	-73	-73	-73	-73

Description/Explanation:

Reduce employment costs within DFEEST by reducing the number of excess employees that do not have ongoing roles.

Title: Trainee subsidies — remove**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	3,900	5,000	5,000	5,000
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Discontinue the supplementation to agencies and electorate offices intended to offset the salary costs of trainees. In the future, the full salary cost of trainees will need to be met through agency and electorate office budgets. Access to training subsidies will still be available through the User Choice program.

Title: Construction industry training support grants — reduce**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	3,000	4,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce training subsidies provided through User Choice funding for construction trades. Currently a levy of 0.25 per cent is charged on the estimated value of all building and construction projects over \$15,000 including GST and paid to the Construction Industry Training Fund. Given the existence of the levy, training subsidies for the construction industry are not required.

Title: VET delivery — efficiencies**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,000	3,000	3,200	3,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	-10	-30	-32	-35

Description/Explanation:

Implement a range of efficiency measures in relation to VET delivery. Specific areas include consolidation of education programs, reviewing the nature of educational support and more efficient corporate structures.

Title: Training support grants — reduce

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	300	1,820	3,079	3,127
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Improve flexibility in the allocation of funding for training places by replacing grants for specific institutions/industry initiatives with a more contestable allocation model.

Remove specific funding for the Elder Conservatorium of Music, the Seafood Training Centre of Excellence, and the Resources Engineering Skills Alliance.

Title: Student fees — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	1,500	3,000	3,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Introduce a revised fee schedule of concessions and student fee caps to increase students' contribution to the cost of the training they receive.

Title: User Choice training fee — increase

Rationale: Cost Recovery

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	695	1,390	1,390	1,390
Operating Revenues	605	1,211	1,350	1,350
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Revise the User Choice training fee so employers or the trainee/apprentice increase their contribution for training services. Increase the apprentice and trainee training fee charged by registered training organisations (RTOs) and payable by employers or apprentices/trainees from \$2.00 per hour to \$2.50 per hour.

Title: South Australia Works in the Regions program — rationalise**Rationale:** Duplication**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	1,600	1,600
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce the duplication of funding provided through the SA Works in the Regions program. The SA Works in the Regions program helps regional organisations and networks to identify their region's re-employment and training needs. The Commonwealth provides similar programs.

Title: User Choice funding — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	685	1,370	1,370	1,370
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Reduce in a targeted manner User Choice training funding for Certificate II level qualifications identified as having an oversupply.

Specific areas include Certificate II level qualifications in the automotive, tourism, hospitality, wholesale, retail and personal services sectors.

Title: VET and higher education regulation fees — increase**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	180	414	718	1,114
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Restructure accreditation and registration fees charged to training providers (registered training organisations and universities) to increase the level of cost recovery for the services provided.

Title: Industry skills boards — efficiencies

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	200	200	900
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Efficiencies through restructure of government funded industry advisory arrangements. Reduce and realign the number of industry skills boards and focus on priority industry sectors.

Title: Youth Conservation Corps program — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	500	500	500	500
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Cease the Youth Conservation Corps program, which duplicates the Commonwealth Government's National Green Corps program introduced on 1 January 2010.

Title: Alternative Learning Options Program — cease

Rationale: Duplication

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	400	400	400	400
Operating Revenues	—	—	—	—
Estimated FTE Impact	-1	-1	-1	-1

Description/Explanation:

Cease the Alternative Learning Options Program, which duplicates the services delivered by the Commonwealth's 'Smarter Schools' National Partnership.

Title: Car parking fees at TAFE campuses — introduce**Rationale:** Cost Recovery**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	-140	-80	-83	-86
Operating Revenues	171	342	351	359
Estimated FTE Impact	1	1	1	1

Description/Explanation:

Recovers costs associated with providing parking facilities at TAFE campuses. This brings TAFE into line with other training providers that already charge for parking.

Title: Helpmann Academy — reduce support**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	200	200	200	200
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Helpmann Academy for the Visual and Performing Arts (the Academy) assists emerging artists and fosters links between its partner schools, the arts and the community. The Academy comprises seven partner institutions across the higher education spectrum. Government support will continue, however it will be adjusted to the same level as contributions of the other partners.

Title: Austraining International — sale of business**Rationale:** Economic Rationale**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	—	—	—
Asset Sales	—	—	4,594	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Sell Austraining International. The company is a specialist project management and international development organisation managing bilateral and multilateral projects throughout Asia, the Pacific, Africa and the Middle East. Whilst the entity is 100 per cent owned by the Government, its operations are not a core business of government.

II. Details of agency-specific budget improvement proposals

Bio Innovation SA

Overview

Bio Innovation SA was established in June 2001 to accelerate the development of South Australia's bioscience sector.

Budget Overview

The Bio Innovation SA operating expenditure budget, as published in the 2009-10 Budget is \$8.3 million, or less than one per cent of the budget. At the time of the 2009-10 Budget, the number of FTEs within the agency was estimated to be 16 at 30 June 2010.

Strategic Challenges/Opportunities and Savings Proposal Summary

The Commission suggests there are no compelling economic reasons for government money to support industry development in the manner undertaken by Bio Innovation SA. The Commission recommends that all Government support for Bio Innovation SA cease. The three proposals provide options for reduced levels of activity by Bio Innovation SA, including cessation of operations.

