

Not Relevant

122 **AGO0194/05CS** **SAPOL and CAA Operational and Investing Costs for
PPP Project
APPROVED AS AMENDED (DELETE 4.1 AND 4.2 -
TO BE FUNDED FROM EXISTING FUNDING)**

Not Relevant

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CABINET COVER SHEET

1 TITLE: South Australia Police (SAPOL) and Courts Administration Authority (C.A.A.) Operational and Investing Costs for P.P.P. Project.

2 MINISTER: Kevin Foley M.P.
Minister for Police

Michael Atkinson M.P.
Attorney-General

3 PURPOSE: To seek funding for C.A.A. operational and investing costs incurred as a result of implementing the contract for the P.P.P. Regional SAPOL Stations and C.A.A. Courts project.

4 IDENTIFY THE RELEVANT GOVERNMENT POLICY OR STATE STRATEGIC PLAN TARGET OR BOTH: Consistent with Government policy to improve regional headquarters and service to user groups, to help achieve a priority action of Objective 2 of the State Strategic Plan: 'Implementation of the Government's response to the Layton Report into child protection'.

5 RESOURCES REQUIRED: Estimated expenditure requirements for C.A.A.:

	<u>CAPITAL</u>	<u>RECURRENT</u>
	\$M	\$M
2005-06	0.427	0.246
2006-07	0.212	0.159
2007-08 and ongoing	-	0.032

6 PUBLIC AND ENVIRONMENTAL EFFECTS: The groups in society that will benefit most from the vulnerable-witness equipment are children and vulnerable people, for whom giving evidence will be less stressful. The wider public interest will be served by courts receiving evidence that is of the best quality, including evidence that is not fraught with fear or distress.

7 RISKS: Failure to install the vulnerable-witness equipment will affect vulnerable people giving evidence in the courtroom. By not providing the option to give evidence in a suitably equipped remote location, the trauma of an in-court appearance will mount.
Delay in installing the court-audio equipment will impede courtroom operations.

8 CONSULTATION: Officers of the Department of Treasury and Finance (D.T.F.), SAPOL and C.A.A. have been consulted.

9 COMMUNICATION STRATEGY:

No communication strategy is required.

10 URGENCY:

Within the 10-day rule

11 RECOMMENDATIONS:

That Cabinet:

11.1 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$246,000 in 2005-06 and additional appropriation and expenditure authority of \$159,000 in 2006-07 and \$32,000 (continuing, indexed) from 2007-08 to cover the operational costs resulting from implementing Stage 2 of the P.P.P. project.

11.2 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$427,000 in 2005-06 and additional appropriation and expenditure authority of \$212,000 in 2006-07 for investing purposes to cover the procurement of video-conferencing equipment for vulnerable witnesses and court audio-equipment.


That Cabinet Note:

11.3 That SAPOL will fund the operational costs to be incurred as a result of implementing the contract and the costs associated with the selection of the Victor Harbor (2) site. Refer to Appendix 1.

11.4 That SAPOL has submitted a carry-over request from 2004-05 of \$58,000 to 2006-07. Provided the carry-over is approved further expenditure authority will not be necessary.

I declare that I have no actual or potential conflict of interest on the proposals contained within this submission.

SIGNATURE



Kevin Foley

MINISTER FOR POLICE

DATE: 7/12/2005

SIGNATURE



Michael Atkinson

ATTORNEY-GENERAL

DATE: 07/12/2005

SAPOL CONTACT OFFICER:

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Director
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South Australian Police
8204 2910

C.A.A. CONTACT OFFICER:

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8226 0103

TO: THE HON. PREMIER FOR CABINET

RE: SAPOL AND C.A.A. OPERATIONAL AND INVESTING COSTS FOR P.P.P. PROJECT

1. PROPOSAL

I propose that Cabinet:

- 1.1 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$246,000 in 2005-06 and additional appropriation and expenditure authority of \$159,000 in 2006-07 and \$32,000 (continuing, indexed) from 2007-08 to cover the operational costs resulting from implementing Stage 2 of the P.P.P. project.
- 1.2 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$427,000 in 2005-06 and additional appropriation and expenditure authority of \$212,000 in 2006-07 for investing purposes to cover the procurement of video-conferencing equipment for vulnerable witnesses and court audio-equipment.
- 1.3 Note that SAPOL will fund the operational costs to be incurred as a result of implementing the contract and the costs of the selection of the Victor Harbor (2) site. Refer to Appendix 1.
- 1.4 Note that SAPOL have submitted a carry-over request from 2004-05 of \$58,000 to 2006-07. Provided the carry-over is approved further expenditure authority will not be necessary.

