

HOUSE OF ASSEMBLY
Tuesday 1 July 2008
ESTIMATES COMMITTEE A

Chair:

Ms M.G. Thompson

Members:

Mr L.W. Bignell
Ms L.R. Breuer
Hon. R.G. Kerin
Mr A.S. Pederick
Hon. L. Stevens
Mr M.R. Williams

The committee met at 11:00

DEPARTMENT OF WATER, LAND AND BIODIVERSITY CONSERVATION, \$94,888,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF WATER, LAND AND BIODIVERSITY
CONSERVATION, \$6,332,000

Witness:

The Hon. K.A. Maywald, Minister for the River Murray, Minister for Water Security, Minister for Regional Development, Minister for Small Business, Minister Assisting the Minister for Industry and Trade.

Departmental Advisers:

Prof. R. Lewis, Acting Commissioner for Water Security.

Mr R. Freeman, Chief Executive, Department of Water, Land and Biodiversity Conservation.

Mr P. O'Neill, Executive Director, Department of Water, Land and Biodiversity Conservation.

Mr G. Knezevic, Chief Finance Officer, Department of Water, Land and Biodiversity Conservation.

The CHAIR: The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I ask the minister and the lead speaker for the opposition whether the timetable has been agreed.

The Hon. K.A. MAYWALD: Yes.

The CHAIR: Member for MacKillop?

Mr WILLIAMS: Yes.

The CHAIR: Changes to committee membership will be notified as they occur. Members should ensure the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 18 July. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each.

There will be a flexible approach to giving the call for asking questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*. There is

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

All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that, for the purposes of the committees, television coverage will be allowed for filming from both the northern and southern galleries.

I declare the proposed payment open for examination and refer members to the Budget Statement, in particular pages 2.30 to 2.32, and Appendix C in Portfolio Statement, Volume 3, Part 11. Minister, do you wish to make an opening statement?

The Hon. K.A. MAYWALD: Yes, I do. I am very pleased to be able to open the budget estimates discussion today for the River Murray Program for the Department of Water, Land and Biodiversity Conservation. Last year I reflected on the fact that the Murray-Darling Basin was experiencing the worst drought on record. While inflows to the river system improved in the last 12 months, they are still only 25 per cent of the long-term average and the sixth lowest on record. Inflows have not been sufficient to replenish our River Murray storages. Drought conditions have continued to be severe with very significant implications for irrigators, industry, the community and the environment.

South Australia's dependence on the River Murray as a source of fresh water goes without saying. It is for this reason that the South Australian government has been at the forefront of intergovernmental negotiations aimed at shaping the future management of the Murray-Darling Basin through a new independent, expert-based Murray-Darling Basin Authority, and the development of a new basin-wide plan that will include sustainable diversion limits for surface and ground water. In addition, South Australia has continued to invest in programs that will reduce the state's reliance on the River Murray through, among other things:

- implementing Water Proofing Adelaide strategies;
- increasing use of stormwater and recycled wastewater;
- the development of a desalination plant; and
- investigations to increase Mount Lofty storages and to double the capacity in the Mount Lofty storages reservoirs.

South Australia has also continued with its strong commitment to securing environmental outcomes for the River Murray through the Living Murray Initiative and the First Step water recovery package.

As I mentioned earlier, we have continued to receive well below average rainfall. The River Murray inflows in May 2008 were only 80 gegalitres, which is only slightly higher than the previous modelled minimum inflow of 75 gegalitres in 1902, and it is 21 per cent of the long-term May average of 390 gegalitres.

At the end of May 2008, the total volume of water in the Hume, Dartmouth, Lake Victoria and Menindee Lake storages was only 1,886 gegalitres, which is 20 per cent of capacity, compared to about 1,080 gegalitres, or 11 per cent, at the same time last year. However, the volume currently held in storage includes water released by Snowy Hydro Water for 2008-09; water that is set aside for critical human needs and private carry-over for delivery and use in 2008-09. After taking this water into account the current position is worse than at the same time last year.

South Australia has secured the 201 gegalitres we require to ensure potable water for critical needs in 2008-09, and under arrangements approved by first ministers, South Australia will receive 696 gegalitres for dilution flow and system losses in 2008-09.

In addition, in excess of 90 gegalitres has been accumulated so far to meet private carry-over commitments. This volume is likely to increase to over 100 gegalitres, depending on the final reconciliation of interstate water trade for 2007-08, and that reconciliation will occur during the month of July.

Irrigators will begin the 2008-09 water year on 1 July (today) with a small 2 per cent opening allocation and access to 50 per cent of their approved carry-over water volume. Once the final readings have been undertaken for 2007-08 it is anticipated that up to 80 per cent of carry-over water volume will be available from 1 September 2008.

DWLBC has developed projections for inflows to South Australia based on data provided by the Murray-Darling Basin Commission. The projections show that, depending on how water is allocated, there is a 75 per cent chance that allocations will reach 32 per cent, which is the same as the 2007-08 year, by the end of this water year, and there is a 50 per cent chance that allocations will be higher than 32 per cent.

The key short-term drought response measures that we have undertaken have included:

- negotiating and achieving our critical human needs to secure sufficient water of suitable quality for critical needs;
- we have had in place, of course, ongoing water restrictions for domestic and irrigation water;
- we have been helping drought affected communities;
- we have established the positions of community liaison managers. They are in place to ensure prompt responses to concerns of affected communities;
- we have held substantial public meetings where ongoing discussions and consultation regarding drought recovery related issues have been canvassed;
- we have provided financial relief from water trade transfer fees and for NRM water levy payments;
- we have enabled licensed River Murray water users to carry over water into 2008-09 up to 100 per cent of their restricted volume for 2007-08 that is unused; and
- we have negotiated space in the upstream storages to enable that to occur.

As far as River Murray operations and management are concerned:

- we have lowered the major pumping station off-takes that supply Adelaide and country towns below Lock 1;
- we have continued the implementation of emergency dredging procedures;
- we have sealed the leaky barrages to the best of our ability, and we continue to monitor that;
- we have been micro managing the weir pools;
- we have temporarily closed 27 regulated wetlands and six permanently connected water bodies, which has achieved evaporative savings of around 59 gigalitres. The recovery plans are being developed for these wetlands post-drought to minimise the risk of long-term ecological damage; and
- we have undertaken and gained support from the Murray-Darling Basin partners for the pumping of water from Lake Alexandrina into Lake Albert to prevent acidification of Lake Albert, in particular.

For the governance of the Murray-Darling Basin, at the meeting on 26 March this year an historic in-principle agreement was reached on a memorandum of understanding for Murray-Darling Basin reform. The agreement represents a commitment to establish cooperative and accountable governance arrangements across the basin, with an emphasis on a whole-of-basin approach.

This will enable actions to address overallocation, improve environmental outcomes and enhance irrigation efficiency. Importantly, under the MOU, the Murray-Darling Basin jurisdictions have agreed that the new basin plan will include provision for critical human water needs. This is a significant commitment for which South Australia lobbied hard. Other key aspects of the agreement that were key points of negotiation for South Australia included:

- the capacity for South Australia to store water in upstream dams;
- management of the Murray-Darling Basin by a new independent expert Murray-Darling Basin Authority; and
- the development of a new basin-wide plan and a new cap on the amount of water that can be used in the basin. For the first time, the cap will include both ground and surface water.

Together with agreement by all basin governments to reform institutional changes, the commonwealth has also committed to making significant investment in water-saving projects in the

Murray-Darling Basin. In particular, the commonwealth government has committed to undertaking due diligence and applying three threshold tests when considering its investment in basin infrastructure projects. These tests include that projects must:

- deliver substantial and lasting returns water to secure real improvements in river health;
- go towards securing regional economies and communities; and
- deliver value for money in the context of the first two tests.

It was also agreed at the March COAG meeting that the commonwealth will consider draft priority project proposals from South Australia, New South Wales, Queensland and the ACT in the lead-up to the next meeting, which will of course be held this Thursday. South Australia has submitted a proposal for consideration, and this will be subject to due diligence and community consultation in the coming months.

The Office for Water Security has been established, and its key focus is to bring together policy making and determination across government and across-government agencies in relation to water security. The office is headed by the Commissioner for Water Security. It is also intended that it will build on the Water Proofing Adelaide strategy and develop for the government a whole of South Australia water security plan.

The government recognises that there is no single solution to the state's water security and that a diversified approach is needed. This includes commencement of the construction of a desalination plant for Adelaide, increased storage capacity in the Mount Lofty Ranges and protection of our catchments (both the local catchments and the Murray Darling catchment), as well as managing the use of water and increasing the use of recycled water, both stormwater and treated effluent.

The Office for Water Security will ensure that options for the state's water security are considered, including policy options that promote increased supply diversification. In addition to state water security planning, the Office for Water Security also has key roles and inputs in other areas, including issues related to COAG's water agenda and the state's implementation of the National Water Initiative.

The Living Murray initiative is a responsibility of the Department of Water, Land and Biodiversity Conservation and the SA Murray-Darling NRM Board. At this time, it would be easy to focus totally just on improving water for human and industry needs at the expense of maintaining environmental flows and functioning ecosystems. However, we need an ecologically healthy river system, with good water quality for our irrigators, communities and economies to flourish in the longer term.

The Living Murray initiative is about getting back 500 gigalitres for environmental purposes by June 2009. South Australia's goal is to achieve 35 gigalitres of that 500 million, and an investment package target of \$65 million has been set. We intend to achieve our 35 gigalitres of water recovery by 30 June 2009. However, of course these water recovery projects are subject to the restrictions that we currently have in place.

South Australia was the first Murray-Darling Basin jurisdiction to deliver water onto the register for the Living Murray when 13 gigalitres was transferred. The balance of our water recovery target will be achieved through the purchase of water from willing sellers, water recovered through the rehabilitation of highland irrigation districts in South Australia transferred to the Living Murray and water purchased from SA Water that has been recovered through the rehabilitation of the Lower Murray swamps and other purchases. We are also looking to secure some water through the improved management of wetlands to reduce evaporative loss.

Madam Chair, I thank you for the opportunity to put before the estimates committee an account of South Australia's ongoing response to this unprecedented drought and how we are positioning ourselves to secure our water supplies for the future.

With our Murray-Darling Basin partners, we have been working hard and seeking the support of the federal government to show strong national leadership. With this, I believe that we can emerge from these current difficult circumstances with reforms that will be enduring and provide for the longer term, sustainable management of the River Murray, with sustainable communities, sustainable industries and a sustainable environment.

Mr WILLIAMS: I will be somewhat quicker than the minister, noting that she has already taken five minutes of the committee's very short time on this subject through her late arrival and

spending 15 minutes making a ministerial statement that has provided absolutely no new information to the committee. I will move directly to questions.

Minister, in your opening statement you mentioned that 696 gigalitres of water would be made available to South Australia for dilution and system losses during 2008-09. How much water was made available to South Australia during 2007-08, and how much of that water was delivered across the border to South Australia?

The CHAIR: I remind the member for MacKillop that questions must be based on a line in the budget documents.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 11.54.

The Hon. K.A. MAYWALD: For the year 2007-08, the outlook at this stage, at the end of May, showed that the water South Australia was likely to be allocated was 1,080 gigalitres, of which we have received 931 gigalitres.

Mr WILLIAMS: I refer to page 11.54. How does the government reconcile its stated position with its willingness to sign the MOU of 26 March and probably an intergovernmental agreement later this week? I refer specifically to the Premier's comments in the house on Tuesday 16 October, when he said:

I was determined that we would not hand over from one group of politicians to another group of politicians, that we would have running the River Murray a group of independent experts making decisions on such things as water allocation.

The MOU signed in March, in clause, 43 states:

This MOU implements sound principles of state-federal relations by assigning the basin-wide planning role to the MDBA and the commonwealth minister, while providing for clear participation by basin states in decision making.

Clause 45 states:

A new ministerial council will be established which will provide formal roles for basin states in the basin plan and will decide on natural resource management plans, the Living Murray initiative, state water shares and River Murray operation.

The apparent inconsistencies have been commented on by a number of respected commentators, including Dr David Paton, who was quoted in *The Advertiser* of 27 March as saying:

It is still a ministerial council with political overtones that will potentially override or influence the decisions made by the independent authority.

The CHAIR: Minister, are you confident that they are accurate representations of the statements made? The member does not seem to be ready to table anything. Member, for your information, if you are citing anything other than the budget documents, you must be able to provide copies of it so the minister, when answering, can assess whether there are footnotes. We have already had cases where numbers have been cited but no footnotes have been cited. That question was not based on the budget estimates but, rather, a whole stack of statements. The minister has discretion as to how widely she wants to range with her answer and whether she wants to answer all or some of it.

The Hon. K.A. MAYWALD: The budget estimates refer to the MOU on page 11.54. Under the MOU, the proposition is that an independent, expert-based Murray-Darling Authority will be established. That Murray-Darling Authority will have two responsibilities, one of which is to establish a new basin-wide cap. The new basin-wide cap for the first will include groundwater and surface water, and the work currently undertaken by the CSIRO for sustainable yields in each river system will form the starting point and the basis for the development of that basin-wide plan.

A range of activities will be undertaken by the authority that are currently undertaken by the Murray-Darling Basin Commission. There are two parts to the responsibilities of the authority. In undertaking and developing the basin-wide cap, the basin authority will report directly to the federal minister. The federal minister will have the final say on the establishment of the basin-wide cap. The ministerial council that will be established to support the Murray-Darling Authority will not have a decision-making role in that function.

However, the ministerial council will have a decision-making function in relation to the residual functions of the commission, which is the day-to-day operation of water delivery from one state to another, the management of locks and weirs, and the like. There are also the NRM programs currently being undertaken by the Murray-Darling Basin Commission and the Living Murray initiative, which is the return of the first step 500 gigalitres to the River Murray system.

Decision making in those areas will still be maintained by the jurisdictions through the ministerial council, but the importance of the new reform is that the new cap—and the cap for the first time will include groundwater with the surface water extractions—will be the sole decision of the federal Minister for Climate Change and Water.

One of the other important things is that, when the national water plan was first introduced by the former federal minister for water (Malcolm Turnbull) and former prime minister John Howard, it was intended that there would be one minister and one government department, and that the government department and that one minister would have sole responsibility for management of the entire Murray-Darling Basin. That was not supported by the broader community.

What was supported was that there should be an independent authority advising the minister without fear or favour on matters in relation to the establishment of the new cap. The Premier's comments to which the honourable member referred were in the relation to the establishment of the basin-wide cap and the management, monitoring and auditing of that cap in order to ensure that a sustainable yield—and, therefore, a sustainable river system—could be achieved.

Handing over the responsibility of that from one set of politicians into another political environment without having an independent authority was seen not to be progressing the issue of the River Murray. The independent authority is the key to ensuring that we get a whole-of-basin approach to how the water is managed, how the cap is established and how the cap is monitored and audited.

Mr WILLIAMS: I have all the quotes I will be using today. I have copies of the original documents. I thought there was no opportunity for the opposition to table any documents in the committee.

The CHAIR: The issue is not tabling them. Estimates are about the budget so you must refer to a budget line. That is what the minister has in front of her. If you want to use other data, then questions are not orderly if they are based on other data. I have been generous and ministers have been generous in responding to the budget and other data, but it must be sourced. The minister must be able to see it, otherwise they are responding to something without the full information. The procedure is to provide the chair with a copy of the source document which can be distributed to the minister and other members of the committee so they have a complete understanding of the question. Is that clear enough?

Mr WILLIAMS: In all my years in estimates committees, it is the first time I have heard of that ruling, Madam Chair.

The CHAIR: That is because people have generally abided by the rules. I am being generous in allowing a little extension of the rules. If you had had Chair Gunn, you would know that you cite the line and the line only, and the chair would decide who could ask what question at what time. I am very generous.

Mr WILLIAMS: I hope you continue that way, Madam Chair. I refer to Budget Paper 4, Volume 3, page 11.52. Minister, do you accept the findings of the water find report into the federal government's water licence buyback scheme that 'using the last five years as a forecasting tool, the government would need to acquire 100 per cent of the Murray-connected entitlement market for 14 years to achieve a 1,500 gigalitre water return target through market-based mechanisms'? Do you believe that this time frame is adequate to meet the needs of the basin and particularly the environmental and commercial interests in South Australia?