Under the option of complete cessation, ongoing tasks and contracts such as the grant payment to support the Australian Centre for Plant Functional Genomics would be transferred to the Department of Further Education, Employment, Science and Technology. While the grant to the Australian Centre for Plant Functional Genomics would not terminate with the cessation of Bio Innovation SA, the Commission recommends the Government considers its contribution to the Centre.

More generally, the Commission recommends that the Government reviews its provision of economic development and industry assistance (see Section 8 of Volume 1), not just through Bio Innovation SA but through all similar agencies, as it is not clear that net economic benefits have been delivered by the assistance.

List of Specific Savings Proposals

The following table provides a summary of the agency specific expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 31: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		2,089	4,213	4,214	4,351	-14
Operating Revenues		—	—	—	—	—
Impact on Net Operating Balance		2,089	4,213	4,214	4,351	
Impact on Net Lending		2,089	4,213	4,214	4,351	
Operating Expenses						
Industry support — rationalise	5	918	1,605	1,198	891	—
Corporate restructure — high technology focus	5	230	401	1,966	2,938	—
Independent operation — cease	5	941	2,207	1,050	522	-14
Estimated FTE Impact by year		-16	-15	-14	-14	

(a) Represents the estimated FTE impact in 2013-14.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Title: Industry support — rationalise

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	918	1,605	1,198	891
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Implement lower cost delivery models and rationalise industry assistance activity.

Title: Corporate restructure — high technology focus

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	230	401	1,966	2,938
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Bio Innovation SA would rationalise activities to focus predominately on the provision of access to capital to the high technology industry. Bio Innovation SA would no longer be a specialist industry services provider under this proposal.

Title: Independent operation — cease**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	941	2,207	1,050	522
Operating Revenues	—	—	—	—
Estimated FTE Impact	-16	-15	-14	-14

Description/Explanation:

Cease the operations of Bio Innovation SA effective January 2011 and transfer ongoing contracts and tasks to a department administering state economic development and industry policy or the Department of Further Education, Employment, Science and Technology.

II. Details of agency-specific budget improvement proposals

III. DETAILS OF ACROSS GOVERNMENT PROPOSALS

List of Specific Savings Proposals

The following table provides a summary of the across government expenditure, cost recovery and revenue proposals recommended by the Commission. Full details of the proposals are presented following the summary.

Table 32: Savings proposals summary (\$000)

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Operating Expenses		22,393	164,809	231,427	239,747	-66
Operating Revenues		3,900	209,094	268,694	271,428	—
Investing Payments		—	-400	—	—	—
Impact on Net Operating Balance		26,293	373,903	500,121	511,175	
Impact on Net Lending		26,293	373,503	500,121	511,175	
Operating Expenses						
Employee leave loading — remove	2	11,115	13,353	58,073	60,396	—
Public sector long service leave arrangements — reform	2	—	28,700	30,115	31,845	—
First Home Bonus Grant — cease	3	—	34,701	33,344	31,775	—
Concessions — council rates	4	—	30,700	30,700	30,700	—
Concessions — reform ^(b)	5	—	16,608	20,540	20,540	—
Petroleum Subsidy Scheme — cease	3	6,776	13,426	13,427	13,327	—
Facilities management — rationalise	2	—	—	10,500	10,500	—
Vehicle fleet — increase utilisation	2	—	2,500	5,000	7,400	—
Number of Ministers — reduce	2	3,386	6,927	7,078	7,235	-50
Motor vehicle fleet — optimise fleet mix	2	—	2,286	4,583	7,080	—
Cellar door liquor subsidies — abolish	3	—	5,100	6,200	6,300	—
Self funded retirees concessions — eliminate	4	—	5,322	5,454	5,477	-2
Executive motor vehicles — remove subsidy	5	—	1,145	2,158	2,762	—
Ministerial office budgets — reduce	2	1,116	2,279	2,326	2,374	-20
First Home Owner Grant — introduce a property value cap	5	—	2,063	2,062	2,061	1
Judicial motor vehicles — remove subsidy	5	—	177	357	481	—
Payroll tax rebate for exporting industries — remove	8	—	7	7	7	—
Operating Expenses (Implementation Costs)						
Stamp duty landholder model — introduce	8	—	-194	-199	-205	2
Land tax on trusts — revise arrangements	8	—	-291	-298	-308	3
Operating Revenues						
Emergency Services Levy (Fixed Property) — increase	8	—	70,300	71,300	67,200	—
Mining royalties — increase	8	—	10,000	58,000	59,000	—
CBD Car Parking Levy — introduce	8	—	31,300	32,100	32,900	—
Save the River Murray Levy — increase	8	—	25,900	26,900	27,900	—
Victims of Crime Levy — increase	8	3,900	15,000	15,000	15,000	—

	Rationale	2010-11	2011-12	2012-13	2013-14	FTE Impact ^(a)
Stamp duty landholder model — introduce	8	—	20,000	20,000	20,000	—
Emergency Services Levy (Mobile Property) — increase	8	—	11,100	11,300	11,500	—
Gaming tax — reform	8	—	7,200	8,300	8,700	—
Land tax on trusts — revise arrangements	8	—	—	4,200	4,300	—
Payroll tax rebate for exporting industries — remove	8	—	6,394	6,394	6,760	—
Solid Waste Levy — increase	8	—	5,000	6,000	6,668	—
Stamp duty on CTP insurance renewal certificates — indexation	8	—	2,000	4,000	6,200	—
Payroll tax exemption for apprentices and trainees — revise arrangements ^(c)	8	—	5,000	5,400	5,600	—
Motor vehicle fleet — optimise fleet mix	2	—	-100	-200	-300	—
Investing Payments						
Land tax on trusts — revise arrangements		—	-400	—	—	—
Estimated FTE Impact by year			-70	-66	-66	-66

(a) Represents the estimated FTE impact in 2013-14.