2. BACKGROUND

- 2.1 In September 2003, Cabinet approved the procurement of new regional SAPOL headquarters and co-located C.A.A. courts and registries as a P.P.P. project.
- 2.2 The SAPOL C.A.A. P.P.P. project delivers new police stations and courts at:
 - Port Lincoln (new court and police station);
 - Victor Harbor (new court and police station);
 - Port Pirie (new court);
 - Berri (new court & refurbished police station);
 - Mt Barker (new police station), and
 - Gawler (new police station).
- 2.3 The project is for the design, construction, maintenance and ownership of the buildings and their fixtures by a private sector contractor for a period of 25 years.

2.4 In a Cabinet Submission dated 23 May 2005 Cabinet noted that:

"All resources required for the ongoing operation and management of the contract have been costed and identified within the budget allocation except those SAPOL & C.A.A. departmental costs incurred as a result of implementing the contract."

2.5 The 23rd May 2005 Cabinet Submission also stated that:

"These costs will need to be defined as part of the contract implementation process and SAPOL and C.A.A. will need to negotiate with DTP over the required level of funding. The resources could be obtained from operating savings incurred as a result of lower contract operating costs from the establishment of the contract."

2.6 SAPOL and C.A.A. savings identified as a result of the P.P.P. delivery have been returned to the Consolidated Account. For the C.A.A. the budget savings were \$119,000 in 2006-07, \$122,000 in 2007-08 and \$125,000 in 2008-09.

2.7 This submission seeks new funding to ensure that the implementation and commissioning phase of the project is done effectively. Cabinet should note that funding sought in this submission does not impact on the unitary charge.

3. DISCUSSION

3.1 SAPOL and C.A.A. were provided funding to cover the project management costs incurred in Stage 1 of the P.P.P. process up to 30 June 2005. Stage 1 of the P.P.P. process covered all activities up to financial close.

3.2 Cabinet was advised in May 2005 in the cabinet submission provided by the Minister for Infrastructure that SAPOL and C.A.A. would require funding from 2005-06 to cover operational costs incurred as a result of carrying out the P.P.P. contract. That is, costs incurred to ensure that current operations continue, the project is managed correctly and the new buildings are equipped for their intended purpose (refer 2.4 above). Implementation of the contract can be referred to as Stage 2 of the P.P.P. process.

3.3 Owing to the complicated nature of the P.P.P. contract process, SAPOL and the C.A.A. have appointed separate project managers until the expected commissioning of the facilities in December 2006. The Project Analysis Branch, Department of Treasury and Finance, support this strategy.

3.4 In February 2005 the Project Analysis Branch, D.T.F. requested SAPOL and C.A.A. to provide details of operational costs, such as decant costs, commissioning costs and project-management costs. These costs specifically relate to the Stage 2 of the P.P.P. process, i.e. efficient implementation of the P.P.P. contract and commissioning the facilities to operational standards.

- 3.5 The C.A.A. provided the operating cost details to the Project Analysis Branch, D.T.F. initially in February 2005, and updated cost estimates in April 2005, owing to project developments. On 7 April 2005 the Project Analysis Branch, D.T.F., advised SAPOL and the C.A.A. that the updated budget figures submitted to the Finance Branch, D.T.F., were based on the revised annual unitary charge. These updated figures did not include any provision for agency costs of the project, e.g.; relocation costs, project officer costs etc. The branch further advised that it was an agency responsibility to cover these costs through either current provisions or a budget bid to the Finance Branch, D.T.F., or through the operational savings associated with the reduction in operating costs.
- 3.6 Owing to design changes required to meet statutory requirements, SAPOL and C.A.A. operating costs for the P.P.P. project were still being developed up to mid May 2005. Cabinet approval for the P.P.P. project was given on 23 May 2005 with financial close completed on 15 June 2005. Also, the 2005-06 Budget Bi-lateral meeting with the Attorney-General, covering the C.A.A., was held on 23 February 2005. Therefore, it was not possible to raise the additional funding requirements in the 2005-06 Budget process.