The Hon. K.A. MAYWALD: There is no line in here regarding the water find report, so I will make my comments with reference to what the national plan and the Water for Futures funding intend to achieve. The federal government's Water Futures program has a number of components to it. It is a \$12.9 billion program: \$5.8 billion of that is to be invested in infrastructure improvement and industry renewal; 50 per cent of the water which is saved through those programs to go to the environment and 50 per cent to go to industry renewal and irrigators. Also, a \$3 billion program is intended to purchase water from the system. Purchase of the water is to deal with over allocation in the system, and I am sure all members in this chamber and, indeed, all South Australians would agree that the purchase of water is a necessary part of dealing with over allocation, although I do realise that it is only just a recent acceptance by the Liberal Party that it is necessary to get into the market and purchase water. Up until just very recently—in the last 18 months—the Liberal Party has been opposed to the purchase of water in the marketplace.

The overall intention of the federal Water Futures program is to return substantial water to the system and deal with the over allocation in the system. As I understand it, some indicative figures were released originally with the national plan from Howard and Turnbull that talked about 1,500 gigalitres being the amount to be achieved. I am unaware of an indicative total in relation to the new program.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 11.54. Why did South Australia sign off on an agreement in March that had time lines for a new basin plan not to be developed until 2011 and agreed to existing state plans to continue well beyond that date—in the case of Victoria until 2019? Do you agree with the commentators such as Dr David Paton who was quoted in *The Advertiser* on 27 March as saying in regard to the MOU that 'I think this is not a good deal for the Murray-Darling Basin'? He went on to say that the time lines are inappropriate for the severity of the state of the system and it fails to really deal with what is an urgent matter. Professor Mike Young was also quoted in the same article as saying that it was a very important issue over which we have to move faster.

The CHAIR: Member for MacKillop, that question extends well beyond an estimates question. It is more suited to the House of Assembly. However, I will give the minister the opportunity to answer from what she has available to her.

The Hon. K.A. MAYWALD: I am assuming that the question refers to the memorandum of understanding again which is a budget item on page 11.54, so I can understand where the long bow has been drawn. However, the memorandum of understanding was signed by the Premier. It was not signed by the minister, first and foremost, it was the premiers and the Prime Minister at COAG. I would have thought that the member would have been aware of that. The sign-off on the memorandum of understanding was to progress a national approach to the management of the Murray-Darling Basin system for the first time. Prior to that, we have not had a national approach. The Murray-Darling Basin Commission and the ministerial council process has meant that states' interests have overridden basin-wide interests for many decades—since the original signing of the Murray-Darling agreement in the early 1900s.

It is a momentous step forward to have a basin-wide approach to the management of the Murray-Darling system and the establishment of an independent authority that will provide for the establishment of a new basin-wide cap. The basin-wide cap will be developed through the new basin plan over the period to 2011. Of course, it would be great if it was there and in place at the moment, but a considerable amount of work needs to be undertaken to develop that plan. It does not exist at the moment. I might add that, when we were pressing and negotiating with the former government in relation to what was known as the national plan back then, they refused to put a time line on the development of the basin-wide plan. They refused to even commit to a two or three-year process. They said that it would be developed in the time frame in which it takes to develop the plan.

Through the memorandum of understanding, we were able to achieve a commitment that that plan would be developed by 2011. What is happening concurrently with the development of that plan is an immediate action to address the over allocation. The plan does not address the allocation on its own. There are a number of other processes in which the over allocation will be dealt with, the first being the \$3 billion for the purchase of water in the market. That purchase of water is about dealing with the over allocation and providing more water for the environment, and those purchases are commencing immediately. As we know, there was a \$50 million purchase earlier this year and significant funds are set aside in the budget for the coming water year for the purchase of water also.

There is also another stream; that is, the \$5.8 billion that has been set aside to fund infrastructure improvements, the savings of which will also go back to the environment. Neither of those funding streams are dependent upon the development of the plan being concluded before they can be implemented. Three things are happening: a basin-wide plan will be established; water purchase out of the market immediately; and infrastructure programs will be undertaken with the \$5.8 billion.

The existing plans that actually sit in states are legally binding in each of the states and even under the negotiations with Malcolm Turnbull and John Howard it was recognised that those existing plans would need to be honoured. Many investments have been based on those existing plans, which talk about how you share the available resource. Those plans do not necessarily have volumetric amounts of water applied to them. So when the new cap comes into effect, those plans will actually determine how each state shares what they have available to them. It is not about maintaining the same volume that is actually available for extraction at this point in time.

Everything works and will link in together. We will have water purchase commencing immediately or already commenced. The \$5.8 billion for infrastructure renewal will commence immediately. Money has already gone out to individual irrigation districts such as the Renmark Irrigation Trust to actually undertake the work necessary to get those projects up and running.

There are also the individual state plans. Those individual state plans will maintain the existing share structures within each state but not the existing volumes. I do not agree with Dr David Patton's comments, as they were put forward, that this is not going to deliver anything until the plan is put in place by 2011, because there are a number of other streams that are also underway.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 11.54. Do you agree with the Premier when he said in the house on Wednesday 2 April:

It is vital for South Australia that infrastructure projects such as the Food Bowl project in [Victoria]...are developed and funded from the commonwealth \$10 billion infrastructure fund. The water savings generated by these projects will deliver real benefits to South Australia and will help to ensure the survival of the River Murray.

Or is Professor Mike Young correct when he said that the maths of the COAG agreement simply did not add up. He was quoted in the *Advertiser* of 8 April this year saying:

Victoria is being paid to take 200 gigalitres out and put a hundred back in.

He noted that the 200 gigalitres classified lost through leakage actually seeps back into the river.

The CHAIR: Member for MacKillop, that question is not even in order in question time. However, as you have made all those comments I will allow the minister to range widely with any comments she wishes to make.

The Hon. K.A. MAYWALD: I would like the opportunity to respond to those particular statements. The Food Bowl project is subject to due diligence. It is not a project where a billion dollars is being handed over as a blank cheque with the comment, 'Here you go, and if you give us some water that will be a bonus.' The hundred gigalitres attached to that \$1 billion must be delivered and the due diligence in that project will be undertaken before any money is handed over.

It is as simple as that. The maths and the equations of how that due diligence determines that 100 gigalitres is incredibly important, and South Australia will be doing all that it can to ensure that that is 100 gigalitres of real water, as will the commonwealth.

There are commentators who have made different remarks about the maths but, quite frankly, there is not enough detail on that project out there to do that as yet, and that is why the commonwealth has undertaken to do the extensive due diligence before it will approve the \$1 billion investment in that program. It is subject to; it is not an open cheque.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 11.52. Can the minister explain to the committee the details of the five water recovery projects in Victoria to which South Australia is committing \$26.8 million and how these projects will recover 186 gigalitres of water for the River Murray?

The Hon. K.A. MAYWALD: We are actually responsible for investment in these projects through the Living Murray. There are five projects on which South Australia is committed to meeting milestone payments that have gone through the process undertaken by the Murray-Darling Basin Commission and been signed off by the partners as water recovery projects that will recover water for the Living Murray.

One of those is the Goulburn-Murray water recovery project. There is the Murray-Darling Basin Commission pilot market purchase project of 20 gigalitres; there is the water tender for efficiencies from the Australian government; there is the rice growers of New South Wales A1 project which is a water purchase project; and there is the New South Wales market purchase project. In relation to the state contribution to the Murray-Darling Basin Commission, the expenditure forecast for 2008-09 is about \$15 million for the Living Murray initiative which includes finalising our 35 gigalitres and also those five projects.

The water tender project for efficiencies of the Australian government was 0.2 gigalitres; the New South Wales market purchase measure was 125 gigalitres; the rice growers one was approximately three gigalitres—we will get the detail of that one for you; and the Goulburn-Murray project was 145 gigalitres.

Mr WILLIAMS: What commitment has the state government made towards a proposed desalination plant near Whyalla?

The Hon. K.A. MAYWALD: The South Australian government has undertaken the signing of a memorandum of understanding with BHP to work with BHP on the feasibility of extending that project to actually encompass water supply to Upper Spencer Gulf and we are continuing those negotiations with BHP.

Mr WILLIAMS: There has been no commitment by the government to actually supply desalinated water?

The Hon. K.A. MAYWALD: There has been a commitment for us to actually investigate fully the feasibility of that project and to work out how we would actually go about that with BHP. That is common knowledge. The memorandum of understanding was signed some time ago, and we are working with BHP on how that project might be delivered.

Mr WILLIAMS: If there has been no commitment, why did the Premier, on 18 October in answer to a question in the house, state:

I am delighted to announce to the house today that we will have two desalination plants, one near Whyalla...with a South Australian government and a federal government component which will be there to supply desalinated water to Whyalla, Port Pirie, Port Augusta and parts of the Eyre Peninsula.

It went on to say:

The fact of the matter is this: we are committed to two desal plants—one for the Spencer Gulf and one for Adelaide...

The Hon. K.A. MAYWALD: We are, and we are working through the detail of that with BHP. We have signed a memorandum of understanding with BHP and we are working through the detail.

Mr WILLIAMS: So, we are committed; we will be building a desal plant near Whyalla?

The Hon. K.A. MAYWALD: We will not necessarily be building a desalination plant, but we are committed to working with BHP to extend the facility that will be established in the Upper Spencer Gulf to incorporate supply to the Upper Spencer Gulf communities.

Mr WILLIAMS: So, this is totally dependent upon BHP's actions over the next few years?

The Hon. K.A. MAYWALD: Absolutely.

Mr WILLIAMS: So, we are not committed.

The Hon. K.A. MAYWALD: I think the member would be well and truly aware of the BHP process in relation to the Olympic Dam expansion.

Mr WILLIAMS: I am more than aware of that. I am more concerned about the South Australian government's commitment. Again, I refer to page 11.54. Given the continuation of the drought and low flows of water to the Murray-Darling system and the low allocations to irrigators for the new water year, why has the state government not pressed the new federal government to support South Australia and other irrigators with a scheme to provide low interest loans for the purchase of temporary water?

On 15 November, only days before the 24 November federal election, Premier Rann called on the federal Liberal government to deposit up to \$250 million with major banks to allow the banks to provide loans at a 3½ per cent interest rate to irrigators with permanent plantings to lease temporary water. Since the change of government, Premier Rann and the state Labor government appear to have lost interest in this scheme. Does the government have any proposals to help save permanent plantings within South Australia?

The CHAIR: Minister, another long bow, but you are invited to respond accordingly.

The Hon. K.A. MAYWALD: First, I would say that we lobbied hard last year, with both the government and the opposition, to support a proposition that would enable long-term, low interest loans to irrigators. We were rejected by both the former government and this government, and so were the irrigation communities that also lobbied hard.

Mr WILLIAMS: I refer to the same budget paper. Is the minister in receipt of any advice as to the availability of temporary water for the ensuing irrigation season similar to that purchased by irrigators during the last water year to save their crops?

The Hon. K.A. MAYWALD: Could the member repeat that? I did not get the start of it.

Mr WILLIAMS: Is the minister in receipt of any advice as to the availability of temporary water for purchase in the ensuing irrigation season?

The Hon. K.A. MAYWALD: Any temporary water purchase will be dependent upon rainfall in the system and how much water is allocated in the system.

Mr WILLIAMS: So, the minister has no advice of any water that is being held upstream by irrigators which they may be interested in selling?

The Hon. K.A. MAYWALD: Irrigators have the capacity to carry over their entitlements, and anyone who is carrying over their entitlement has a choice as to whether they may sell it or not, or use it on their own property. Certainly, that is a market mechanism which people may use.

Mr WILLIAMS: So, no investigations have been undertaken, through the minister's agencies, as to what water may be available on the market for irrigators?

The Hon. K.A. MAYWALD: As I said, any water that is available on the market for irrigation will be determined by rainfall that is yet to occur in the basin. So, it is all subjective.

Mr WILLIAMS: That is different information to what some of the irrigation people have got. Given the eventual commitment to build a desalination plant for Adelaide, will the minister explain to the committee specifically why it will take some five years to deliver this project?

The Hon. K.A. MAYWALD: The construction of the project will take far less time than that; in fact, the process that we are undertaking is a normal time frame for building a desalination plant. You cannot just take into account the time frame from when you dig the first hole, you must actually go back before that—when you look at the Perth plant, when you look at the Gold Coast plant and when you look at what is happening in Sydney and Melbourne. It is crucial that you undertake the pre-investigations of those projects to ensure that you get the design of the plant right and site-specific. We are undertaking that work and we are undertaking it at a very fast pace. That is a question for the water security section. Are we moving into water security now? Have we finished with the River Murray?

Mr WILLIAMS: No.

The CHAIR: That is what I was wondering.

Mr WILLIAMS: I thought we were doing River Murray, water security—

The Hon. K.A. MAYWALD: It is actually a question for SA Water. DWLBC is not building a desalination plant. So, if the member would like to move on to the SA Water section, I will get the officers in.

Mr WILLIAMS: The interesting thing about the budget—and we had this issue last year—is whether water security is about the water coming down the River Murray or whether it is just about SA Water. I thought we were talking about the Department of Water, Land and Biodiversity Conservation.

The Hon. K.A. MAYWALD: DWLBC is not building a desalination plant, SA Water is. So, any questions about the SA Water desalination and its construction of the plant can be deferred to that section, or we can move to that section now, if the member chooses.

Mr WILLIAMS: I refer to page 11.57 of the budget, which states the following about the work of the water security agency:

Construct a seawater desalination plant for Adelaide to initially supply up to a quarter of Adelaide's drinking water each year (50 gigalitres), expandable to 100 gigalitres.

It is in the budget.

The Hon. K.A. MAYWALD: I would point out to the member that when we talk about, 'work has commenced on scoping the statewide water security plan', and if he wants to talk about the water security plan, yes, but if he wants to talk about the construction of the desalination plant, that is a project being undertaken by SA Water, not a policy department. I thought the member would have understood that. If the member wants to move into the SA Water section now, I am quite happy to.

Mr WILLIAMS: No; I have more questions than the minister will have time to answer. So, we will stick with the timetable at the moment.

The Hon. K.A. MAYWALD: Well, if we got on with it we would probably get through a few more.

Mr WILLIAMS: What is the rationale for spending in excess of \$300 million to connect the Happy Valley and Hope Valley water supply systems?

The Hon. K.A. MAYWALD: That is SA Water. We are on the River Murray.

Mr WILLIAMS: We are on water security.

The Hon. K.A. MAYWALD: It is an SA Water project.

The CHAIR: Those advisers will be available at 12 noon.

Mr WILLIAMS: But they are in the budget on page 11.57. This is the problem with this particular estimates committee. We had the same problem last year.

The Hon. K.A. MAYWALD: It is a problem, I think, with the opposition.

Mr WILLIAMS: We had the same problem last year, where the minister—

The Hon. K.A. MAYWALD: I am quite happy to move into SA Water, if that is what you would like us to do.

An honourable member interjecting:

The CHAIR: The budget is complex, but it is clear.

Mr WILLIAMS: We will move on, Madam Chair, and, hopefully, in SA Water we will be able to have the best part of the hour to ask some questions. Again, on page 11.57, under Performance Commentary, it is noted that one of the key activities undertaken is 'developing strategies to secure a water reserve for meeting critical human needs into the future'. Minister, specifically what strategies have been developed and what water reserve is being currently held?

The Hon. R.G. Kerin interjecting:

Mr WILLIAMS: Yes, there is confusion. I do not think the minister has read her own budget.

The Hon. R.G. Kerin interjecting:

The CHAIR: The Department of Water, Land and Biodiversity Conservation from 11 until 12; SA Water from 12 until 1. That is the copy I have of the opposition's statements.

Mr WILLIAMS: The Department of Water, Land and Biodiversity Conservation, Water Security, and here we are talking about the desalination plant, and we are talking about the pipeline between Hope Valley—and the minister says it is all SA Water.

The CHAIR: However, it is SA Water. John Ringham is the project manager.