(b) Represents the reversal of a 2010 Election commitment.

(c) Represents a revision to a 2010 Election commitment.

Rationale Key:

1. Duplication	2. Service levels and costs	3. Economic rationale	4. Social inclusion and equity
5. Lower priority	6. Balance sheet efficiency	7. Cost recovery	8. Revenue

Details of Specific Savings Proposals

Emergency Services Levy

The Emergency Services Levy (ESL) was introduced in financial year 1999-2000 based on the recommendation of a Steering Committee established to review the funding arrangements for emergency services in South Australia.

Prior to the introduction of the ESL, emergency services were largely funded by a fire services levy (FSL) that was payable on comprehensive vehicle insurance, building and contents insurance policies and crop insurance. FSLs are generally seen as a complex, inequitable and inefficient system of funding fire and emergency services. Under a FSL, those who do not insure their property, or who insure offshore, do not contribute to the funding of fire services even though the same level of emergency assistance is available to everyone.

The introduction of the ESL in South Australia spread the burden across all property holders. It was designed to require all property owners who could potentially benefit from emergency services to contribute to their cost. This removed the 'optional' feature inherent in general insurance-based FSLs, and in that respect is a significant improvement.

The ESL is levied annually upon both fixed property (land and buildings) and mobile property (motor vehicles and vessels) and applies to all property owners including state and local government. The levy is designed to cover the full cost of emergency services in South Australia, rather than being a partial funding mechanism.

The ESL on fixed property has two components – a flat fee per property (generally but not always \$50) and a variable component that is based on the capital value of the property. The variable component is calculated by applying prescribed levy rates to a property's capital value as determined by the Valuer-General, weighted by land use codes and regional area factors.

When the ESL was introduced a single prescribed rate was intended to apply to all properties (which was to be weighted by land use and area factors) under the fixed property component of the levy. The prescribed rate is set annually, and in conjunction with the other components of the ESL, is intended to fully fund emergency service expenditure requirements in that year. The actual levy rates paid by private property owners of fixed property are however much lower than the prescribed rate because of Government funded remissions. Government funded remissions provided on the fixed property prescribed rate reduce the amount of collections from private property owners and require the Government to contribute funds equivalent to the amount of remissions provided into the Community Emergency Services Fund.

The Government currently funds around half of the ESL fixed property requirement through remissions, pensioner concessions and the ESL liability on its own property.

Mobile ESL rates are a fixed amount based on the type, use and location of a vehicle, in line with compulsory third party insurance premium classes. The government also provides remissions on mobile property ESL rates. As with remissions on the prescribed rate for the fixed property component of the levy, Government funded remissions reduce the amount of collections from private property owners and require the Government to contribute funds equivalent to the amount of remissions provided into the Community Emergency Services Fund.

In total, the Government currently contributes just under half of the ESL funding requirement through remissions, pensioner concessions and the ESL liability on its own property.

The ESL is one of the most efficient revenue raising options at the Government's disposal due its broad base and lack of exemptions. The original intention of the ESL was to fund the cost of providing emergency services from the people who benefit from the provision of those services. The introduction of Government remissions broke the connection between the cost of the services and the payment by the beneficiaries of those services.

The Commission recommends that remissions provided on the prescribed levy rate under the fixed property component of the ESL, and remissions provided on the fixed amounts payable under the mobile property component of the ESL should be removed. Given current budget circumstances the removal of those remissions is recommended and is expected to raise additional revenue of around \$80 million per annum. This impact is reflected in the following two proposals.

Title: Emergency Services Levy (Fixed Property) — increase

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	70,300	71,300	67,200
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal seeks to remove government funded remissions provided on the prescribed levy rate for the fixed property component of the ESL.

When the Emergency Services Levy (ESL) was introduced a single prescribed rate was intended to apply to all properties (which was to be weighted by land use and area factors) under the fixed property (land and buildings) component of the levy. The prescribed rate is set annually, and in conjunction with the other components of the ESL, is intended to fully fund emergency service expenditure requirements in that year. Government funded remissions provided on the prescribed rate reduce the amount of collections from private property owners and require the Government to contribute funds equivalent to the amount of remissions provided into the Community Emergency Services Fund.

The Government currently funds around half of the ESL fixed property requirement through remissions, pensioner concessions and the ESL liability on its own property.

Title: Emergency Services Levy (Mobile Property) — increase

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	11,100	11,300	11,500
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This proposal seeks to remove government funded remissions provided on the mobile property ESL rates.

Mobile Emergency Services Levy (ESL) rates are a fixed amount based on the type, use and location of a vehicle, in line with compulsory third party insurance premium classes.

The government currently provides remissions on mobile property ESL rates. Government funded remissions reduce the amount of collections from private property owners and require the Government to contribute funds equivalent to the amount of remissions provided into the Community Emergency Services Fund.

Title: Employee leave loading — remove**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	11,115	13,353	58,073	60,396
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal seeks to remove leave loading from employee benefits.

Leave loading applying in the Public Service is largely governed by the *Public Service (Recreation Leave Loading) Award*, unless recreation leave loading provisions are included in separate Awards or Enterprise Agreements.