REQUIRED RESOURCES – SAPOL

- 3.7 SAPOL has been funded for the project management costs to be incurred as a result of implementing the contract, however, owing to contract slippages, the timing of the expenditure of those funds requires a carryover adjustment.
- 3.8 SAPOL will fund the operational costs associated with the selection of the Victor Harbor (2) site (Refer to Appendix 1 'SAPOL Operational Costs').

OPERATIONAL COSTS - SAPOL

- 3.9 Cabinet to note that SAPOL has submitted a carry-over request from 2004-05 of \$58,000 to 2006-07 through the D.T.F. process. Provided the carry-over is approved, further expenditure authority will not be necessary. No additional provision for recurrent expenditure is required, as any future costs will be met from SAPOL budgetary lines at the time.

REQUIRED RESOURCES – C.A.A.

- 3.10 The C.A.A. was funded for a Project Officer up to 30 June 2005. To ensure that the facilities can operate, and that a suitable project management methodology is in place to implement the contract, the C.A.A. requires funding for a Project Officer from 1 July 2005, to the level outlined in Appendix 2 – C.A.A. Operational Costs.

OPERATIONAL COSTS – C.A.A.

- 3.11 The P.P.P. development at Berri has required the demolition of the current Berri Courthouse. The outcome has resulted in the need for the current courthouse operations to be relocated to temporary premises until the new courthouse is constructed. This process has incurred costs of decommissioning the existing and commissioning the temporary courthouse (refer to Appendix 2). In addition, the relocation of court operations from the current courthouse, which was adjacent

the Police Station, to temporary premises a distance from the Police Station, has resulted in a cost variation to the Prisoner Movement Contract. That is, the increase in distance from the Police Station to the temporary courthouse has increased the prisoner-transport costs.

- 3.12** Commissioning and decommissioning costs for the connection and disconnection of various equipment and operational requirements, e.g. telephones, computers, links to the new location, will be incurred upon occupation of the new P.P.P. facilities. The impact of not adequately addressing the commissioning and decommissioning issues will compromise the courtroom, information technology, registry and receipting functions of the new facilities. Public access to justice will be compromised if the new court locations are not adequately linked.
- 3.13** The funding issues discussed above are outlined in Appendix 2 – C.A.A. Operational and Investing Costs and are estimated at \$246,000 for 2005-06, \$159,000 for 2006-07 with continuing costs of \$32,000 per annum (indexed) from 2007-08.

VULNERABLE WITNESS EQUIPMENT – C.A.A.

- 3.14** In line with the State Strategic Plan objective, 'Improving Wellbeing' and the recommendations of the Layton Report, the P.P.P. development process allows for dedicated vulnerable witness rooms but the process does not allow for the provision of vulnerable witness equipment, i.e. video-conferencing units. The required equipment will be installed in one courtroom and in the dedicated vulnerable-witness room at each of the new P.P.P. facilities. The cost to procure the equipment is estimated at \$265,000 in 2005-06 and \$92,000 in 2006-07. Failure to install the equipment will deprive vulnerable people giving evidence in the courtroom of a helpful tool. By not providing the option to give evidence in a suitably equipped remote location will add to the trauma of an in-court appearance. The equipment is required before the completion of each courthouse (refer to Appendix 3 – Equipment Commissioning Schedule). The installation of this equipment will have no impact on the construction of the buildings and therefore has no impact on the unitary charge.

COURT AUDIO EQUIPMENT – C.A.A.