Mr Williams interjecting:

The CHAIR: Well, the budget documents are determined by Treasury, following all sorts of accounting conventions.

The Hon. R.G. Kerin interjecting:

The CHAIR: It is Minister for Water Security and Minister for the River Murray.

The Hon. K.A. MAYWALD: An amount of 201 gigalitres of water has been set aside under the contingency planning, which has been undertaken at the national level and which includes a senior officials group from both the states and the commonwealth. An amount of 201 gigalitres has been secured for this year for critical needs, and that includes metropolitan Adelaide and SA country towns water. We have also set aside around 90 to 100 gigalitres, depending on the final tally once the water trade issues have been resolved, for irrigator carryover water.

We have also been guaranteed our 696 gigalitres of dilution flow for this year. That water is not necessarily all available at the moment, and some contingency measures have been negotiated with New South Wales and Victoria to supplement water from tributary flows within those jurisdictions if it is not achieved through improvements during the year.

Mr WILLIAMS: Minister, where did the allocation of water that is being held for critical human needs at the moment come from and is it being held in some storage somewhere, or is dependent on rainfall over the next few months?

The Hon. K.A. MAYWALD: No. It has actually been set aside and held in Hume and Dartmouth dams. It is water that South Australia has forgone in our drawing of water from our allotted amount of water this year.

Mr WILLIAMS: So, we have actually put off bringing water across the border in the previous water year to hold—

The Hon. K.A. MAYWALD: From our dilution flow, yes.

Mr WILLIAMS: On the same topic, what proposal has been developed to provide stock and domestic water to the Narrung Peninsula?

The Hon. K.A. MAYWALD: The same as with every other drought community which has a difficulty in accessing water. We have established standpipes for water carting purposes for stock and domestic for those who are unable to access water from the lakes, just as we would with any other drought measure right across the state. If there is a drought in the northern areas of the state and people are unable to access water from their dams, they are required to cart water also.

Mr WILLIAMS: Again, on the same topic. What alternative water supply proposal has been developed to provide access to irrigation water, for instance, for the Langhorne Creek irrigators?

The Hon. K.A. MAYWALD: I understand and I am advised that the Langhorne Creek irrigators have been working hard on an alternative for a pipeline supply that could be brought down from above the lakes into the Langhorne Creek and, potentially, the Currency Creek areas, to supply water for that area. Once again, the access issues are very, very difficult for these communities. The water levels at the Lower Lakes are at unprecedented low levels and, even if they were able to access it, the water quality in those lakes is not of an acceptable quality for irrigation purposes, given the high salinities. There are extremely difficult issues in relation to access for water, and undertakings are being made by different organisations in the irrigation community to see what other options are available to them.

Mr WILLIAMS: Minister, what has caused your government to change its mind about the expansion of the Mount Bold reservoir? On 6 June last year, you and the Premier announced an \$850 million project to build a 240 gigalitre capacity dam at Mount Bold at a cost of \$850 million. The Treasurer reconfirmed that two days later and confirmed that a scoping study had been conducted by SA Water, which showed that the project was feasible. Yet from late last year the government has refused to mention Mount Bold and has referred to a generic expansion of storage capacity in the Mount Lofty Ranges. What has been the change and why?

The Hon. K.A. MAYWALD: Mount Bold is still part of our investigations. We are investigating all options in the Mount Lofty Hills to double our capacity within the Mount Lofty storages, and Mount Bold is one of those we are fully investigating.

Mr WILLIAMS: But the scoping study that was done prior to the announcement in June, according to the Treasurer, said that it was feasible. Now you are saying that you are being forced to look elsewhere.

The Hon. K.A. MAYWALD: No, that is not the case. What we have determined to do is to look at all options in the Mount Lofty Ranges, including Mount Bold. Mount Bold is feasible, and we are now doing the geo technical work to see whether it is structurally feasible to do it and a whole range of work has to be undertaken before that decision. We are looking at other alternatives to see whether there is a potential for more economic or more achievable options, and I think that is the appropriate thing to do. We are looking at doubling our capacity in the Adelaide Hills. The Mount Bold project would do it in one hit, and there are other options that could be more feasible. So, we are looking at them all. We have not concluded our investigations into Mount Bold. We will be continuing those over the coming year.

Mr WILLIAMS: Is the \$850 million price tag still applicable to that project?

The Hon. K.A. MAYWALD: Price tags are only indicative at this stage until you work a project up. Once we decide where we are going, what we are going to do, exactly what the structural requirements are, and once the geotechnical work is undertaken, then you can come up with a more accurate estimate of what the project may cost. At the time, the figure was in the order of \$850 million to expand that particular reservoir to double the capacity within the Adelaide Hills storages. That \$850 million figure is still very much an indicative cost.

The CHAIR: Member for MacKillop, are you ready to move to SA Water now?

Mr WILLIAMS: I think we had better.

The CHAIR: Thank you, advisers.

Departmental Advisers:

Ms A. Howe, Chief Executive, SA Water.

Mr J. Ringham, Chief Operations Officer, SA Water.

Mr P. Mendo, Chief Financial Officer, Finance and Business Support, SA Water.

Mr P. Prodanovski, Financial Controller, SA Water.

The CHAIR: Minister, do you have any opening remarks?

The Hon. K.A. MAYWALD: Yes, I have a brief opening statement. The state government is embarking upon a \$3 billion investment in water security, which is the largest infrastructure investment in the state's history. The state government's strategy, Four Ways to Water Security, includes desalination, managing catchments, increasing recycling and efficient water use, and this will ensure that we have water security biodiversity. Water security for South Australia will be achieved through a range of projects and technologies which either make the best use of our current supplies or are climate independent to provide us with the necessary security in the face of climate change.

In 2008-09, \$97 million will be spent in preparation for Adelaide's 50 gigalitre desalination plant at Port Stanvac. Necessary planning and groundwork will be completed this year for construction of the \$1.1 billion plant to begin in 2009-10. On 4 July, as the first step in the procurement process for the plant, SA Water will issue a request for expressions of interest from national or international consortia to deliver the project. In addition to this, feasibility work is continuing on the preliminary scoping to identify options for doubling the capacity of reservoirs in the Mount Lofty Ranges to give us two years of storage.

Under this state government, SA Water's total capital expenditure has increased to nearly \$717 million over the past five years, which is a 49 per cent increase on the five years before that. With the addition of these two projects—desalination and doubling the capacity of our reservoirs—SA Water's capital expenditure is forecast to increase by a colossal 313 per cent. To offset our massive investment in water security, the state government announced a new water pricing structure which will see water prices rise in real terms by 12.7 per cent on average. Under the new pricing arrangements, South Australia will move from a two-tiered to a three-tiered system to ensure that high water use is properly costed.

Around \$80 million will be spent on waste water recycling projects in 2008-09. This is part of a \$426 million commitment over four years on upgrades and expansion to waste water treatment plants and water recycling infrastructure to meet increasing demand of the state's growing population. The upgrades will deliver on the state government's target of increasing the percentage of waste water reused in South Australia to nearly 45 per cent. In 2006-07, we reused about 29 per cent, compared to the national average of 13 per cent.

These key reuse expansion projects include a major re-scoping of the Christies Beach Wastewater Treatment Plant upgrade which will boost the capacity and quality of water treated at the plant as well as the Glenelg to Parklands project, bringing recycled water into Adelaide's CBD, and the Angle Vale extension to supply recycled water to more market gardeners. In 2008-09, work will begin on the construction of early civil works and the sludge dewatering facility at the Christies Beach Wastewater Treatment Plant as part of plans to decommission the existing sludge lagoons on the banks of the Onkaparinga River.

The South Australian community has responded exceptionally well to water restrictions and has reduced overall water use in the face of ongoing drought. While it is estimated that these tough water restriction measures will impact on SA Water's profit to the tune of about \$43.9 million in 2008-09, primarily due to a reduction in the demand for water, this reduction has resulted in a saving of 29 billion litres in 2007, compared with the last drought year in 2003.

SA Water has a borrowing target with a debt-to-asset ratio ranging from 15 per cent to 25 per cent. This target range provides sufficient flexibility for SA Water to meet its capital investment needs in 2008-09, which will generate a gearing ratio of around 20 per cent. The state government has responded rapidly to the current extreme drought as it has worsened and the challenges we are facing have increased. Our Four Ways to Water Security strategy will ensure a secure and sustainable water supply for South Australia into the future.

The CHAIR: Any opening remarks, member for MacKillop?

Mr WILLIAMS: No, Madam Chair. I am absolutely delighted, though, to learn that we have responded rapidly to our dwindling water supply. I would hate to think that we have moved slowly; we would be in all sorts of bother.

I refer to Budget Paper 3, page 6.6. Given the 6 per cent increase in water prices as of 1 July 2007 (12 months ago), what impact has that had on the revenues of SA Water, and by how much is that estimated to increase the dividends and tax equivalents to government in the 2007-08 year?

The Hon. K.A. MAYWALD: Did you mean the 12.7 per cent increase?

Mr WILLIAMS: No, the 6 per cent increase in water prices as of 1 July 2007 (12 months ago).

The Hon. K.A. MAYWALD: The dividend that is forecast for the 2007-08 year is \$188.2 million, plus an income tax equivalent of \$84.145 million, less the community service obligation of \$164.5 million, leaving a net distribution to government, as reported by SA Water, of about \$107.8 million. That is against 2006-07, where the net distribution to government was \$146.1 million.

Mr WILLIAMS: Minister, I think you have missed the question altogether. The question was: what has been the impact of the 6 per cent increase in water prices in the last year? I will give you another opportunity, minister. What is—

The Hon. K.A. MAYWALD: You referred to what impact it had on the dividend and that is what I have just given you, the impact on the dividend. I will endeavour to give you the information on the revenue in just a moment.

Mr WILLIAMS: All that dividend was because of the 6 per cent increase?

The Hon. K.A. MAYWALD: No, that dividend is a comparison between the year before and this year's dividend.

Mr WILLIAMS: That is the problem, minister.

The Hon. K.A. MAYWALD: I do not believe it is a problem.

Mr WILLIAMS: I am trying to find out what impact the 6 per cent increase has. I will ask the next question: similarly, what is the expected impact on revenues, dividends and tax equivalent payments for the 2008-09 year due to the 12.7 per cent increase in water charges announced last December? The budget tells us what the total dividend is, it tells us what the total tax equivalent is, but the committee has no understanding, from the budget papers, of the impact of the 12.7 per cent increase.

The Hon. K.A. MAYWALD: We will get the details of the revenue for you in a moment, but, as far as the dividend goes, the net dividend to South Australia in 2006-07 was \$146.1 million, that is when you take into account the income tax equivalent, the dividend and also net the community service obligations against that. That is 2006-07, so I am giving you the total amounts. In 2007-08, it is \$107.8 million, and what is budgeted in 2008-09 is \$89.5 million. I think the difficulty in understanding these figures for the opposition is that there has been a substantial reduction in revenue to SA Water as a consequence of the drought and the reduction in water sales as a consequence of the water restrictions. The increase of 6 per cent has been largely offset by the impacts of the drought, and will continue to be so.

Mr WILLIAMS: Herein lies the problem, Madam Chair, that we are trying to get an understanding—and I think everyone in South Australia needs to have an understanding—of why we are paying these increased charges. Surely the minister and SA Water have done the modelling and know exactly the implication of the increases.

Given the Treasurer's statements in December last year that he expected water charge increases of a similar order (about 12½ per cent) for each of the next five years (that is including the current budget for 2008-09), what is the expected additional revenue to be generated over that period, and what will be the additional dividend and tax equivalent payments over that period? Also given statements from yourself, your predecessor and the Treasurer that water price increases are needed to build water infrastructure, and given that SA Water has already contributed almost \$2 billion to Treasury during the period of the Rann Labor government, why will the government not establish a hypothecated fund to hold these additional revenues to ensure the moneys are expended on water infrastructure? How can South Australian householders and businesses be assured that, when the water infrastructure is paid for, water charges will be reduced?

The CHAIR: Clearly that question is not in order. However, the minister may care to comment. The reason is that you are asking a general question about policy, you are not asking a question about the implementation of the budget. That is the distinction. I am sure the member for Stuart can give you very wise counsel on the matter. Minister.

The Hon. K.A. MAYWALD: Thank you, Madam Chair, I will respond in relation to the parts of that question that are relevant to this estimates committee. As to the 6 per cent increase that I reported that I would get back to the honourable member on with respect to the number—it returns around \$18 million, which has been largely offset by the impacts of drought. The 6 per cent has not resulted in an increase in dividend to the government, and as the figures that I previously quoted indicate, there has been a reduction in net dividend to the government from 2006-07 to 2007-08 as a consequence of a reduction in revenue.

The other issue is the issue of forward estimates. There has been an undertaking given by this government that the 12 per cent increase would be applied solely to the investment infrastructure and, as you can see in the budget forward estimates, we are not expecting to get a larger dividend revenue. In fact, the dividend is expected to reduce in 2008-09 and, therefore, the government is quite clearly meeting its commitments, and the South Australian public will be able to assess that through the budget documentation.

Mr WILLIAMS: On that point, minister, the budget papers suggest that the fall in the 2008-09 dividends and tax equivalent payments will be caused by the continuation of the drought and reduced water sales.

The Hon. K.A. MAYWALD: Yes, it will, and I have just made the comment that the 6 per cent increase has been largely offset by the drought, plus the drought is having a much greater impact on the overall revenue of SA Water. So, the 12 per cent will have a lesser impact on the revenue increase or the total revenue collected by SA Water. That has been expected and budgeted for and, as a result, you will see that the dividend has been reduced accordingly.

Mr WILLIAMS: I may have misheard you. I thought you were implying that the dividend and tax equivalents would be reduced because SA Water was expending money on capital projects.

The Hon. K.A. MAYWALD: No; I actually said that the 12 per cent increase was going to be used solely for the capital projects within SA Water and would not contribute to an increase in dividends.

Mr WILLIAMS: And therein lies the nub of my question: why would you not establish an hypothecated fund for the sake of openness and accountability and so that everybody can see that that is exactly what is happening? At some point in the future (and it might be in five, 10 or 15 years), a new desal plant, an expanded Mount Bold reservoir, or whatever, and a major pipeline (and you referred to millions of dollars worth of expenditure) will be completed and paid for.

The question that I am sure is on the mind of South Australians is: will we then see a reduction, or will the government of the day continue to collect those additional revenues and siphon them straight into Treasury, into the Consolidated Account? That is what the question is about.

The CHAIR: That is a hypothetical question.

The Hon. K.A. MAYWALD: Certainly, the government has given a commitment that funding from the 12.7 per cent increase in real terms will be used solely for the purposes of capital infrastructure. However, what the member neglects to understand in this process is that, once you build something, you must operate and maintain it for the life of the asset. You also have to deal with depreciation and issues associated with replacement.

Whatever happens in the future, this government is committed to ensuring that we cover the capital costs of building and operating the plant through these increases—and that is what we will do. We do not see that it is necessary to hypothecate it, because SA Water has separate accounts in the budget papers.

Mr HANNA: My question is on the same line of questioning and relates to the price increase for water and the increase in tiers for the calculation of household water bills. Were other models with the same or an even greater number of tiers explored but rejected because they did not raise the same revenue or, if they raised the same revenue, they had a different equity effect?

The Hon. K.A. MAYWALD: Yes, most definitely. We investigated a broad range of different pricing options. We looked at what was happening in other states and, indeed, what has

been happening around the world in relation to water pricing. We looked at what we needed to raise to pay for this infrastructure investment program we are putting in place and, working back from that, we looked at a whole range of different options. We also took into consideration a whole range of social implications in relation to distributing the costs associated with collecting the funding necessary to put in place the capital program.

Mr HANNA: Can the other options be made publicly available?

The Hon. K.A. MAYWALD: Certainly, the government has made a decision on the options that we are going forward with at the moment, and we have undertaken extensive investigations into those working papers as part of the decision-making process. They are not publicly available.

The CHAIR: The member's question was also out of order; nevertheless, it has been answered.