In the majority of cases leave loading is paid at the rate of 17.5 per cent and is currently capped at around \$700 (for normal, shift work and seven day week rostered staff) for any full entitlement of annual leave when the annual salary reaches \$51,900.

The estimated leave loading cost across administrative employees is approximately \$24.5 million per annum (2013-14). Across government the amount increases to approximately \$60 million per annum (2013-14), roughly 0.8 per cent of the total public sector wages bill. These preliminary costings assume that the leave loading ceases at the expiry of the enterprise agreement for each relevant group. Final costings would be based on the employment levels at this time.

The Government would need to resist this being transferred to higher salaries. That would provide administrative simplicity but no budget benefit, in fact it may adversely affect the budget as penalty rates would be calculated on the higher salary.

Title: Mining royalties — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	10,000	58,000	59,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal seeks a general increase in mineral royalty rates from 3.5 per cent to 5 per cent under the *Mining Act 1971*, and an increase in the 'new mine' rate (which can apply for the first five years) from 1.5 per cent to 2.0 per cent. No change to the petroleum royalty rate is proposed.

An increase in royalty rates applicable to OneSteel at Whyalla is also proposed to bring them into line with standard royalty rates under the *Mining Act 1971*.

An alternative option would be to increase the mineral royalty rates from 3.5 per cent to 4.0 per cent under the *Mining Act 1971*. In conjunction with the proposal to increase the new mine rate to 2.0 per cent and to bring royalty rates applicable to OneSteel at Whyalla into line with standard royalty rates, this option would raise approximately \$34 million in 2012-13 and 2013-14.

Title: CBD Car Parking Levy — introduce

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	31,300	32,100	32,900
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal seeks to introduce a levy of \$730 per annum (or \$2 per day) for all off-street and on-street parking in the Central Business District (CBD) with exemptions for residential parking and other prescribed uses (eg, disabled parking).

A parking levy can be used in conjunction with a range of other appropriate policies to reduce traffic congestion in the CBD area and encourage a greater use of public transport.

A number of interstate jurisdictions (New South Wales, Victoria and Western Australia) apply parking levies in their CBD areas. The rate of the levy proposed is below the rate applicable in New South Wales and Victoria.

Title: Public sector long service leave arrangements — reform

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	28,700	30,115	31,845
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The Commission recommends that the benefits to public sector employees in South Australia should be no more generous than the standard provisions that exist in other states or the private sector in South Australia. The effect of this change would be for a flat 9 calendar days to accrue for each completed year of effective service, rather than the step up from 9 to 15 days that currently occurs after 15 years of service. The *Public Sector Act 2009* would need to be amended.

The Commission also recommends that employees be encouraged to take long service leave (LSL) on a more regular basis. There could be a cap placed on the amount of benefit that an employee should have at any one time (eg, 150 days). This would provide a saving to the extent that it limits the growth in the LSL liability through revaluation. That is, it would reduce the impact of wages growth between when the LSL accrues and when it is taken.

This would reduce the annual LSL revaluation and therefore reduce the total liability. A reduction in the total valuation of the liability would benefit the State's net financial liabilities-to-revenue ratio.

As shown below, compared with the private sector, the South Australian public sector has a slightly lower rate of accrual up to 15 years' service and a significantly greater rate of accrual after 15 years' service (15 calendar days or 2.14 weeks per year compared with 9.1 days or 1.3 weeks per year).

Comparison of LSL arrangements SA public and private sectors

Years of Service	Public Sector	Private Sector
10	90	91
15	135	136
20	210	182
30	360	273

A comparison of the South Australian public sector's LSL entitlements with the LSL entitlements of other Australian jurisdictions' public sectors is shown below. It can be seen that, as well as being more generous than the South Australian private sector after 15 years of service, the South Australian public sector's LSL entitlements are also out of line with the LSL entitlements available in most other Australian public sectors.

Comparison of LSL entitlements (calendar days)^(a) per accrual period: Australian public sectors

Years of Service	SA	NSW ^(b)	Victoria ^(c)	Qld	WA ^(d)	Tas	Cwth
10	90	62	91	91	91	91	90
15	135	139	137	137	182	137	135
20	210	216	183	182	182	182	180
30	360	370	274	273	364	273	270

(a) Days rounded to nearest whole number.

(b) New South Wales LSL entitlements are provided for in working days. One month's leave is 22 working days. To convert from working to calendar days the entitlement has been multiplied by 7/5.

(c) Victoria calculate LSL based on periods of 10 years' service. An employee however is entitled to access their LSL entitlement on a pro rata basis after an initial 7 years of paid continuous service.

(d) Western Australia calculate LSL based on 7 year periods of continuous service. Public sector employees are therefore entitled to 91 days after 7 years continuous service, 182 days after 14 years, 273 days after 21 years and 364 days after 28 years. All other states accrue LSL entitlements each subsequent year after the qualifying date.

The total budgeted LSL expense (excluding revaluations) across government in 2010-11 is approximately \$140 million. This is the expense that impacts on the net operating balance of the budget.

As at 30 June 2009 the LSL liability for the Government was \$1.225 billion.

In addition to the budget impacting expense there is a revaluation to the LSL liability. In 2010-11 the revaluation to the LSL liability is expected to be around \$65 million. The revaluation reflects that employees will receive their LSL at their current rate of pay rather than the rate they were receiving when the benefit accrued.