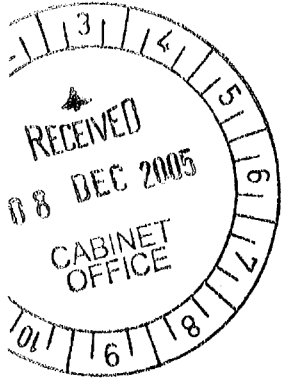
- 3.15** The courthouses built under the P.P.P. development will accommodate two courtrooms, in contrast to the current courthouse configuration of one courtroom. The increased size of the buildings does not allow for substituting existing equipment. For example, the increased size of courtrooms requires the replacement of the existing audio facilities (recording only) with systems that cater for amplification of audio. Without this equipment, audibility in the courtroom for all court users, i.e. judiciary, staff and clients, would be poor. Delay in implementing this equipment will compromise courtroom operations to a level that renders them unable to function effectively. The cost of the equipment is \$136,000 in 2005-06 and \$108,000 in 2006-07. The equipment is required before the completion of each courthouse (refer to Appendix 3 – Equipment Commissioning Schedule). The implementation of this equipment will have no impact on the construction of the buildings and therefore has no effect on the unitary charge.

EFFECTS ON THE PUBLIC (INCLUDING FAMILY, SMALL BUSINESS, REGIONAL AND REGULATORY EFFECTS) AND THE ENVIRONMENT

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3.16 The groups in society that will benefit most from the vulnerable-witness equipment are children, mentally and physically disabled and otherwise vulnerable people, for whom giving evidence will be less stressful. The wider public interest that is served by courts receiving evidence that is of the best possible quality, including evidence that it is not fraught with the witness' fear or distress.

The court-audio equipment will enable the courtrooms to function effectively by improving the audibility in the courtroom for all court users, i.e. judiciary, staff and clients.




4. RECOMMENDATIONS

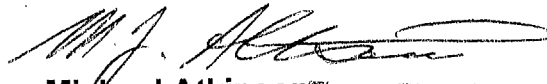
It is recommended that Cabinet:

- 4.1 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$246,000 in 2005-06 and additional appropriation and expenditure authority of \$159,000 in 2006-07 and \$32,000 (continuing, indexsd) from 2007-08 to cover the operational costs result from carrying out Stage 2 of the P.P.P. project.
- 4.2 Approve additional appropriation from Governor's Appropriation and expenditure authority to the Courts Administration Authority of \$427,000 in 2008-06 and additional appropriation and expenditure authority of \$212,000 in 2006-07 for investing purposes to cover the procurement of video-conferencing equipment for vulnerable witnesses and court audio-equipment.
- 4.3 Note that SAPOL will fund the operational costs to be incurred as a result of implementing the contract and the costs of the selection of the Victor Harbor (2) site. Refer to Appendix 1.
- 4.4 Note that SAPOL has submitted a carry-over request from 2004-05 of \$58,000 to 2006-07. Provided the carry-over is approved further expenditure authority will not be necessary.

I declare that I have no actual or potential conflict of interest on the proposals contained within this submission.

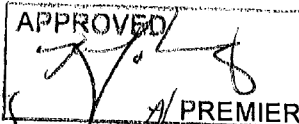

Kevin Foley
 MINISTER FOR POLICE
 7 December 2005

Delete 4.1 & 4.2


Michael Atkinson
 ATTORNEY-GENERAL
 7 December 2005

12 DEC 2005

To be funded from existing funding

APPROVED

 / PREMIER

Appendix 1 – SAPOL Operational Costs

ITEM No.	DESCRIPTION	2005/2006 \$,000	2006/2007 \$,000	2006/2007 \$,000	Recurrent \$,000	COMMENT
1	Salaries	92	95			Salary for Project Manager at ASO8 plus on costs.
2	Equipment and charges	5	1			Includes mobile phone purchase, monthly charges and computer.
3	Printing and Stationery	5	5			Includes photocopying, stationary etc.
4	Travel	20	9			Includes travel allowances, vehicle hire charges and airfares.
5	Advertising	6	2			Community information concerning the move, temporary and permanent facilities
6	Building Signage	0	2			Provision for directional signage (assumes insitu building signage at Plenary cost)
7	Reissuing of Forms	0	2			Provision for reprinting Victor Harbor stationery.
8	Packing	2	2			Provision for packing/unpacking of items not at Plenary cost.
9	IS&T Requirements	153	0			Temporary and permanent works required for IS&T installations.
10	Salvage Items	10	2			Costs to salvage furniture.
11	Make Good Site for Sale		18			Costs associated with removal of fixtures/fittings, gut and make good for sale.
	Total	293	138			