Mr WILLIAMS: I refer to the same budget paper, page 6.6. Minister, you referred to the borrowing range the government expects SA Water to work within, and I think you said that it was 15 to 25 per cent of the total asset value. In dollar terms, how much additional borrowing was undertaken by SA Water during 2007-08, and what were the costs of that borrowing? What will be the additional borrowings undertaken in 2008-09, and what will be the cost of those borrowings to SA Water?

The Hon. K.A. MAYWALD: I have been advised of some preliminary estimates. For the 2007-08 year, borrowings will total around \$100 million; the interest component is about 6 per cent, which would be an initial \$3 million to \$4 million. In the 2008-09 year, depending on how the year finishes, we will increase our borrowings by around \$316 million, and that will be at a cost of around \$20 million in interest.

Mr WILLIAMS: My understanding is that the dividend paid to government is 95 per cent of retained earnings. If SA Water is borrowing over \$300 million, how is it having so much retained earnings that it can then return to government in the forward year \$185 million?

The Hon. K.A. MAYWALD: First, your understanding of the dividend policy is incorrect. The dividend policy requires the corporation to distribute to the government (which is its owner, the South Australian taxpayers) 95 per cent of profit after tax.

Mr WILLIAMS: Retained earnings?

The Hon. K.A. MAYWALD: No: profit after tax. Go and ask your accountant about it.

Mr WILLIAMS: From my original reading of the Treasury document it was referred to as—

The Hon. K.A. MAYWALD: The dividend distribution is made only after deducting from the corporation's revenues the operating expenditure necessary to maintain the assets and manage the business, which includes servicing the borrowings and the taxation obligations, as well as an allowance for the ongoing replacement of assets, which is the depreciation.

Mr WILLIAMS: Page 6.6 of Budget Paper 3 lists the grants, subsidies and CSOs at \$179.3 million for the 2008-09 year. How much of this is the cost of having a single price across the state? Will you detail the other CSOs, grants and subsidies that make up that figure?

The Hon. K.A. MAYWALD: First, a CSO arises when the government specifically requires the public enterprise to carry out activities which it would not elect to do on a commercial basis or which it would only do commercially at a higher price. That is the basis on which a CSO is paid. In the country operations, the regional CSO is the shortfall between the revenue from customers and the economic cost of the service, comprising operating costs, a return of investment and a 6 per cent return on the investment. In 2008-09 the country operations has a CSO of \$162.7 million.

Waterproofing Adelaide, which is associated with funding the shortfall between additional revenue raised and the associated costs with the Waterproofing Adelaide projects, is \$3.7 million. Exempt customers is revenue forgone as a result of the government granting concessions and exemptions to customers, including local, federal and state government agencies. That is \$11.2 million. Administration of schemes and reimbursement of costs for administering the pensioner remission scheme, including a review of pensioner entitlements and applications and distribution of concessions to local government, is \$0.6 million, which includes River Murray levy billing.

In relation to the government radio network, there is a reimbursement of operational (particularly in country areas) and emergency communications costs within SA Water of

\$0.4 million. In relation to emergency functional services, there is reimbursement of costs incurred as a result of SA Water's role under the State Emergency Management Plan, which is \$0.6 million. Of the \$179.1 million of CSOs that will be paid to SA Water for the 2008-09 year, the lion's share is the \$162.7 million that is paid as a consequence of country operations.

Mr WILLIAMS: I understand that a group has been set up within SA Water to manage the desalination project. There have been reports that this group consists of 48 persons yet a spokesperson from SA Water suggested that it was closer to 20. What is the number of people within SA Water involved in the Adelaide desal project and what is the specific task of this group?

The Hon. K.A. MAYWALD: I am advised that the project team comprises about 20 people and they are responsible for managing the many components of the project. They are to coordinate and assess the expressions of interest. People are involved in the establishment of the pilot plant, collating the data from the pilot plant, overseeing environmental assessments and overseeing consultants that are undertaking a huge body of work in a range of different areas, including the marine environment and soon to be locally on site. A number of people will be involved in managing the procurement process. A number of people will be involved in managing and overseeing the design specifications and the technical aspects of the project. It is a \$1.1 billion project and a team of about 20 people is fairly lean.

Mr WILLIAMS: Is SA Water constructing and managing the pilot desal plant to be built at Port Stanvac?

The Hon. K.A. MAYWALD: We are managing the construction of it. We have outsourced the actual construction.

Mr WILLIAMS: What about the design?

The Hon. K.A. MAYWALD: We have overseen the design and we are overseeing the construction requirements, but we have outsourced the drawing of the diagrams, and the design is being outsourced.

Mr WILLIAMS: When I visited the Kwinana desal plant in Western Australia, I was told that the Perth water supply company called for expressions of interest and then the two short-listed companies were responsible for building and running it. I understand they built and ran two pilot plants—one each—to assess in-house exactly how they would go ahead and tender for the project. The role of the purchaser of the water was basically to call for expressions of interest of the supply of a particular volume of desalinated water rather than be involved at every stage of the design of the project. Why has South Australia taken a different approach and formed a team to design and work out how we will build a desal plant in Adelaide when major companies around the world have vast experience in building desal plants?

The Hon. K.A. MAYWALD: You have incorrectly interpreted my comments. The project team is managing the project: it is not undertaking the physical work. That will be undertaken by the people who are successful in the expressions of interest. We are running the pilot plant concurrently with the expressions of interest for the major plant to fast-track. If you look at the plant in Western Australia—and I am sure you have seen the time lines—from the day they decided they were going to build the desalination plant to when they built it, it was about seven years all up. We intend to do ours in a much shorter period. Therefore, we are undertaking a number of the processes concurrently.

The desalination pilot plant has been sublet separately and requires oversight from SA Water. We do not let these contracts and then hope they do the right thing: we put in place a project management team to ensure that what we get is what we have asked for.

Mr WILLIAMS: I had the same experience when I visited a desal plant in Singapore, one which I know you visited because your photograph was in the foyer. The same story there; that is, the water supply authority had a contract with the builders of the desal plant to buy a certain quantity of water at a certain quality, and they left all the minutiae of how the water was produced and how the plant was constructed to people with vast experience. It seems to me that South Australia is taking some other course of action in that SA Water is not just managing the project but seems to be in there boots and all.

The Hon. K.A. MAYWALD: No, you completely misunderstand how a major project is pulled together. Firstly, you need to have some information developed to a stage that you can put it out for an expression of interest. In other words, you need a project team to deal with what are the basic concepts and what do we need these people to deliver. To have a project team of 20 overseeing a \$1.1 billion contract that will be outsourced for building, operating and maintaining

is a lean team. We are not doing the detail. We are working through to determine what the project scope is so that the expression of interest that goes out can give enough information for companies around the world to be able to bid and put forward an expression of interest that is meaningful. I would have thought that you would have supported the fact that we could not just go out there and say, 'Here is \$1.1 billion, come in and build what you like.' That seems to me a rather ridiculous way to go about business.

Mr WILLIAMS: I am amazed, minister, that you seem to think that is what I am thinking: it is certainly not what I am thinking at all. Minister, you said that you were trying to fast-track this project. What specific programs need to be done in developing this project and bringing it to completion? Can you give the committee an understanding of which ones have been running parallel?

The Hon. K.A. MAYWALD: At the moment, we are undertaking the establishment of a pilot plant, which will collect data in relation to the water quality over a period. It will be a nine-month operation to determine what kind of seasonal issues we will need to deal with in relation to the water that will supply the plant. We are undertaking the expressions of interest to find a suitable company to build, own and operate the plant. We are undertaking the environmental studies. A significant amount of marine work is being undertaken at the moment to identify what issues we may have to deal with from an environmental perspective. We are undertaking the development application as we speak. We are undertaking the geotechnical analysis. We are also beginning the process of determining what route the connection system will take from the plant into our distribution network. That work is being undertaken at the same time.

Mr WILLIAMS: Have not some alarm bells been going off in government that, with the current weather conditions—and they do not look like abating and we do not look like returning to a wetter weather system, and there is no evidence to suggest that—we possibly need this desal plant operational well before the end of 2011?

The Hon. K.A. MAYWALD: The state government has been very much aware of the critical nature of water supplies as a consequence of this drought. In fact, we drove the process that resulted in the federal government calling a water summit in November 2006 and establishing a senior officials group to deliver on contingency plans for this water year, given that it looked like we would not even have enough for critical human needs. Those negotiations resulted in South Australia achieving our critical human needs and also a 32 per cent allocation for our irrigators.

Going forward, South Australia has secured the critical human needs again for the next 12 months. We also have our catchments in the Mount Lofty area. We are continuing with our contingency planning and monitoring the situation very carefully, and working with the federal government and other state governments to ensure that we will have sufficient supplies of water to meet our critical human needs in the interim.

International players tell us that there are huge risks associated with cutting corners on major projects such as desalination plants. We have to get it right and we have to do it as fast as we can, and that is what we are doing. The international players already tell us that our time frames are challenging. That is what we are being told by the companies that are looking initially at the project and the time lines that we have set. If the Liberal government had built one back when it was in government, we would not have this argument now, but you did not foresee this drought to be the extreme drought with which we are currently living at the moment and neither did anyone in the nation.

We understand that climate change was something that was occurring. We know that many people from your party are still climate change sceptics. The truth of the matter is that we are living with a situation that is extreme—far beyond any of the perimeters of any of the planning that anyone had done in the past. Remember that your plan at the last election was to have a plan by 2009.

Mr WILLIAMS: I think that, Madam Chair, is well beyond the realm of estimates, discussing the Liberal opposition's—

The Hon. K.A. MAYWALD: We have had a little bit of latitude here, and I think that it goes both ways.

Mr WILLIAMS: A little bit of latitude, and it ill behoves you, minister, to make out that you know what the Liberal opposition's thoughts were.

The Hon. K.A. MAYWALD: I had it in writing; it was in the policy document.

Mr WILLIAMS: If you want to go down that path, minister, I refer to the Waterproofing Adelaide document, which your predecessor launched I think in 2005, and if you consult that document you will see on pages 14 and 15 a graph and the commentary that illustrates that under drought conditions we knew as early as 2005—or as that document was being prepared, so probably even earlier than that—that the demand for water in Adelaide would exceed the supply of water, yet we went for several years after that before anything was done.

The Hon. K.A. MAYWALD: The document talked about exceeding the supplies in 2025, and, of course, the document actually talks about having a 70 gigalitres improvement in our water supplies by 2025.

Mr WILLIAMS: I suggest that you go back and look at the graph on page 15 of the document.

The CHAIR: Order! The Waterproofing Adelaide strategy is not before the estimates committee; however, the minister has responded to your question—that ranged widely. Minister, do you have any other comments?

The Hon. K.A. MAYWALD: Just that the Waterproofing Adelaide strategy was a strategy—to finish up on this point—released by this government in 2005. The strategy aims to actually achieve a 70 gigalitre improvement in our water supply situation by 2025. The parameters on which that strategy were based did not include the extreme drought event that we experienced in 2006-07 and that continues today.

At the release of that document in 2005, it was considered a leading document in national water planning by people right round the nation. So I think that the suggestion that releasing a document four years before you even intended to have a plan needs to be actually brought to attention also. But we have committed, once 2006-07 extreme drought circumstances were experienced, to going back and revisiting those parameters on which that plan was based. We did that very quickly, and we now have a \$3 billion investment strategy in place. That is within an 18 month period, and I think that is a government working very hard to ensure that we can secure our supplies.

The water savings and additional supplies achieved to date are about 20 per cent of the 2025 Waterproofing Adelaide target of 70 gigalitres, so we are moving towards, and positively towards, the achievement of that plan as well.

Mr WILLIAMS: Most interesting. I have copies of Waterproofing Adelaide plans, going way back to Anne Levy, I think in 1989, and some more that were released by David Wotton. So, yes, amazing. I had an interesting conversation only yesterday with a leading journalist about that, too, the rewriting of history. But we will move on. Minister, on 11 September last year the Premier in a ministerial statement told the house:

I am told that a desalination plant's membranes are most cost-effective when a plant works around the clock for seven days a week year round.

Why has the government now decided to build a desalination plant which will only be switched on as necessary, and what will be the cost of continually decommissioning and re-commissioning the plant?

The CHAIR: It is not based on the estimates. It is based on the statement of the Premier in the house, and properly dealt with in the house. However, I will invite the minister to contribute what she can.

The Hon. K.A. MAYWALD: Given that the supply of water to South Australia and the security of that supply will be based on a whole range of diverse options which will include desalination, the plant will be designed to ensure that it can be flexible in its mode of operation.

It will be specified such that it has the flexibility to be efficiently operated at full design capacity. At times it will need to operate as a baseload plant, and we will request that it also be able to operate at lower levels of production, or even to be able to be switched off at certain times when we have significant amounts of water available.

When we have wetter years—and we do have wetter years, and I do envisage that we will have wetter years in the future—it would seem silly to continue to operate the plant to have that water flow over the top of the reservoirs and out to sea.

Mr WILLIAMS: What arrangements have been made with ExxonMobil with regard to the land at Port Stanvac where you intend to build a desalination plant? Has the government/SA Water

at this stage merely secured land for the pilot plant? Is this via a lease or a purchase or some other instrument, and what is the term of tenure?

The CHAIR: What is the budget reference, member for MacKillop?

Mr WILLIAMS: Budget Paper 5, page 54.

The Hon. K.A. MAYWALD: At this point in time, the South Australian government continues to negotiate with Mobil in relation to the land at Port Stanvac. However, in the short term, to enable us to fast-track the project, we have secured a lease over the site for the pilot plant. That lease expires on June 2009 but with a six-month extension beyond that, and negotiations are continuing (and continuing productively) with Mobil.

Mr WILLIAMS: In relation to the same reference, will access to land have any impact on the timing of construction of the desal plant?

The Hon. K.A. MAYWALD: No, we do not believe so. We have secured access to the land to enable us to do the testing that we need for construction purposes.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 3, page 11.57. What is the rationale for spending in excess of \$300 million to connect the Happy Valley and Hope Valley water supply systems?

The Hon. K.A. MAYWALD: The rationale behind needing to connect the two systems from the north and the south of the city is to provide for flexibility and security of supply, and also to be able to transfer bulk water between the north and the south of the city. Currently, our systems have been designed to take water in the north from the pipeline that comes in from Mannum, and in the south from the pipeline that comes in from Murray Bridge. Those two systems are not adequately interconnected to make best use of water resources that will be made available through other resources, such as the desalination plant. We need to increase our capacity to transfer bulk water between the north and the south of the city to give us the necessary flexibility to secure supplies.

Mr WILLIAMS: What capacity is this pipeline being designed to be able to shift in, say, any 30-day period?

The Hon. K.A. MAYWALD: Those decisions will be dependent upon the additional storage locations and the size of those storages. The detail of that is not available at this time.

Mr WILLIAMS: The government has announced that it is going to spend, I think, \$300 million—

The Hon. K.A. MAYWALD: No, we have made some estimates. It may be in the order of about \$300 million to actually build an interconnecting pipe. We have to do the final detail, and the final detail will be determined by the decisions that we make in relation to where the extra storage capacity will be installed in the Adelaide Hills.

Mr WILLIAMS: Is the necessity to build this pipe dependent upon the proposed desal plant being converted to a 100 gegalitre per year plant, or will it also be necessary if it remains at a 50 gegalitre per year plant?

The Hon. K.A. MAYWALD: No; it is not dependent upon the increase. It will still be necessary should we have a 50 gegalitre plant.

Mr WILLIAMS: I refer to Budget Paper 5, page 11. Of the \$79.4 million being spent on the upgrade of the Glenelg Wastewater Treatment Plant and the Glenelg to city pipeline, will the minister provide a breakdown of how much has been spent on the upgrade of the wastewater treatment plant and how much has been spent on the pipeline?

The Hon. K.A. MAYWALD: First, we are installing a new treatment facility at Glenelg to further treat the water to be able to provide it for recycled use. I am advised that the plant costs are about \$30 million, and the pipeline cost is between \$40 million and \$45 million to interconnect that system into the Adelaide CBD—that includes the ring main of pipes around the city.

Mr WILLIAMS: What is the other \$5 million for? The minister has given me a total of about \$75 million and the budget figure is \$79.4 million.