Title: First Home Bonus Grant — cease

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	34,701	33,344	31,775
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

A First Home Bonus Grant (FHBG) was introduced by the Government as part of the 2008-09 Budget. First home owners that purchase a home valued up to \$400,000 receive a grant of \$4,000. The grant phases out for first home purchases valued between \$400,000 and \$450,000.

The grant is in addition to the existing \$7,000 First Home Owner Grant. Eligibility conditions for the FHBG are the same as those applying to the First Home Owner Grant.

The primary objective of the FHBG was to provide additional assistance to the majority of first homebuyers in recognition of recent increases in houses prices in South Australia and to replace the abolished first homeowners stamp duty concession.

Given the limited ability of the FHBG in improving first home owner affordability the Commission proposes that the \$4,000 FHBG should stop.

No change to the value of the existing \$7,000 First Home Owner Grant is proposed.

Title: Concessions — council rates

Rationale: Social Inclusion and Equity

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	30,700	30,700	30,700
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Remove the concession provided on council rates by the State Government to eligible recipients (largely pensioners, other Centrelink beneficiaries and self-funded retirees).

Local councils have the ability to provide a concession on council rate notices. Given that councils are responsible for setting the rates in their respective jurisdictions they are the most appropriately placed to deliver concessions. The level of concession provided can then be tailored to the level of rates applied in their local area (rather than a uniform concession applied across the state) and the needs and demands of their respective residents.

Holders of State Seniors Cards are also able to access existing council schemes which allow homeowners to defer payment of council rates indefinitely and for them to be held in charge against the value of the property until sold.

Title: Save the River Murray Levy — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	25,900	26,900	27,900
Estimated FTE Impact	—	—	—	—

Description/Explanation:

A 100 per cent increase in the Save the River Murray levy from 2011-12 is proposed. Standard annual indexation arrangements will continue to apply.

The Save the River Murray Levy (SRML) is payable by SA Water customers. The levy is indexed annually in line with movement in the Adelaide CPI (March quarter to March quarter). All money raised via the SRML is paid into the Save the River Murray Fund and can only be used for purposes that improve and promote the environmental health of the River Murray and ensure the adequacy, security and quality of the State's water supply from the River Murray.

The Government currently expends more on River Murray related expenditures than is raised through the SRML. These additional expenditures are currently funded from general revenues.

Title: Victims of Crime Levy — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	3,900	15,000	15,000	15,000
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal increases the Victims of Crime Levy to \$60 (currently \$30) on expiations from 1 January 2011.

Receipts from the levy are paid in to the Victims of Crime Fund. The Fund can be used to provide payments to persons to recover from the effects of crime, assist in the prevention of crime or advance the interests of victims of crime.

Title: Concessions — reform^(a)

Rationale: Lower Priority

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	16,608	20,540	20,540
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

(a) Represents the reversal of a 2010 Election commitment.

Description/Explanation:

Change three aspects of the current Government concessions program.

The first recommendation is to revert energy concession payments from a maximum of \$150 a year to \$120 a year to eligible recipients (saving approximately \$8 million per annum). This increase was recently announced and will come into effect in 2010-11.

The second recommendation is to hold State Government concession rates for energy, water, sewerage and ESL fixed property at a fixed level, rather than increase the concessions by 5 per cent per annum up until 2012-13 (as has been committed). This would generate estimated savings of approximately \$9 million per annum.

The third recommendation is to rescind the recent eligibility extension for energy and fixed property ESL concession to low incomes earners who hold a Commonwealth Low Income Health Card (saving approximately \$3 million per annum).

The government is likely to face an escalating volume of concession recipients in the future, due primarily to the ageing population. The practice of increasing the value of concession payments (even temporarily as has been committed) creates the expectation of an ongoing arrangement which would place a cumulative burden on the State's finances that should be avoided.

Title: Stamp duty landholder model — introduce

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-194	-199	-205
Operating Revenues	—	20,000	20,000	20,000
Estimated FTE Impact	—	2	2	2

Description/Explanation:

It is proposed to adopt a landholder model to determine the application of stamp duty on the conveyance of land resulting from a change in the ownership of private companies and unit trusts.

The adoption of a landholder model would result in a broader application of the duty to include conveyance of land on the sale of private companies regardless of the proportion of land assets.

It is also proposed to reduce the land value threshold for application of the duty from \$1.0 million to \$0.5 million.

The broad objective of the indirect interest provisions is to ensure that changes in ownership or control of entities holding land and other property in a jurisdiction pay the appropriate level of duty on land assets. The proposal is to replace existing land rich provisions in the *Stamp Duties Act 1923* with provisions that reflect a landholder model from 1 July 2011. The landholder model has broader application than the land rich model and protects the duty base from being eroded through potential manipulation of the land rich test.

Adopting a landholder model will bring South Australia in line with arrangements currently in place in Western Australia, New South Wales, the Australian Capital Territory and the Northern Territory.

Title: Petroleum Subsidy Scheme — cease

Rationale: Economic Rationale

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	6,776	13,426	13,427	13,327
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal is to cease petroleum subsidies paid to regional fuel distributors.

Petrol subsidies were introduced in South Australia following the invalidation of franchise fee arrangements on liquor, petrol and tobacco by the High Court in August 1997. Subsidies were applied in designated rural areas to offset the difference between the higher replacement Commonwealth excise surcharge (which due to Constitutional limitations cannot be applied at different rates of excise in each State) and the 'zonal' petrol franchise fees which had previously applied. Subsidy rates range from 0.82 cents per litre for unleaded petrol sold between 50 km to 100 km away from the Adelaide General Post Office (GPO), to 3.33 cents per litre for unleaded petrol sold more than 100 km from the Adelaide GPO.