Appendix 2 – C.A.A. Operational and Investing Costs

ITEM	DESCRIPTION	2005/06 \$-000	2006/07 \$-000	Recurrent Ongoing \$-000	Investing 2005/06 2006/07	COMMENT
PROJECT MANAGEMENT						
	Salary	76	77	0	0	0 Salary for Project Manager at ASO6 plus on costs.
	Equipment	6	2	0	0	0 Includes mobile phone and charges, and computer.
	Printing & Stationary	1	1	0	0	0 Photocopying and stationary.
	Travel & Accommodation	20	9	0	0	0 Estimated use of 50% agency and 50% State Fleet.
	Total	102	89	0	0	
OECOMMISSIONING						
	Telephones	25	1	0	0	0 Decommissioning of telephones.
	Computing	20	5	0	0	0 Decommissioning of computers.
	Total	45	6	0	0	
TEMPORARY RELOCATION						
	Relocation of Court	2	0	0	0	0 Packing of court files, books and court items.
	Prisoner Transfer	55	0	0	0	0 GSL require additional staff to undertake prisoner transfer due to temporary facility.
	Total	57	0	0	0	
COMMISSIONING						
	Advertising	6	2	0	0	0 Community information concerning the new facilities.
	Reissuing of Forms	8	3	0	0	0 IT changes for new address, plus reprinting and posting summonses, etc.
	Relocation of Court	5	2	0	0	
	Telephones	3	10	11	14	0 Commissioning costs include PABX and additional telephones due to functional change of facility, one storey to two storey buildings. 7 Recurrent costs relate to ongoing line rental.
	Computing	9	19	0	12	5 Commissioning costs.
	Minor Office Equipment	3	0	0	0	0 Require 1 EFTPOS machine for Victor Harbor, and Whiteboards for Conference Rooms at all sites to make functional
	Security Monitoring	1	2	2	0	0 Not currently at sites, will require at new sites
	Sundry Expenses	1	2	0	0	0 Includes utilities disconnection and other sundry expenses
	User Manual	0	10	0	0	0 Advised by DTF to undertake development of manual
	Total	36	50	13	26	12
COURT AUDIO						
	Courtroom Equipment	0	0	0	136	108 Audio and amplification equipment and fit-out are required due to functional change of facility, and larger courtrooms.
	Total	0	0	0	136	108
	Sub Total	240	145	13	162	120
VIDEO CONFERENCING						
		6	14	19	265	92
	GRAND TOTAL	246	159	32	427	212

Appendix 3 – C.A.A. Equipment Commissioning Schedule

ITEM & DESCRIPTION	COURT FACILITY	Investing 2005/06	Investing 2006/07	COMMENT
COMMISSIONING				
Telephones				
	Port Pirie	7	0	Commissioning costs for PABX system Facility to be commissioned February 2006
	Berri	0	0	Facility to be commissioned February 2006
	Victor Harbor	7	0	Facility to be commissioned May 2006
	Port Lincoln	0	7	Facility to be commissioned October 2006
	Total	14	7	
Computing				
	Port Pirie	0	0	Commissioning costs for router/switch equipment. Facility to be commissioned February 2006
	Berri	6	0	Facility to be commissioned February 2006
	Victor Harbor	6	0	Facility to be commissioned May 2006
	Port Lincoln	0	5	Facility to be commissioned October 2006
	Total	12	5	
COURT AUDIO				
	Port Pirie	68	0	Audio amplification equipment and fit out are required due to functional change of facility, and larger courtrooms. Facility to be commissioned February 2006
	Berri	68	0	Facility to be commissioned February 2006
	Victor Harbor	0	36	Facility to be commissioned May 2006 (Account payment July 2006)
	Port Lincoln	0	72	Facility to be commissioned October 2006
	Total	136	108	
	TOTAL	162	120	
VIDEO CONFERENCING				
	Port Pirie	90	0	Video Conferencing equipment required for vulnerable witness facilities. Facility to be commissioned February 2006
	Berri	90	0	Facility to be commissioned February 2006
	Victor Harbor	85	0	Facility to be commissioned May 2006
	Port Lincoln	0	92	Facility to be commissioned October 2006
	Total	265	92	
	GRAND TOTAL	427	212	