The Hon. K.A. MAYWALD: I said \$30 million, or thereabouts, for the treatment plant, and about \$40 million to \$45 million for the pipelines.

Mr WILLIAMS: That comes to \$70 million to \$75 million, and the budget figure is \$79.4 million. I am just wondering if there are any other works within the project?

The CHAIR: Member for MacKillop, are you looking at page 11, the last dot point, because there it says \$74.9 million? There might be a transposition of figures.

Mr WILLIAMS: That may be the case. The chair might have answered the question.

The Hon. K.A. MAYWALD: Yes; my budget paper says \$74.9 million.

Mr WILLIAMS: Thank you. I will not take it out on my staff. I refer to Budget Paper 3, page 6.3. How much money has been spent on drought, River Murray and water restrictions advertising in the 2007-08 year?

The Hon. K.A. MAYWALD: I will come back to the member with those details. I do not have a breakdown of the exact amount spent on advertising.

Mr WILLIAMS: I refer to Budget Paper 5, page 54. I refer to the Southern Urban Reuse project, with a budgeted figure of \$23 million for this year and no estimated total cost. I make the assumption that this is referring to the project known as Waterproofing the South. Will the minister confirm that, and will she give the committee the specific details as to what the \$23 million will be spent on in the 2008-09 year?

The Hon. K.A. MAYWALD: I can confirm that it is part of the Waterproofing the South project. The Waterproofing the South project is still under revision, of course—the Onkaparinga council is the lead on that particular project—and that is why the estimated total cost is not available, because it is still being finalised. But the \$23 million is the amount the SA government is investing to support that project. It includes pipelines from Christies Beach to Aldinga, as well as an additional treatment plant and extra storage at Aldinga.

Mr PEDERICK: I refer to Budget Paper 3, page 6.6. How much water was pumped from the River Murray to supplement the Adelaide water supply for the full 2007-08 water year?

The Hon. K.A. MAYWALD: Just shy of the 90 gegalitres allocated to us for that purpose from the Senior Officials Group and the first ministers agreement.

Mr WILLIAMS: I refer again to Budget Paper 5, page 56. The budget lists \$32.2 million for investigation and development works associated with the long-term water security of South Australia. Does this water security program fund the water security program within the Department of Water, Land and Biodiversity Conservation? The government has also announced various expenditures on investigations of desalination and the Mount Bold expansion of some \$3 million and \$10 million. Are those amounts funded from this \$32 million, and what other works/investigations are funded from this line?

The Hon. K.A. MAYWALD: The Water Security Commissioner is not here at the moment, but I will come back to the member with the details.

Mr WILLIAMS: I refer to the same page. In relation to the Virginia pipeline project, of the \$1.9 million listed in last year's budget for the Virginia Angle Vale Reuse Extension project, has there been any slippage and when is it expected that this project, to which the federal government committed its funding share in 2004, will be completed?

The Hon. K.A. MAYWALD: The \$1.1 million that was in the budget last year has not been fully expended. The reason there have been some delays is that some scope areas were significantly redesigned; for example, the pumping stage, due to the changed operational requirements and the revised demand profile. There were unanticipated Department for Transport, Energy and Infrastructure requirements for deeper than typical pipe cover associated with the Northern Expressway project. Therefore, that additional work has meant that money was not fully expended last year, but we expect that the full scheme will remain scheduled to be commissioned by the end of March 2009. In fact, two main pumping station and pipeline contracts were let in May this year.

Mr WILLIAMS: I refer to Budget Paper 5, page 54: the Christies Beach Wastewater Treatment Plant capital works program. Last year, the estimated total cost was listed at \$151 million. Can the minister explain why the estimated cost has almost doubled to \$270 million in this year's budget?

The Hon. K.A. MAYWALD: In 2007, there was a detailed review of the entire Christies Beach project. A number of externalities were required to be included in the project, including

rescoping of the project to enable the more recent requirements of the EPA to be met regarding discharges to the gulf, as a consequence of the completed 2007 Adelaide Coastal Waters Study.

In this study, the Environment Protection Authority has set the total nitrogen load sent to Gulf St Vincent to be limited to 100 tonnes a year. This has changed the scope of the project substantially, therefore we have now reworked the project to meet those requirements. That is one of the major reasons for the cost now being \$270 million, that is, it is a totally different project.

Mr WILLIAMS: I have a list of omnibus questions here, and I am wondering whether you have heard them yet.

The Hon. K.A. MAYWALD: No, not today.

Mr WILLIAMS: In that case, I will read these into *Hansard*, as follows:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister: including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2007-08 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees there will be at 30 June 2008, and for each surplus employee what is the title or classification of the employee and the Total Employment Cost (TEC) of the employee?

4. In the financial year 2006-07 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2007-08?

5. For all departments and agencies reporting to the minister what is the estimated level of under expenditure for 2007-08 and has cabinet already approved any carryover expenditure into 2008-09? If so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100,000 or more per employee, and also as a sub-category the total number of employees with a total employment cost of \$200,000 or more per employee, for all departments and agencies reporting to the minister as at 30 June 2008; and

(ii) Between 30 June 2007 and 30 June 2008, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more):

(a) which has been abolished; and

(b) which has been created?

7. For the years 2006-07 and 2007-08 will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant and the purpose of the grants and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister list the total amounts spent to date on each project.

The CHAIR: There being no further questions, I declare consideration of the proposed payments to the Department of Water, Land and Biodiversity Conservation and administered items for the Department of Water, Land and Biodiversity Conservation adjourned to committee B on 2 July.

[Sitting suspended from 13:02 to 14:00]

Membership:

Ms Chapman substituted for Hon. R.G. Kerin.

Mr Pisoni substituted for Mr Pederick.

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$59,925,000**Witness:**

The Hon. K.A. Maywald, Minister for the River Murray, Minister for Water Security, Minister for Regional Development, Minister for Small Business, Minister Assisting the Minister for Industry and Trade.

Departmental Advisers:

Mr R. Garrand, Chief Executive, Department of Trade and Economic Development.

Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

Ms K. Lablack, Executive Director, Population and Migration, Department of Trade and Economic Development.

Mr P. Polychronopoulos, Chief Finance Officer, Department of Trade and Economic Development.

Ms C. Batty, Manager, Population Policy Unit, Department of Trade and Economic Development.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.10 to 2.11 and Appendix C, and the Portfolio Statement, Volume 1, part 2. Minister, do you have an opening statement?

The Hon. K.A. MAYWALD: Yes, I do. I am very pleased to be here today to present the work of the government on population and migration. The South Australian government's migration and population program is continuing to pay highly valuable dividends for the state and the economy crucially important to the future of this state. I am pleased to announce outstanding results for the state's population growth. In the year to December 2007, South Australia experienced its highest 12-month period of population growth since December 1991 to reach population just under 1.6 million people at 1,591,930. This is an increase of 16,541 or 1.05 per cent on the previous year.

South Australia is on track to achieve our population target of two million people by the year 2029, which is over 20 years ahead of our original target. It is also important to note that this state is experiencing population growth that is globally competitive. The levels of growth seen in this state since 2005-06 are at a higher level than that of other developed nations such as Canada, USA, Western Europe and New Zealand.

To support our existing commitment to population and migration, \$5.3 million over four years has been allocated in this year's budget to continue and expand the government's program of attracting and retaining skilled migrants. This funding will be targeted at building upon our successful overseas migration programs and ensuring that this state's visibility and reputation for high-quality services are maintained in the face of significant increases in competition from other countries and particularly our interstate counterparts. Funding is also focused on the development of new market strategies to improve not only the range of overseas markets we source migrants from, but also to improve the way we connect with migrants to ensure they choose South Australia as their preferred destination. New countries to be targeted in this financial year include the Philippines, South Africa and New Zealand.

The increased funding will also provide increased resources for regional areas to support not only migrant attraction but also to assist regional businesses to attract and retain their workforce. Funding has also been provided in this year's budget to support and expand the operation of the highly successful business migration program. Since 2002, South Australia has seen a dramatic improvement in business migration of 412 per cent from 118 business arrivals in 2001-02 to 604 in 2006-07. Business migrants range from small business owners operating stores in the CBD to larger investors involved in the hospitality and real estate industries.

South Australia has achieved exceptional success in attracting overseas migrants at historically high levels in recent years. In the year to December 2007, 9,641 overseas settlers arrived in the state which represents a 92.1 per cent increase since 2004 and a 203.4 per cent

increase from June 2002 to June 2007. The net overseas migration result is also very impressive. In the year to December 2007, 13,061 persons boosted the state's population. This gain is 15.8 per cent higher than in the year to December 2006 and 53 per cent above the level required to meet the State Strategic Plan of 8,500 overseas migrants a year.

South Australia is the only state to offer a significant range of 'on arrival services' for new migrants. This service was used by 3,500 settlers in the past two years. The volunteer 'meet and greet' program now sees 94 South Australians volunteering to welcome new migrants to the state; that is a 9 per cent increase on the previous year. While our population and overseas migration stories show strong success, more still needs to be done to stem the flow of people interstate. For over 40 years, consecutive governments have grappled with the challenge of interstate migration. In that time, net interstate migration rates have only thrice been above zero when inflows occurred following Cyclone Tracy in 1975 and the last two major recessions in 1984 and late 1990 to early 1992.

To the most recent reporting period, in the year to December 2007, there was an increase in the net outflow of population to other states of 3,828. While this is disappointing, it is still well below the levels of the mid-1990s which saw a net loss of around 7,000 persons interstate per annum. The government is continuing to investigate interstate migration to improve our understanding of the issues. One of the factors that appears to influence interstate migration is housing affordability, and the recent reforms announced to the planning system and the assistance for affordable housing announced in the budget will go some way to assisting this.

In reforms to planning announced on 10 June the government released the Planning Review Report, which has many reforms. One of the recommendations was for a 25-year target for the supply of land, and that will also help with the housing affordability issues. As can be seen, we have a very good story to tell on population and we are looking forward to working very hard on those areas where performance can be improved.

The CHAIR: Deputy leader, do you want to make an opening statement?

Ms CHAPMAN: No, Madam Chair.

The CHAIR: Please proceed with questions.

Ms CHAPMAN: I refer to Budget Paper 4, Volume 1, pages 2.1 and 2.2, unless I otherwise indicate. In relation to the flow of people leaving the state—this is our loss interstate, which I know you touched on in your opening statement—that increased last year to about 3,800, I think. A couple of years ago we had a bit of a reprieve, but it is on the way back up again and, on all accounts, we are still breeding modestly well relative to Australian standards. I think we are at about 1.8 births per female and the overseas migration particularly is encouraging, as you have indicated. The problem is they are born here or migrate here and then they leave. When we look to see which states receive an interstate positive migration from states such as ours, Queensland and to some degree Western Australia are clearly the beneficiaries.

What specific programs does the government have, which were operating up until yesterday or which are proposed in the 2008-09 budget, to help arrest the growing interstate migration out of this state?

The Hon. K.A. MAYWALD: I acknowledge the honourable member's recognition of the strong performance in the areas in which South Australia is performing well in population, which acknowledges the fact that we are well ahead of our target of achieving two million people by 2050. In fact, at the rate we are going, we will achieve that population increase by 2029. However, as I indicated in my opening remarks, there are some challenges in relation to interstate migration. They are not all moving, as could be interpreted from the member's comments. In fact—

Mr Bignell interjecting:

Ms Chapman: The State Bank ruined that for us.

The CHAIR: Order!

Ms CHAPMAN: I have just complimented the minister and all I get is abuse from across the chamber.

The CHAIR: Minister.

The Hon. K.A. MAYWALD: I focus on the fact that we are investing in programs to try to arrest the situation in relation to interstate migration. A number of things, of course, impact on that. The first one is jobs, and the fact that Queensland and Western Australia are doing better than

other states is fairly indicative of that. Housing affordability is another matter, and we are addressing those through the means that I mentioned in my opening remarks. The budget for the Make the Move campaign was \$650,000. The latest advertising campaign was launched in March 2008 and will run until June 2008. The value of the media coverage generated by the campaign was—

Ms CHAPMAN: Can I have that again, please?

The Hon. K.A. MAYWALD: The budget for the advertising campaign for the Make the Move campaign was \$650,000. The latest advertising campaign was launched in March 2008 and will continue through to the end of this year. The value of the media coverage generated by the campaign was \$61,784. Advertising is generating an average of 96 inquiries a month, a 33 per cent increase over the number of inquiries received without the advertising that we have undertaken. In 2008-09 the budget is for \$700,000. We have the Make the Move website. The website performance has increased as a direct result of the interstate marketing activity. In May 2008 (the peak month for site visits over the campaign period), 4,773 site visits from Australia were logged, a 112 per cent increase in Australian visits from the previous month. Also we have the Make the Move career and employment expos. The expos were held in Melbourne and Sydney and, for a \$240,000 cost, that resulted in 834 people registering interest at the stand for both events, which was 34 more than 2007. Of course that program continues.

We are also involved in direct marketing. We have recruitment links in our Recruitment Links Program. For the year ended 2007-08, there have been 1,126 requests from people interstate who wish to be linked into recruiters/employers in South Australia. That program was relaunched in March 2008 and our processes are currently being refined to enable us to record and report on the outcomes of that. That gives a bit of a snapshot of the programs that are operating in relation to interstate attraction.

Ms CHAPMAN: Minister, last year when you responded in relation to the Make the Move campaign issue, you explained that you considered that this campaign was contributing to target T1.23, which is to reduce net interstate outflow to zero by 2010. We are not far away. Do you think that target is going to be achieved?

The Hon. K.A. MAYWALD: As I said in my opening remarks and in the question that I have just answered, there is still more work to be done in that regard. We are exceeding our targets in other areas, but this one we do have to work harder on and that is what we intend to do.

Ms CHAPMAN: Minister, are you satisfied that you are going to achieve that target?

The Hon. K.A. MAYWALD: I am certainly satisfied that we will be doing everything in our power to achieve the target, yes.

Ms CHAPMAN: In relation to the previous targets on population, they were changed. When you explained to this committee that they were not achievable, they were changed under a review of what was achievable. Do you have any intention of changing this target?

The Hon. K.A. MAYWALD: I point out that that was an independent review, not a government review. We did not change the targets ourselves without the independent review and we are doing everything in our power to achieve the target as established. We do have some challenges in that regard and we intend to work hard to achieve the target. Whether we achieve it or not (there are some external influences and we may not be able to achieve that), we will certainly be doing our best within our means to ensure that we achieve that target. There is no point setting a target too low, we want to set that target high enough and strive for it.

Ms CHAPMAN: Can I clarify one issue, Madam Chair?

The CHAIR: Order! Does the member for Giles have a question?

Ms CHAPMAN: On a point of order, I want one clarification. Minister, you said that you do not set the targets, meaning your government.

The Hon. K.A. MAYWALD: No, I did not say that at all. What I said was that the review was independent.

Ms CHAPMAN: But your government sets the targets.

The Hon. K.A. MAYWALD: We set the targets, yes.

The CHAIR: Do you have a question, member for Giles?

Ms BREUER: No; we don't have questions at this stage.

Ms CHAPMAN: I think the Make the Move program has been running for a few years, and you have reported to this committee on several occasions that it has cost around \$500,000 or \$600,000 and that it will cost \$700,000 this year. The program has resulted in a number of inquiries and, in fact, you have a website that has attracted a number of hits. How many people have you identified who have come to live in South Australia who stated that this program was the reason for their coming?

The Hon. K.A. MAYWALD: There is certainly great difficulty in being able to make that direct link because, of course, we do not track every individual who moves across the border. However, we can say that the Make the Move program is about changing perceptions and representing South Australia as a state to which people want to come and live. We concentrate very much on the positive aspects of our state, such as the fact that it is somewhere people can come and have a very good quality of life.

Some survey work has been undertaken, but I must emphasise that it is by no means absolutely conclusive because not everyone was surveyed. However, 50 per cent of those surveyed had heard of the campaign and 15 per cent of those stated that it had influenced their decision.

Ms CHAPMAN: To come here?

The Hon. K.A. MAYWALD: To come here.

Ms CHAPMAN: We have heard about this survey before, because this is your review process of this program, and you have given us a summary of it before. Of the 50 per cent in the survey who said that the program had influenced their coming here, how many came here?