The need for petrol subsidies is unclear given the time since their introduction. Several interstate jurisdictions including New South Wales, Victoria, Queensland and Tasmania have abolished their petrol subsidies.

Title: Facilities management — rationalise

Rationale: Service Levels and Costs

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	10,500	10,500
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Estimated savings from the competitive tender for all government agencies' facilities management works. Further details are in Section 8, Volume 1.

Title: Gaming tax — reform**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	7,200	8,300	8,700
Estimated FTE Impact	—	—	—	—

Description/Explanation:

This measure proposes to increase the gaming tax rates for clubs, hotels and the Casino.

Gaming machine tax rates for hotels and casinos are levied at marginal rates based on the level of net gambling revenue received at each venue. It is proposed that each tier of the existing gaming machine tax rates will be increased by 1 percentage point from 1 July 2011.

Changes to the clubs and hotels gaming tax rates will require amendment to the *Gaming Machine Act 1992*.

Casino gaming tax is implemented in accordance with the Casino Duty Agreement between the Treasurer and Skycity Adelaide pursuant to the *Casino Act 1997*. Under current arrangements, any increase in tax rates prior to the end of the exclusivity period would result in compensation being payable to the Casino. The exclusivity period ends, and thus tax rates can be increased from, 1 July 2015.

It is proposed to increase the rate of gaming tax for table games at the Casino from 0.91 per cent to 10 per cent, and from 34.41 per cent to 40.9 per cent for gaming machines from 1 July 2015. The revised tax rates will be broadly in line with those applicable interstate.

Title: Vehicle fleet — increase utilisation**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,500	5,000	7,400
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The overall size of the Government's passenger motor vehicle fleet is to be reduced by 10 per cent from its current size of approximately 8,700 vehicles. Emphasis will be placed on agencies to better manage the number of vehicles they require, for example by reducing home to office use and by greater pooling of vehicles.

This proposal is based on the assumption that the Motor vehicle fleet — optimise fleet mix proposal is accepted. If the Motor vehicle fleet — optimise fleet proposal is not accepted, the savings for increased utilisation will be greater than shown above.

Title: Number of Ministers — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	3,386	6,927	7,078	7,235
Operating Revenues	—	—	—	—
Estimated FTE Impact	-50	-50	-50	-50

Description/Explanation:

Reduce the size of Cabinet and number of Ministers by three.

The average number of Ministers as a proportion of lower house elected members for state and territory parliaments is 26 per cent. South Australia currently has 15 Ministers (including the Premier) or 32 per cent. Achieving the national average would reduce the number of Ministers by three, back to twelve.

The saving estimate reflects a reallocation of ministerial advisor resources to remaining Cabinet Ministers.

In absolute number terms, irrespective of the size of the lower house, the average Cabinet size for state and territories is 14. Savings in line with this average, ie, reducing the number of Ministers by one, would be less than proposed above.

Title: Motor vehicle fleet — optimise fleet mix**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,286	4,583	7,080
Operating Revenues	—	-100	-200	-300
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The proposal is to create an optimal fleet mix for the Government's fleet passenger vehicles compared to current industry benchmarks.

This will result in a higher proportion of small, four cylinder vehicles. This would be achieved through a mandated, whole-of-government vehicle procurement policy. This strategy would generate lower capital costs and ongoing running costs. It is expected that higher residual values compared to the purchase price would also be obtained.

This saving has been calculated based on the current fleet size.

Title: Payroll tax rebate for exporting industries — remove**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	7	7	7
Operating Revenues	—	6,394	6,394	6,760
Estimated FTE Impact	—	—	—	—

Description/Explanation:

The exporter rebate was intended to encourage companies to create new job opportunities through exports. However, there is no clear market failure justification for the rebate. Furthermore, as the rebate forms a relatively small reduction in the recipients' labour costs, and smaller businesses are not eligible for the rebate due to the tax free threshold, it is considered unlikely that the rebate is effective in meeting its stated aim.

It is proposed to remove the rebate that is currently available to exporters. The current rebate is equivalent to 20 per cent of the payroll tax paid on wages attributable to export production.

Title: Solid Waste Levy — increase**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	5,000	6,000	6,668
Estimated FTE Impact	—	—	—	—

Description/Explanation:

A progressive increase to the Solid Waste Levy from \$25.20 to \$54 per tonne to bring South Australia's charges in line with other states.

Increasing the Solid Waste Levy will further drive reductions in waste to landfill and encourage the recycling and reuse sectors. It will more closely align the South Australian levy to Victoria and New South Wales, which will minimise interstate distortions in waste disposal.

Victoria is increasing its municipal waste levy to \$53 per tonne over the next 5 years and New South Wales already charges \$59 per tonne, with annual increases of \$10 per annum in place up to 2015-16.

Although this measure is important for improved waste outcomes and the further development of the waste industry, the financial impact on local government, businesses and households is not expected to be significant.

Title: Cellar door liquor subsidies — abolish**Rationale:** Economic Rationale**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	5,100	6,200	6,300
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Cellar door subsidies were introduced in 1997 following the invalidation of state liquor franchise fees. State franchise fees were replaced by an increase in the Commonwealth wholesale tax on wine. Following the introduction of the GST, a Wine Equalisation Tax (WET) is now collected by the Commonwealth Government. When the state franchise fee was replaced with Commonwealth taxes, states were required to pay subsidies in respect of cellar door sales to replicate an exemption that applied under the state franchise fee regime.