The Hon. K.A. MAYWALD: No, 50 per cent of the people who were actually living here (1,200 people) who were surveyed had heard of the campaign, and 15 per cent of those who had moved to South Australia said that the campaign directly influenced their decision.

Ms CHAPMAN: So, 15 per cent of the 1,200.

The Hon. K.A. MAYWALD: Yes, 15 per cent of the 1,200.

Ms CHAPMAN: So, that is 30 people or so who have come to South Australia—

The CHAIR: Order! I think that the minister may be looking to add something to her previous comment. Have you concluded, minister?

The Hon. K.A. MAYWALD: I was just taking further advice on that answer. Certainly, in December 2007 there were 22,754 arrivals in this state. If this survey can be considered statistically valid in relation to the pool of people surveyed, that is quite a substantial number (about 3,400 people) who could have been, potentially, directly influenced by the Make the Move campaign.

Ms CHAPMAN: I have asked you this before, minister: do you test those arriving to see whether they are still here a year later? We had some discussion about this last year in estimates, when you said that you do not test, check or track them, or anything of that nature (and I am not suggesting that you put a pet disc on them), so that you can validate the fact that, whilst you have to get them here, you also have to keep them. Are those who leave the state in any way encouraged to contact your office about the reason they are leaving? Is there any attempt to identify why these people are leaving?

The Hon. K.A. MAYWALD: No, we do not track them.

Ms CHAPMAN: To review the matter as being a successful program, on the basis that the audit makes provision for its continued funding, how do you know that sending a positive message, whether it be, 'Come to South Australia because it's safer, cleaner, greener or whatever,' as distinct from a negative message from other places, for example, is the way to go? You might get 50 per cent of people coming here who have seen the ads.

The Hon. K.A. MAYWALD: That is certainly a hypothetical question, but I can say, from all our marketing research that has been undertaken, that a positive message about a place has a great influence in determining whether or not people decide to move there. That is certainly well known right across the board. If people are making a decision about where they want to live, a number of factors impact upon that, and a positive impression of a place is one of those.

Ms CHAPMAN: We have had various national advertising campaigns, including those about coming to visit Australia, with attractive girls on—

The CHAIR: Can the member stick to estimates questions and not cross-examination? Do you have something further?

Ms CHAPMAN: Madam Chair, I am asking about the program.

The CHAIR: You are making a lot of prefacing remarks and presumptions. Just get to questions.

Ms CHAPMAN: We have had a lot of these programs, and my question is: why are we continuing to proceed with a program identifying the positive only? Surely, if they are coming here, as you say, either on a permanent migration basis or because they have seen the Make the Move advertisements, some effort should be put into a program to keep them here. Do you think—

The CHAIR: That is a policy question and not an estimates question. The minister may choose to answer, but she is not required to answer questions related to the basis of government policy. This is about its implementation.

Ms CHAPMAN: Absolutely, Madam Chair. At point 5 on page 2.11, the report of the budget states that, in relation to South Australia's population, this will be achieved through positive messages about South Australia's job opportunities, housing affordability, quality education systems, lifestyle and recreational advantages. The information continues about this campaign—which is specifically what I am asking about.

The CHAIR: That's right. The government has determined—

Ms CHAPMAN: And I am now asking—

The CHAIR: Order! The government has determined its policy. The estimates process is about implementation of that policy. It is not to debate the policy. That is the important difference.

Ms CHAPMAN: Having decided to proceed with the Make the Move project, which is specifically in the budget papers and which the minister has told us has \$700,000 funding, is there any provision in this \$8 million, apart from employing people, to keep them here?

The Hon. K.A. MAYWALD: There is no budget item to run a negative campaign about South Australia, first and foremost. The state government believes that South Australia is a good place to live and we intend to continue to run positive campaigns. That positive campaign is also supported by SA Great which is investing significantly in trying to lift the profile and image of South Australia. Contrary to other people's opinions, we think it is a good idea to talk up our state about the good things that are happening here rather than continually talk it down.

We have programs in place to support settlers and migrants. We run a number of programs through the population and migration department of DTED to support people who are moving into South Australia. Do we track individuals in the interstate trade? No, we do not and—

Ms CHAPMAN: What is the—

The CHAIR: The deputy leader will wait to be called and stop interrupting. The deputy leader.

The Hon. K.A. MAYWALD: And I refer to that as—

Ms CHAPMAN: Thank you, I have the call.

The CHAIR: No, you don't.

Ms CHAPMAN: You just said 'deputy leader'.

The CHAIR: The minister had not completed her answer.

Ms CHAPMAN: Well, I am happy for her to complete it then, but don't give me the call and then shut me up.

The CHAIR: I was in error. I had not realised that the minister had more to add. The minister.

The Hon. K.A. MAYWALD: The settler arrival programs for our migrants are working particularly well and our volunteers are working very hard with us. They see the value in it, also.

Ms CHAPMAN: In relation to people with qualifications who are coming here under business migration, or in any event from overseas, there are areas of skills shortages in South Australia. I will read a summary of one letter I have received in relation to a 28 year old general medical practitioner, who is currently resident in metropolitan Adelaide. This person holds a 422 sponsored medical practitioner visa.

The CHAIR: Order! Where is the reference? A letter from a constituent is not the basis of a question. I know you want to get it onto the record so that you can say that someone did not answer it. I reminded you yesterday. You said you did not need to be reminded of the basis of estimates questions but I think you do. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. A letter from a constituent is not a line of budget details.

Ms CHAPMAN: Obviously, Madam Chair, you failed to take note when I indicated in my opening that I would be referring to Budget Paper 4, Volume 1, page 2.11 or page 2.12, unless I otherwise indicated. The minister seems to be able to follow that.

The CHAIR: This has nothing to do with—

Ms CHAPMAN: And so when you look at these two pages—

The CHAIR: Order! The questions must be based on those lines. The introduction to that question was clearly a letter from a constituent. That does not form the basis for a question.

Ms CHAPMAN: I put this to the minister. Looking at page 2.12—and you might be able to follow this, Madam Chair—

The CHAIR: Order!

Ms CHAPMAN: It is about business migration—

The CHAIR: Order! I will just close this and move to the next topic.

Ms CHAPMAN: Close it and convene the parliament, if you like.

The CHAIR: We know that you are aware of that process.

Ms CHAPMAN: Absolutely!

The CHAIR: I believe that you have been reminded of that process.

Ms CHAPMAN: You keep trying to shut these committees down. Well, call the parliament back.

The CHAIR: We are not shutting them down—we are moving to the next topic.

Ms CHAPMAN: Thank you. The next topic is overseas immigrants. If people are in South Australia and they are unable to have their visas processed, even when they are living here in Adelaide and are prepared to move to the country to undertake work, in relation to the \$8 million a year you are spending what is your policy unit/group doing to help these people process through the federal agency (which is one of the support roles you have) to ensure they can actually undertake a job here and stay here?

The CHAIR: Are you referring to the second point about permanent migration intake? Is that the case?

Ms CHAPMAN: Correct.

The Hon. K.A. MAYWALD: The processing of visas, of course, is a federal government issue, so the honourable member should refer that question to the federal minister. As I am sure you would be aware—

Ms CHAPMAN: I'm sorry, Madam Chair—

The Hon. K.A. MAYWALD: Excuse me: would you allow me to finish without interrupting?

Ms CHAPMAN: Madam Chair, I have a point of order.

The CHAIR: A point of order.

The Hon. K.A. MAYWALD: Excuse me: you do not have the call.

Ms CHAPMAN: I do have the call, thank you. It has been called. Thank you, Madam Chair. My point of order is that the minister made a derogatory statement in response to a question. I specifically asked what her department is doing to assist—

The CHAIR: Order!

Ms CHAPMAN: —the federal agency. You know that.

The CHAIR: Order! There is no point of order whatsoever.

Ms CHAPMAN: I don't need to ask the federal minister, because I already have.

The CHAIR: Order! We will just sit and wait. The minister was in the process of replying to a question. Minister, are you ready to resume?

The Hon. K.A. MAYWALD: The answer to that question is that we do have a number of programs to meet and greet, but the first part of the member's question referred to processing of visas. The processing of visas is the responsibility of the federal government, as I answered in the first instance. It was not a derogatory response. It was a response to the first part—

Ms CHAPMAN: What are you doing to assist?

The CHAIR: Order!

Ms CHAPMAN: She does not want to answer; forget it.

The CHAIR: Order! The minister is being polite and not speaking over the top of interruptions.

Ms CHAPMAN: I withdraw the question. What is the point of being here?

The Hon. K.A. MAYWALD: I have a point of order, Madam Chair. It is not possible to answer questions when someone is constantly talking over the top of you. I would ask that you intervene to ensure that questions can be asked in silence and answers can be heard in silence.

The CHAIR: Order! Unfortunately, minister, you cannot raise a point of order. However, I accept your point and will endeavour to allow you to speak uninterrupted. Do you have any further information?

The Hon. K.A. MAYWALD: I think we will go to the business portfolio now.

Departmental Advisers:

Mr R. Garrand, Chief Executive, Department of Trade and Economic Development.

Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

Mr. P. Tyler, Executive Director, Small Business and Regional Development, Department of Trade and Economic Development

Ms L. Boothby, Manager, Office of Small Business, Department of Trade and Economic Development.

Mr P. Polychronopoulos, Chief Finance Officer, Department of Trade and Economic Development.

Membership:

Mrs Penfold substituted for Ms Chapman.

The CHAIR: We now move to the Minister for Small Business. Minister, do you have any opening comments?

The Hon. K.A. MAYWALD: Yes, I do. The small business portfolio is situated within the Department of Trade and Economic Development and works in partnership with the small business sector to provide information, advice and workshops for start-ups and established businesses on business growth and profitability. Small businesses operate across a diversity of industry sectors including construction, property, retail trade, manufacturing and health and community services. The government acknowledges their valued contribution and is strongly aware that such

businesses can face obstacles and challenges in their operations that are specific to their circumstances.

The government is committed to making South Australia a competitive place for small businesses to operate and among the most important measures contained in the budget are the decisions to cut payroll tax again and to further raise the threshold before firms are required to pay the tax. The government has recognised the red tape burden on small business and has taken action to reduce it by 25 per cent. Seven industry reviews have been conducted to date and we are on track to fulfil the commitment to save businesses \$150 million through red tape reductions.

The government provides programs and assistance through the business enterprise centres (BECs) in the metropolitan area and the regional development boards (RDBs) in regional areas to assist businesses that have the potential and desire to grow and potentially enter into export markets. The nine business enterprise centres are commencing new three-year agreements from 2008-09. In 2007-08, the BECs provided assistance to 3,607 businesses, assisted 250 new businesses to become established and engaged in 45,000 telephone contacts with small business start-ups and owners.

In July 2008, the commonwealth government will also provide additional funding to eight of the business enterprise centres in South Australia. Business enterprise centres are expected to receive between \$200,000 and \$300,000 over three to four years, which will supplement and add value to existing funding arrangements with state and local governments. The highly successful small business month, which was an initiative of the Small Business Development Council, will run again in October 2008. The event will deliver a focused exhibition, keynote speakers and tailored events and workshops across metropolitan and regional South Australia. A key focus of the 2008 program will be on family businesses in SA, in recognition of the significant contribution they make to the state.

DTED has developed an effective system of direct support to small business. Also, initial work is undertaken by the BECs and RDBs, with additional advice and assistance available through the Centre for Innovation. A broad range of interests and opportunities are also covered in the small business program offered by the Office of Small Business. Service programs include: starting your own business workshops; the business owners coaching program; business licence information service; and also continues to support a free telephone counselling service to small business owners during times of difficulty and crisis.

During the 2007-08 financial year, the office arranged more than 380 workshops, which were attended by over 4,200 small business owners and managers and provided 4,600 information and business licence packs. The government works continuously to improve and enhance the service available to small businesses across South Australia to assist their growth, sustainability and export potential. I note that the National Bank survey for the March quarter reported that South Australian SMEs recorded conditions above the national average. At the same time, we know that there are significant challenges for small business, in particular rising interest rates, the effects of drought and water shortage, and skills and workforce issues impacting directly and indirectly on small business.

The CHAIR: Member for Unley, do you wish to make an opening statement?

Mr PISONI: I will go straight into questions, thank you, Madam Chair. In relation to the challenges which you mentioned in your opening statement, minister, it is a pity that you missed the new challenge to South Australian small businesses. I am wondering what advice has been offered by your office to small businesses that are among the 450 industry classes whose WorkCover levy increased by up to 33 per cent as of today? Last month, 550 industries were gazetted with increases in their WorkCover levy—

The CHAIR: Order! Member for Unley, do you have a budget line, please?

Mr PISONI: Yes, I do. It is page 2.6, targets and highlights, referring to dot point 14.

The Hon. K.A. MAYWALD: I only have 11 dot points. Which one are you referring to—page 2.6?

Mr PISONI: Sorry, page 2.6. This is referring to the budget papers from last year, targets 2007-08.

The Hon. K.A. MAYWALD: We are doing this year's budget.

The CHAIR: Last year's budget papers are not under examination.

Mr PISONI: It is no longer a target to offer that sort of assistance?

The CHAIR: This year's budget papers are the ones that are subject to examination, not last year's budget papers.

Mr PISONI: Referring to page 2.21, Objectives, I will ask that question based on support for small business. The council provides a small business advocate, so that will do.

The CHAIR: 'That will do' is not sufficient, member for Unley.

Mr PISONI: The question is: what advice have you given to those businesses that are suffering increases in their WorkCover levy?

The CHAIR: It does not seem to me that that is a particularly appropriate question, but, minister, do you have anything to offer?

The Hon. K.A. MAYWALD: I do not have a budget line responsibility for WorkCover, Madam Chair.

The CHAIR: No, that is what I thought.

Mr PISONI: It affects a lot of small businesses.

The Hon. K.A. MAYWALD: The only commitment that I can make is under the small business portfolio. We have lobbied and supported strongly the reforms in the WorkCover legislation, but any questions on WorkCover need to be referred to the appropriate minister.

Mr PISONI: So you do not offer any advice to small business—

The CHAIR: Member for Unley, proceed to the next question. You have had the answer.

Mr PISONI: Again referring to Objectives, page 2.21. What is the minister's role on the small business advisory council?

The Hon. K.A. MAYWALD: I cannot see any reference to that on page 2.21. You said the small business advisory council; I am not certain what you are referring to. Do you mean the Small Business Development Council?

Mr PISONI: That must be what I am referring to, minister.

The Hon. K.A. MAYWALD: My role on the Small Business Development Council was as its chair in 2007-08. From this financial year, the Small Business Development Council will be co-chaired by a member of the council, Mr Philip Sims, who has agreed to undertake that role, and the member for Napier, Mr Michael O'Brien. They will develop a work program for advice for the small business minister.

Mr PISONI: I refer to Budget Paper 4,, Volume 1, page 2.6: Highlights 2007-08—\$150 million in savings to business by next month in red tape reduction. In the targets for the last budget business-related red tape reduction was to be at least 25 per cent. Do the 25 per cent reduction and the \$150 million savings equate? The 2008-09 target for red tape reduction does not give a percentage or dollar value. What is the target?

The CHAIR: Minister, you may care to answer those parts of the question that are in order relating to this year's budget.

The Hon. K.A. MAYWALD: The state government's Competitiveness Council was created to identify, develop and champion practical measures and reforms to enhance South Australia's competitiveness, in particular, to meet a commitment by the government to reduce red tape by at least 25 per cent by July 2008.

This was translated into a target to save business \$150 million per year through red tape reductions. The council first met on 14 July 2006 and it has met on 12 occasions. It is a program that we believe is on track. It is currently being independently reviewed by Deloitte, and a report on our achievements under that program will be released shortly.

Mr PISONI: I refer to page 2.10: 'Economic strategy and policy development', the second dot point from the bottom. What are the terms of reference for the government skills review in regard to small business, and how will this review improve the viability, competitiveness and profitability of small business in South Australia?

The CHAIR: Minister, you may not be responsible for the terms of reference of the skills review, but you may have some information you can provide.