The introduction of the WET and subsequent WET producer rebate by the Commonwealth Government led to a significant modification of the cellar door subsidy. The Commonwealth's WET producer rebate exempts the first \$1.7 million per annum of each producer group's or independent wine producer's domestic wholesale wine sales from the WET, rebating the first \$500,000 of WET payable.

The WET producer rebate was designed to replace State cellar door subsidy schemes, however, it was not a direct replacement of the scheme and some producers, mainly large producers, would have been worse off under the WET rebate if the cellar door subsidy scheme was abolished. The decision was made to modify the South Australian cellar door subsidy scheme to allow only wine producers with a WET liability to be eligible to claim state subsidy. A cap of \$521,000 per annum is applied to cellar door subsidies.

The change in the subsidy arrangements meant that some wineries were better off, being able to claim the state subsidy as well as benefiting from the WET threshold/rebate. Given that the cellar door subsidy largely benefits medium to large wine producers (ie, they have sales above \$1.7 million per annum), and noting that some producers are better off under the revised subsidy arrangements, it is proposed to abolish the state cellar door subsidy scheme.

Title: Stamp duty CTP on insurance renewal certificates — indexation**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	2,000	4,000	6,200
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Apply annual indexation to stamp duty on Motor Vehicle Compulsory Third Party (CTP) Insurance renewal certificates.

The stamp duty fee levied on Motor Vehicle CTP Insurance renewal certificates was last increased on 1 January 1998. Indexation in line with the annual fees and charges indexation factor would ensure ongoing parity between this fee and the motor vehicle registration fee (which is already indexed by the fees and charges adjustment factor).

Title: Payroll tax exemption for apprentices and trainees — revise arrangements^(a)

Rationale: Revenue

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	—	—	—
Operating Revenues	—	5,000	5,400	5,600
Estimated FTE Impact	—	—	—	—

(a) Represents a revision to a 2010 Election commitment.

Description/Explanation:

The Government committed during the 2010 Election to expanding the current payroll tax rebate for employing apprentices and trainees. The expansion provided an exemption from payroll tax to employers of all apprentices and trainees.

A broad exemption without any limitations on training contracts could potentially be exploited by employers. It is proposed to limit the payroll tax exemption for apprentices and trainees to the first contract of training only. The initial contract of training criteria is employer specific; if an apprentice or trainee undertakes another contract of training with a different employer they would be eligible for a payroll tax exemption provided it is the first contract of training with that employer.

Title: Self funded retirees concessions — eliminate

Rationale: Social Inclusion and Equity

Budget Implications (\$000)

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	5,322	5,454	5,477
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	-2	-2	-2

Description/Explanation:

Self funded retirees (ie, holders of State Concession Cards and Commonwealth Seniors Health Cards) are eligible for a range of concessions (energy, council rates, ESL, public transport). Self-funded retirees can have access to significant private incomes, while still being eligible for the same concessions as pensioners on limited incomes.

The targeting of concessions to a segment of society that has been assessed by the Commonwealth as not needing income supplementation is not optimal.

It is proposed to abolish concessions on council rates, Emergency Services Levy and energy provided to self funded retirees from 1 July 2011. It is proposed to retain public transport concessions, as the provision of transport concessions to Senior Card holders is the subject of a National Partnership with the Commonwealth Government.

Title: Land tax on trusts — revise arrangements**Rationale:** Revenue**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	-291	-298	-308
Operating Revenues	—	—	4,200	4,300
Investing Payments	—	-400	—	—
Estimated FTE Impact	—	3	3	3

Description/Explanation:

Interests in land held by way of beneficial interests in a discretionary trust rather than in an own name legal ownership are not aggregated into the one ownership for land tax purposes. In recognition of the increasing use of trusts to avoid aggregation provisions, it is proposed to amend the *Land Tax Act 1936* by introducing a surcharge on land tax rates and a lower tax free threshold for land held by trustees in certain trusts.

It is estimated that a surcharge of 0.5 per cent and a tax free threshold of \$25,000 for non-fixed trust landholdings will generate, under the proposed 2010-11 financial year land tax scales, additional land tax revenue of approximately \$4 million per annum.

Title: Executive motor vehicles — remove subsidy**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	1,145	2,158	2,762
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Public sector executives are currently entitled to a vehicle through salary sacrifice as part of their Total Remuneration Package Value (TRPV).

The vehicle is provided through either the Government (Fleet SA) or through a novated lease with a private salary packaging provider.

The Government currently pays 30 per cent of the operational costs of the vehicle on the basis of the vehicle being available during business hours for work related business by the executive and other employees of the agency. The average subsidy is \$4,561 per annum for an executive fleet vehicle.

Given the cost to the Government of this arrangement and the size of the fleet already available to employees for business use, there is little value in continuing the arrangement. Savings reflect the Government ceasing, at the expiry of their current lease, provision of vehicles to executives through salary sacrifice arrangements.

Executives may continue to use approved novated leases with private vehicle leasing or salary packaging providers.

Title: Ministerial office budgets — reduce**Rationale:** Service Levels and Costs**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	1,116	2,279	2,326	2,374
Operating Revenues	—	—	—	—
Estimated FTE Impact	-20	-20	-20	-20

Description/Explanation:

Proposal seeks to reduce Ministerial office budgets by 15 per cent from 1 January 2011 through staff levels and administrative efficiencies.