The Hon. K.A. MAYWALD: Certainly we have a contribution regarding policy in relation to small business matters in that review, but the skills review is being undertaken by the minister responsible.

Mr PISONI: In relation to the part of the question that I asked previously, how will this review improve the viability, competitiveness and profitability of small business in South Australia?

The Hon. K.A. MAYWALD: The effort across all of our portfolio programs will enhance the potential for small business in the state, and we would expect that this review would also have a contribution in regard to that matter.

Mr PISONI: What are you hoping to achieve out of it for small business?

The Hon. K.A. MAYWALD: It is a hypothetical question that you are asking me in relation to a budget line that is not part of my estimates portfolio but, certainly, small business has an important part to play in South Australia, and we will be championing the cause for small business.

The CHAIR: Skills development is the responsibility of the Minister for Employment, Training and Further Education.

Mr PISONI: It is pretty important for small business.

The CHAIR: It is, but it is nevertheless the responsibility of that minister. There are many issues that are important to small business, but they are managed by the portfolio.

Mr PISONI: Let us see if international market development is something that is of interest to the small business minister. I refer to page 2.16. The third dot point states: 'South Australia's overall export performance was partially enhanced by strategic market visits by ministers.' Can the minister list the export deals and the value of deals for South Australian small business in 2007-08 that directly result from ministerial visits?

The CHAIR: That appears to me to be the responsibility of the minister for trade.

The Hon. K.A. MAYWALD: I would refer the member to the *Hansard* report of the minister for trade, who did respond to that question during his estimates. I add to that by saying that for small business, of course, export support is something that the government considers to be very important. We support the development and implementation of programs, initiatives and policies that promote growth and export potential for small businesses. We have business advisers through the business enterprise centres and the regional development boards, and we employ information officers in the Office of Small Business.

We conduct programs, including Starting Your Own Business, Better Business Series workshops and skills development workshops. As far as exporters go, the Exporters' Club is a not-for-profit organisation that seeks to make the process of exporting easier for small to medium enterprises by using its expertise and international contacts. The Exporters' Club provides advice to and facilitates a network of export interested firms, provides comprehensive export assistance and helps businesses access existing government programs, relevant local, state and commonwealth government personnel and useful overseas contacts.

DTED offers small businesses a free workshop on exporting for beginners. This workshop takes businesses through a step-by-step review of the key decisions and information that businesses need to address in order to make export sales profitable. This workshop forms part of the department's Better Business workshops.

There is also, of course, the TradeStart program. Since late 2006, TradeStart export advisers have been appointed and collocated with respective regional development boards in Port Lincoln, Naracoorte, Port Augusta and with DTED in Adelaide. The TradeStart program in South Australia is a partnership between the government and Austrade, which is the federal agency. The government, through DTED, has contracted the Yorke, Murraylands and Riverland RDBs, the Onkaparinga Exporters Club and the Salisbury Business and Export Centre to provide TradeStart services on a part-time basis in order to extend the reach of the program.

In July 2004, the government established a new market access program. The program is designed to assist small and new exporters that are not eligible for assistance from Austrade. It is estimated that over 90 per cent of recipients are small businesses of less than 20 employees.

Mr PISONI: I am sorry; I missed the reference to small businesses in 2007-08 that directly resulted from ministerial visits.

The CHAIR: I think the member did not miss it; I think he misunderstood it.

The Hon. K.A. MAYWALD: I referred the member to *Hansard* on that; to the question that was asked by the—

Mr PISONI: You named them, did you?

The Hon. K.A. MAYWALD: No; if the member listened to the first part of my answer to the question, that question was asked of the Minister for Trade, who responded during his estimates, and I refer the member to the *Hansard* report of those estimates.

Mr PISONI: They were named, were they?

The Hon. K.A. MAYWALD: I refer the member to that estimates.

Mr PISONI: So, you do not know?

The Hon. K.A. MAYWALD: I refer the member to that estimates.

Mr PISONI: All right.

The CHAIR: Order! I will not tolerate these insults being thrown in when the minister is not responsible for an area. There has been too much of a pattern developing that when a minister is not responsible for an area there is a suggestion that the minister does not know. The minister is responding in relation to her areas of responsibility, and gratuitous insults are not acceptable.

Mr PISONI: There was no insult there.

The CHAIR: Member for Unley, ask a question.

Mr PISONI: There was no insult there. It was: you do not know?

The CHAIR: Order!

Mr PISONI: That may have come through in my tone.

The CHAIR: I know I have a cold, but that was not the way it came through.

Mr PISONI: It was a question, not a statement. I refer to Budget Paper 4, Volume 1, page 2.21, Program 7: Small Business Growth. This shows a very significant drop in the estimated result for 2007-08 compared to the budget of 2007-08—

The Hon. K.A. MAYWALD: I ask the member to clarify where he is quoting from.

Mr PISONI: Page 2.21: Small Business Growth.

The Hon. K.A. MAYWALD: That is page 2.22, Program 7.

The CHAIR: The member is talking about estimated results; could he indicate what category of estimated results?

The Hon. K.A. MAYWALD: Which line is the member referring to; in relation to growth or reduction?

The CHAIR: The member was referring to budget and estimated results. I am trying to clarify which specific line.

The Hon. K.A. MAYWALD: Which specific line is the member referring to?

Mr PISONI: It is employee benefits and costs.

The CHAIR: And which part of that is the member referring to?

Mr PISONI: The budgeted amount.

The CHAIR: Employee benefits and costs; that line?

Mr PISONI: Yes.

The CHAIR: We now have the reference. What is the question?

Mr PISONI: There is an amount there that is \$433,000 (30 per cent) less than the budgeted amount. I am inquiring as to why that is there. Is there a staffing hole? Is there a position that has not been filled? What is the reason for that?

The Hon. K.A. MAYWALD: The key points in this area are the salaries for the program. The variance in salaries costs between the three years is related to the transfer of two full-time equivalents to the Competitiveness Council, reported under the programs: Economic Strategy and

Policy Department to focus on red tape reduction. So, it is the transfer of the two full-time equivalents to the Competitiveness Council.

Mr PISONI: I refer to page 2.22: Small Business Growth, dot point 10. The Department of Trade and Economic Development has offered only 113 Better Business Series workshops, as opposed to 250 in the last budget. Will the minister shed some light as to why there has been a dramatic drop?

The CHAIR: The reference to the figures for this year is appropriate. Last year's figures are not appropriate.

Mr PISONI: I am referring to this year's figures in the budget, and it is a matter of fact that there were 250 in the last budget.

The CHAIR: Well, the minister does not have that information before her.

Mr PISONI: She does now.

The CHAIR: She does not. She has it only if you are prepared to circulate that page of the budget papers, through the chair. That is the only way last year's issues can be considered.

The Hon. K.A. MAYWALD: There are a number of ways in which these programs are facilitated. If you look at the third dot point, 40 Better Business Series workshops were undertaken by the BECs. The Office of Small Business also facilitated 52 Better Business Series workshops, and that is referred to in the line under the first set of dot points. In addition to the programs delivered by the BECs, DTED continued to deliver workshops and services to small businesses, and we also delivered a further 113 Better Business workshops. In other words, altogether there were 205 workshops.

Mr PISONI: I refer to the same page, dot point 12. The Department of Trade and Economic Development offered 84 workshops, which is up by four from last year, but with 125 fewer attendees (down from 800 last year to 675 this year). Are you able to find an explanation for that, minister?

The CHAIR: The minister can comment only on this year's performance.

The Hon. K.A. MAYWALD: Certainly, more workshops have been attended. There could be a number of different reasons as to why the number of members attending each of those workshops has varied, but that is certainly not information I have to hand.

Mr PISONI: I am happy for the minister to take it on notice. I would be very interested to know why there has been a reduction in the numbers.

The Hon. K.A. MAYWALD: We would not have information that we could provide to you, except to say that there were fewer attendees this year than last year for more workshops and to confirm that, yes, you have been observant and, yes, there have been marginally fewer attendees at more workshops conducted by DTED.

Mr PISONI: And the department counts, obviously. I refer to the second to last dot point relating to Start Your Own Business information kits and business licence information packages. In both cases, there has been a dramatic decrease in the provision (down from 7,000 to 3,504, and from 2,500 to 127 respectively). Telephone calls for information have also—

The CHAIR: Member for Unley, I must insist that you do not load your questions with comments about what may or may not have happened last year. The information is not before the minister. The minister is not in a position to know how anything was developed last year, or different programs or anything else. So, these judgmental comments and observations are entirely out of order. Questions must relate to this year's budget papers.

Mr PISONI: I am terribly sorry, Madam Chair; I would have thought the minister would be on top of her portfolio. With all of her advisers over there—

The CHAIR: The minister does not have last year's budget papers.

Mr PISONI: All of her advisers over there—

The CHAIR: Order! The minister has prepared herself for this year's budget papers. Last year, she prepared herself for last year's budget papers. She is not expected to have the details—

Mr PISONI: Well, if I was preparing myself for this year's budget papers, I would want to know what I was comparing them with.

The CHAIR: Order! Okay, we will have another couple of minutes' silence while you remember that one person speaks at a time. Have you been able to put the question in an orderly form now?

Mr PISONI: Well, I am not quite sure, Madam Chair; I imagine I will have to wait for your ruling.

The CHAIR: All you have to do is to ask a question about this year's budget papers. It is pretty easy, really.

Mr PISONI: I find it surprising that we have a full contingent of advisers here, and something that is only 12 months old—

The CHAIR: Order!

Mr PISONI: Twelve months old, and it is already out of people's mind.

The CHAIR: Order!

The Hon. K.A. MAYWALD: Madam Chair, can I ask the member not to reflect on the members of the Public Service who are here doing their job? I think it is totally inappropriate for the member to be reflecting on the advisers here in the room.

The CHAIR: It certainly is.

Mr PISONI: I am reflecting only on the minister.

The Hon. K.A. MAYWALD: Madam Chair, I can respond to this. He asked a question regarding the last two dot points in relation to the Start Your Own Business and the business licensing information packages that are provided by government. There are a number of ways in which that information is provided. It is provided directly through the Department of Trade and Economic Development, and it is also provided through the BECs and the RDBs. Also, in the last 12 months, we have substantially upgraded our website, and a number of people are accessing that information directly from the website. So, there is certainly no shortage of opportunities for people to access the information necessary to assist them in this regard. If we are going to talk about reflections, I think it is important that we talk about the substance of the programs on offer, rather than degenerate into personal attacks because we do not have sufficient questions to ask. I think such behaviour is totally inappropriate.

The CHAIR: Thank you, minister. The member for Unley.

Mr PISONI: I refer to dot point 9: Business Licence Information service packages. We are down to 64 from 800 last year. Can the minister give an explanation why that has happened?

The CHAIR: Does the minister want to comment about these packages?

The Hon. K.A. MAYWALD: I would like to respond to the question. Once again, the member has not actually read the budget papers. Sixty-four business licence information service packages have been delivered through the BECs, and they are also delivered through the RDBs. Also, 1,127 were delivered directly from DTED, and they are also available on the website, which we have upgraded in accordance with our Competitiveness Council requirements to reduce red tape and to provide people with appropriate access to the information through electronic means. A number of people who are in small business find it much easier and far more convenient to go to the website to access this kind of information. So, we are talking about 1,127 business licence information service (BLIS) packages provided directly by DTED. We have also seen 64 BLIS packages distributed from the BECs.

Mr PISONI: At the same reference, I refer to dot point four regarding the Start Your Own Business workshops. The numbers have decreased to 1,040 from 1,500 last year, but also there has been a change in description from 'participants' to 'attendees'. I am wondering whether the minister can explain the difference between a participant and an attendee in those programs.

The CHAIR: Clearly, the member does not get it; however, minister, would you like to comment on the issue of the SYOB workshops?

The Hon. K.A. MAYWALD: I would like to inform the member that attendees are participants in workshops.

Mr PISONI: So, it is the same thing.

The Hon. K.A. MAYWALD: I would refer the member to the Oxford dictionary. Yes, they have attended—they have participated. They are at the workshops, they are coming along. They are not coming along for any other purpose but to participate in the workshop; any other reason would be quite silly, I would imagine. The Start Your Own Business workshops number 91 from the BECs, but also 3,504 Start Your Own Business information kits were sent to inquirers and, as I say, the information is available on the website.

Mr PISONI: I would suggest that there is a distinct difference between 'attendee' and 'participant'; for example, my children attended the polling booth with me but they did not participate in the voting process because they were not old enough.

The CHAIR: Order! This is just silly.

The Hon. K.A. MAYWALD: In actual fact, I think that is a rather stupid and ridiculous comment to make. These workshops are organised and people register to come along. They do not register to come along, sit there and not participate. They are very busy people, and the member should understand that having been a small business person himself in the past. They are busy people and they do not come along simply to attend; they come along to participate. I think if that is the level of the questions that we have come to, we have almost come to the end of the line in relation to questioning.

Mr PISONI: Unfortunately, minister, any other question I ask about small business you have referred to other ministers. I am not left with much choice.

The CHAIR: Order, member for Unley! I have already indicated that gratuitous comments are out of order. You cannot sit there and derogate the minister for understanding her portfolio and the portfolios of others.

Mr WILLIAMS: On a point of order, Madam Chair, I have been sitting here in silence listening to the to-ing and fro-ing and more than enough gratuitous comments have come from the minister suggesting that the member does not have questions or that they are stupid questions. I think this whole thing is being downgraded to a farce, to be quite honest.

The CHAIR: There is no point of order. We can move on to the next section.

The Hon. K.A. MAYWALD: I would like to make some concluding remarks on that section. The questions asked by the member in relation to WorkCover, trade and skills obviously reflect that they did not have enough questions on the small business portfolio itself. I responded in that manner simply because of the derogatory remarks that were made in conclusion by the member. I am happy to move on to the next section.

Mrs PENFOLD: I refer to Budget Paper 4, Volume 1, page 2.21: Program 7—Small Business Growth. I refer to the Small Business program objective which is given in the second paragraph as:

The objective of the Small Business program is to ensure that small business issues are represented at the state government level and that their interests are taken into account in the delivery of programs or development of policies.

At present small businesses in South Australia monitoring alarms and security systems for state government departments such as DECS, Correctional Services and SA Water are losing their contracts to the Police Security Services Branch. The Police Security Services Branch—effectively a government organisation—is taking away contracts from efficient small businesses without having to go to tender. Minister, how does this meet your program's objective? Have you ensured that small business interests are being looked after?

The CHAIR: I could not hear all of the member's question, but it seemed to be about something that is the responsibility of the minister for education. Is the minister able to issue any comment?

The Hon. K.A. MAYWALD: The question, I think, refers to the employment of contractors and procurement processes in a particular agency—in this case, police security, I understand—which certainly would be best directed to the minister responsible for those areas. However, the other part of the question was about how we represent small business and how we ensure that small business issues are represented at state government level and their interests are taken into account in the delivery of programs or the development of policies.

We do that through the Small Business Development Council, which was established some years ago. The Small Business Development Council is an independent advisory body that will make recommendations to the Minister for Small Business on ways in which the government and

industry can work together to strengthen the capacity of small business to respond to local issues and opportunities. The Small Business Development Council undertakes responsibilities such as advising the small business minister about the broad impact of decisions on small business; advising the minister on opportunities for initiatives to promote business continuity, sustainability and growth; looking at specific areas of reducing regulations in the small business sector.

In that regard, the Small Business Development Council and the Competitiveness Council have worked together and supported the reduction in red tape by \$150 million. They also look to assist us and advise on the competitiveness of the small business sector in South Australia and also to advise on ways in which we can enhance the entrepreneurial business skills of the business sector. We are also looking at ways in which we can support family businesses through our BECs and RDBs and also through having a thinker in residence in family business here in recent times. The report of thinker in residence, Dr Dennis Jaffe, is being considered by the government at the moment, and we will be providing a report on the government's response to those recommendations very soon.

We support small business in a number of other ways. We have the State Planning and Development Review. We announced that we were looking to review state planning and development issues which have a big impact on small business. We have the Small Business Development Council, and small businesses have been well represented in the area of lobbying for taxation reform. We have also seen success for small business in the payroll tax area. Where there are specific issues of matters of policy, the small business portfolio works hard to have the issues of small business represented. The issue that the member refers to is a specific issue obviously regarding a constituent and I suggest she takes it up with the appropriate minister.