Title: First Home Owner Grant — introduce a property value cap**Rationale:** Lower Priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	2,063	2,062	2,061
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	1	1	1

Description/Explanation:

The First Home Owners Grant (FHOG) was introduced on 1 July 2000 to assist first homebuyers to gain access to the housing market and to offset some of the additional building and construction costs associated with the introduction of the GST. The new *Intergovernmental Agreement on Federal Financial Relations* (IGA) signed in December 2008 allows States and Territories to impose a cap on the market value of properties eligible for the FHOG. The cap imposed cannot be less than 1.4 times the relevant jurisdiction's capital city median house price and must be adjusted annually.

Since the introduction of the new IGA, New South Wales, Victoria, Queensland, Western Australia and Northern Territory have announced or introduced caps on the market value of properties eligible for the FHOG.

It is proposed to introduce a property value cap on the FHOG to bring the application of the grant into line with other jurisdictions. The cap should be set 1.4 times the median house price and adjusted annually as specified by the IGA.

Title: Judicial motor vehicles — remove subsidy**Rationale:** Lower priority**Budget Implications (\$000)**

	2010-11	2011-12	2012-13	2013-14
Operating Expenses	—	177	357	481
Operating Revenues	—	—	—	—
Estimated FTE Impact	—	—	—	—

Description/Explanation:

Currently judicial officers are entitled to a vehicle through salary sacrifice as part of their remuneration package.

This is on a basis similar to the Government's provision of vehicles to public sector executives whereby a subsidy is paid to ensure the vehicle is available for business use during normal business hours. The average subsidy is \$4,759 per vehicle per annum.

Given the cost of this arrangement and the large size of the government vehicle fleet, this proposal is to cease, at the expiry of their current lease, the provision of vehicles to judicial officers as part of their remuneration.

Vehicles will still be made available to judicial officers through privately provided novated leases.

Land zoning reforms

The Commission believes that there is a case for investigating the potential to tax windfall gains on property values accruing to landowners from favourable changes in planning or development regulations and rules, including the rezoning of land. Options which could be considered include a Broad Acre Development Levy and a Transport Oriented Developments Developer Levy.

No proposal has been included in this report for either a Broad Acre Development Levy or a Transport Oriented Developments Developer Levy.

The Commission recommends that the feasibility of introducing a Broad Acre Development Levy and a Transport Oriented Development Developers Levy should be explored by the Government, with the aim of taxing some of the windfall gains accruing to landowners from favourable changes in planning or development regulations and rules. Any levy rates would need to be set at levels that fall short of the full benefits accruing to landowners as a direct result of the change.

Further explanation is provided below.

Broad Acre Development Levy

Residentially zoned broad acre land within the urban growth boundary will be more valuable than similar broad acre land outside the growth boundary due to the potential for subdivision of the land for residential purposes. The Commission believes that there are grounds for taxing some of the gains accruing to landowners as a direct result of the land being zoned for residential purposes within the urban growth boundary.

A Broad Acre Development Levy could be introduced with the aim of capturing some of the windfall benefit to landowners from the rezoning or urban development of broad acre land. The Levy would be applied to all residential zoned broad acre land within Adelaide's urban growth boundary that is sold (for the first time) or developed.

The size of the levy imposed should be less than the benefit accruing to landowners as a direct result of the rezoning or development of broad acre land to ensure that it does not affect the release of land for residential building purposes.

The Commission notes that the South Australian Land Management Corporation (LMC) currently owns significant areas of broad acre land that is likely to be liable for any proposed Levy. The overall benefit to the budget from land sold or developed by LMC will be the net effect of the levy and the loss of dividends that would otherwise have been received.

The Victorian Government has recently introduced a similar Levy, namely the Growth Areas Infrastructure Contribution. Under the Victorian model, certain land brought within the Melbourne Urban Growth Boundary from 2005 and zoned for urban development is liable for the Growth Areas Infrastructure Contribution. The amount of Growth Areas Infrastructure Contribution applicable is as follows:

- for land brought into the urban growth boundary in or after 2009, the contribution is \$95,000 per hectare, indexed annually to a published construction cost index (to be determined by Treasurer); and
- for land that was brought into the urban growth boundary in 2005 and 2006, the contribution is \$80,000 per hectare, indexed annually.

Transport Oriented Developments Developer Levy

A transport oriented development (TOD) is a mixed-use residential or commercial area designed to maximize access to public transport. A TOD is usually centred around a public transport hub and includes relatively high-density development with progressively lower-density development spreading outwards from the center.

The change in the planning and development regulations and rules to facilitate TODs can cause an increase in property values. The Commission believes that the feasibility of taxing some of the windfall gains accruing to property owners as a result of the change in the planning rules and regulations in TOD areas should be explored.

A Transport Oriented Developments Developer Levy could apply to developments in which the type or density of land use changes as a direct result of the change in planning regulations to facilitate the TOD. Any developments complying with current residential planning requirements should not be liable. For example, replacement of a single dwelling with two or more dwellings should not attract the levy because those kinds of developments would be possible under standard planning rules.

Transport related areas eligible for amended planning status should be consistent with TODs identified in The 30 Year Plan for Greater Adelaide.

The Commission notes that the circumstances of each TOD, including the benefit received by landowners from a rezoning of land will vary. The Levy will need to be set at a rate less than the benefit accruing to the landholder as a result of the rezoning of land.