Mrs PENFOLD: I have a question on a matter of policy. The Minister for Health has just indicated in the last estimates that there is to be a change of policy in the Country Regions Procurement Strategy to 'procure more smartly'. Does this mean that country hospitals will receive their bread, meat, fruit and vegetables from one bulk order to cut out the small regional family businesses, and did the minister argue for their interests to be maintained with the Minister for Health?

The CHAIR: That is a question for the Minister for Health. Does the minister have anything to offer?

The Hon. K.A. MAYWALD: The only thing that I would offer is that as Minister for Small Business I am constantly ensuring that the interests of small business are put forward on policy matters that come before cabinet. I might just add that we are only state that has adopted the Business Costs Calculator, which is a requirement of all cabinet submissions that go to cabinet to ensure that cabinet is well aware of the impact of any major policy decisions on small business, when cabinet decisions are made.

The CHAIR: There being no further questions to the Minister for Small Business, the committee will now proceed with questions to the Minister for Regional Development.

Membership:

Mr Griffiths substituted for Mr Pisoni.

Departmental Advisers:

Mr P. Tyler, Executive Director, Small Business and Regional Development, Department of Trade and Economic Development.

Mr B. Paolo, Director of Regional Services, Department of Trade and Economic Development.

The CHAIR: Minister, do you have any comments in your role as Minister for Regional Development?

The Hon. K.A. MAYWALD: Yes, I will make a brief statement. The portfolio is situated within the Department of Trade and Economic Development (DTED) as the Office of Regional Affairs. That office provides policy advice to the government in relation to regions and is primarily responsible for the Regional Communities Consultative Council, the Regional Development Infrastructure Fund (RDIF), the Regional Development Board Program, and a number of smaller

community development programs, such as the Rural Town Development Fund and Community Builders.

The office employs six regional managers who provide a vital interface between the state government and local communities which informs policy development and assists regional service delivery. They offer regionally based support for localisation of South Australia's Strategic Plan priorities, case management support for key regional projects, and work closely with key stakeholders and regional development boards to ensure that benefits from major projects flow to the regions and the state as a whole. The Regional Development Infrastructure Fund is a very important fund and assists with meeting South Australia's Strategic Plan targets in the regions.

Approximately \$24.7 million in RDIF investment has supported an estimated \$1.1 billion in regional investment which has collectively created an estimated 4,900 new jobs. In 2007-08 RDIF committed over \$2.8 million against 14 projects with a total project investment of approximately \$231 million, generating an estimated 800 new jobs. The Regional Development Board Program: 13 regional development boards are funded through a bilateral agreement between state and local government. These boards are primarily established to attract business investment and generate employment opportunities in regional South Australia, or employment outcomes.

Commencing on 1 July in partnership with local government we are entering into new five year performance-based agreements with each of the 13 boards. The total government funding for the Regional Development Board Program is in excess of \$18 million over the next five years. We have been consulting with the councils in relation to this as our major funding partner.

In October last year councils and regional development boards were consulted on a new draft five year resource agreement through Regional Development SA and the Local Government Association (LGA) of South Australia, which is more than seven months prior to the expiry of the previous agreement. On 2 May 2008 the resource agreements were formally sent to 50 regional councils and the Outback Areas Community Development Trust and the 13 RDBs. I thank the Local Government Association for its leadership and support and the work that they have undertaken with us through this review process.

In regard to industry, regional South Australia plays a significant role in South Australian economic activity. This is particularly so for agriculture, wine, energy and, of course, mineral production. Primary Industries estimates that, despite the recurrence of drought and the rising Australian dollar, the food industry in South Australia in 2006-07 contributed just less than the record \$10 billion to the South Australian economy in 2005-06. PIRSA's Mineral ScoreCard reports that the net mineral industry value in 2006-07 was \$3,672.5 million, which is an increase of \$297.7 million or 8.8 per cent.

As to population, the resident population of regional South Australia in June was 294,789, which accounts for 18.6 per cent of South Australia's population, so South Australia's regional population certainly punches well above its weight in regard to economic activity for the state. The population of regional South Australia increased by 1,626 over 2006-07, which is the second year of growth in a row.

Whilst there are some really exciting opportunities around the mining sector and other regional growth areas, there are obviously some substantial challenges associated with that growth, and some communities are doing it really tough. The drought continues to have a significant impact on regional South Australia, and the reduction in Murray River water allocations is especially impacting on Riverland horticulture and dairying along the Murray. It is also having a big impact around Langhorne Creek and Currency Creek. The response to these adverse conditions—rising food prices—is already apparent, with food import volumes increasing and export volumes decreasing.

In December 2007, a \$400,000 community drought fund was established by DTED and managed by PIRSA to assist regional communities to develop their economic and social infrastructure. Additional funding was leveraged by the applicants, and a total of just over \$1.2 million will be spent over the eight successful projects.

In 2008-09, the state allocated \$9.8 million for the state's drought response program, which includes the young farmers support package and an extension of the Planning for Recovery program. The state has also budgeted \$12.4 million as its share of \$124.3 million Exceptional Circumstances program in South Australia. The state government plans to spend \$260 million over the next four years to protect and improve the health of the River Murray in the regions, which includes \$56 million for water recovery.

The Regional Communities Consultative Council has been particularly active in relation to the impact of drought, with advice to the minister in that regard and in terms of water security issues right across the board. The council has strong links and consults directly with regional South Australian communities through quarterly forums, where it hears local issues in relation to education, transport, infrastructure, environment and health. Advice received from these local communities is passed onto the relevant ministers within government and considered in policy development.

The prosperity and wellbeing of people in communities in regional South Australia are critical to the sustainability of the entire state. Viable regional economies contribute significantly to our economic growth, and this needs to be partnered with strong social networks and environmental measures that conserve our water and other natural resources.

There are opportunities to grasp and challenges to embrace, but there will still be others to emerge. It will be through the continued collaboration between communities, industries and government and the current and next generation of regional leaders that the capacity of communities in South Australia can be built upon.

The CHAIR: Does the member for Goyder wish to make an opening statement?

Mr GRIFFITHS: I will make a brief one, Madam Chair. After listening to the debate that has occurred over the past few hours, I have made an effort to ensure that every question is referenced to a page in the budget. I acknowledge that the shadow parliamentary secretary (Hon. Mr Dawkins) assisted enormously with this, and I am grateful to him.

I think that it is fantastic that all 68 councils are back in the regional development fold as a result of the Copper Coast council making the decision to become a member again. Given that I represent that council area, and have previously been a member of the Yorke Regional Development Board, I am pleased about that and congratulate all those involved in ensuring that it occurred.

I am an unabashed supporter of the regional development board framework. In my previous roles, when working in Orroroo I was involved with the then Pirie regional development board and the northern board at Port Augusta. When living in the Hunter Valley in New South Wales, I was a member of the board of the Upper Hunter BEC, and I became a member of the Yorke Regional Development Board upon return to Yorke Peninsula.

I know that many people in this place say that they support the regional development board structure, but I have done it through physical involvement and seen the day-to-day application of board and staff members, who are very dedicated and try to promote the opportunities that exist within their communities. They are very deserving of every dollar they are given in funding support from the state and local government bodies who form their membership.

I also acknowledge that Mr Peter Blacker, Chair of the RCCC, is in the chamber today and the fact that he is the father of a very nice young Adelaidean family who live in my electorate. I recognise that Peter has done some good work and, whenever the RCCC has had the opportunity to be within my electorate, I have always tried to ensure that I attend those functions. Thank you, Peter, for your work. With those nice words, I move to my questions.

Mr Bignell interjecting:

The CHAIR: I am confident that they will be; it is not entirely contagious.

Mr GRIFFITHS: These are fairly broad references, so I hope that you will interpret them—

The CHAIR: Estimates are about this year's budget and not the Auditor-General's Report, last year's budget, the annual report or what somebody said in the newspaper.

Mr GRIFFITHS: I might be guilty of some of those things—however, only on a minor scale. I refer to Budget Paper 6, the Regional Statement, page 3, which refers to the five-year agreements. In her opening comments, the minister referred to those and the fact that they commence today. I think that the draft consultation occurred last year and that documentation was provided to the RDBs on 2 May. It is my understanding that the agreements that went out in May did not include the dollar figures that were to come from the state government; is that correct?

The Hon. K.A. MAYWALD: No. There was no consultation in regard to the specific details; it was the budgetary process for government.

Mr GRIFFITHS: So, the wording around which the document will be based went out in May, but the dollar figures were not mentioned.

The Hon. K.A. MAYWALD: The dollars went out in May. The formal offer went out in May.

Mr GRIFFITHS: Is the minister able to provide me with the details of the individual financial arrangements in place for each of the RDBs? I am prepared for that question to be taken on notice because I realise it might require some detail.

The Hon. K.A. MAYWALD: We are able to provide that information, but I will take the question on notice as we do not have those details here.

Mr GRIFFITHS: The reason for my question is that I know there are different arrangements for different RDBs because there are differences in the staffing structure and the provision of services, so we would like to receive that detailed information.

The Hon. K.A. MAYWALD: It is historic in its nature, as to the funding formula for each particular board. It has to do with the historic size of the board and local government involvement, and those sorts of things. It is basically historic.

Mr GRIFFITHS: Is the minister able to confirm the level of increase in this year's funding agreement compared with the previous five-year agreement and the five-year agreement before that?

The Hon. K.A. MAYWALD: In relation to the payments to the regional development boards, in 2007-08 the budget was \$3.495 million and in 2008-09 the budget is \$4.5 million. Do you want the breakdown for each individual board?

Mr GRIFFITHS: My understanding is that it is only an average of 2.5 per cent.

The Hon. K.A. MAYWALD: That's correct; it is 2.5 per cent.

Mr GRIFFITHS: Is that 2.5 per cent the only increase that has been granted to these boards since the previous five-year agreements?

The Hon. K.A. MAYWALD: That's correct. It is indexed going forward for the duration of this five years, so every year it is indexed. In the past the agreement was a fixed amount per annum; it was not indexed.

Mr GRIFFITHS: So is it a 2.5 per cent increase as at today and another 2.5 per cent as at 1 July 2009?

The Hon. K.A. MAYWALD: It will be an indexed fee set by Treasury. It is 2.5 per cent this year and then it is an indexed increase (which is the index set by Treasury each year).

Membership:

Mr Venning substituted for Mr Williams.

Mrs Geraghty substituted for Hon. L. Stevens.

The CHAIR: Minister, do you have further information?

The Hon. K.A. MAYWALD: In relation to the resource agreement core funding, there are many other sources of money for the boards, and the boards are able to use those other sources to leverage money from other areas as well in order to supplement their income.

Mr GRIFFITHS: Is the 2.5 per cent indexation only on the core funding or is it across everything?

The Hon. K.A. MAYWALD: It is on all the regional development programs that are funded by the South Australian government.

Mr GRIFFITHS: I understand that in future years there will be another inflationary factor, depending what Treasury determines that to be. Why was 2.5 per cent chosen for this year?

The Hon. K.A. MAYWALD: Treasury said 2.5 per cent.

Mr GRIFFITHS: So, no scientific magic formula, just a declaration.

The Hon. K.A. MAYWALD: That was the indexation figure across whole of government. I think it needs to be pointed out, also, from the perspective of the regional development boards, as a percentage of the Department of Trade and Economic Development, that it is a growing proportion of that budget. The department itself does not get the same indexation.

Mr GRIFFITHS: We all would acknowledge that there is very good staff within the RDB structure, and it is important that they be retained so that the historical knowledge they possess and the contacts they have made in their community are not lost. It was my observation as an outsider—but a concerned outsider—that the delay in funding agreements (which talked about the dollars that were available) potentially could have resulted in the loss of really good staff. I understand that it depends on Treasury bids, and all that sort of thing, but will there be an effort in future funding agreements to ensure that a structure is in place to allow the development boards to have some confidence about the dollars available to them in future agreements?

The Hon. K.A. MAYWALD: It was made very clear from the onset that a new five-year agreement would be established and that what existed was the starting base, so anything over and above that would be negotiated through the budgetary process. There was never a question that the resource agreements would be pulled from 1 July. There was always an expectation and an understanding between the negotiating parties that the resource agreements would be renewed. We do not think there was a risk to any of those jobs as a consequence of negotiations for the new resource agreements.

Mr GRIFFITHS: I understand that you committed to the RDB structure very early. I know that, as a result of the competitive world out there, people who prove themselves within a regional development board framework have access to a lot of business contacts who could see their talents and think, 'Wow, this is a good person we might want to poach.' Even though the RDBs might have had an agreement that the structure would continue, unless there is a real knowledge of what dollars are available and how much they can afford to pay people to keep them, the competitive nature of the world is that they might be poached relatively easily and lost, when there could have been capacity in the budget to do that. That is the reason for my question.

The Hon. K.A. MAYWALD: I understand that. Welcome to the world of government—local government, federal government, state government—and, also, business. Everything is subject to budget considerations.

The resource agreement process started in November 2006 when we established a ministerial advisory group, which comprised state and local government representatives. The idea of the advisory group was to provide strategic advice to the Minister for Regional Development and the president of the LGA on the future of the resource agreements—not that the resource agreements would not be renewed but, rather, what we wanted to see them look like in the next five-year round.

We wanted to ensure that we could work through the LGA's expectations of the boards and our expectations of the boards to ensure that we all were heading down the same path. On 9 February an LGA discussion paper entitled 'Future delivery of economic services in regional South Australia' was released. That was circulated to councils through the online circular system to seek input from all councils. In June 2007 the ministerial advisory group finalised its report. In July 2007 the final report was provided to me as Minister for Regional Development, and we also provided a copy of that report to the LGA's president.

In September we had further negotiations with the Local Government Association SA, confirming our approval of the recommendations in the report and notifying that a draft resource agreement would be provided to Regional Development SA and LGA SA in October 2007. That was provided to those two bodies on 27 October for comment and consideration. On 12 December, we facilitated workshops with the RDBs and the LGA SA to workshop what the KPIs (key performance indicators) would be in the regional development board resource agreements. This was followed up by the road-testing the KPIs with the nominated RDB and LGA SA, and a council CEO.

On 29 January, comments were received from RDSA on the draft resource agreement; 4 March, comments were received from the LGA. On 9 April, we released the media statement promising formal offers. We were on the table in early May so that people knew what the time lines would be, and then on 2 May, eight weeks after we received the LGA's final comments, the resource agreements were formally sent to the 50 regional councils.

Mr GRIFFITHS: I refer again to Budget Paper 6, page 3. My question relates specifically to the small business advisers who work within the RDB structures. My understanding is that those positions are funded at a total cost of approximately \$65,000 per annum. Knowing some of the people who undertake that work, the quality of their output and the on costs associated with any position, it seems to me that \$65,000 is not necessarily enough to fund those roles fully. Are you able to comment on that?

The Hon. K.A. MAYWALD: Historically in the resource agreements, it has always been clear that the funding from the state government of \$65,000 is a contribution towards the cost of that business adviser. It is not the entire cost of that business adviser and RDBs are required to use other resources either from within their core funding or from their council contributions to supplement that funding. It has always been a contribution and not a total package for that particular officer. That has also been indexed.

Mr GRIFFITHS: Sorry, minister, for future years only?

The Hon. K.A. MAYWALD: Yes, indexed in future years.

Mr GRIFFITHS: It has been a constant figure for the past five years.

The Hon. K.A. MAYWALD: It was a constant figure in the past. However, in 2005-06 I was able to get an increase of \$130,000 per annum towards the business development officer position. So, there has been one increase over and above that initial contribution to that position—\$10,000 per board.

Mr GRIFFITHS: As an extension to that question: I have some degree of uncertainty about the Area of Consultative Committee structure (which I understand is a federally funded program) and the business development positions that work within the ACCs, because, as I understand it, these business advisers will only continue their role if they are with a business enterprise centre. Given that regional South Australia does not have BECs, what resources are intended to be put in place for the regional business advisers through their area consultative committees which will now no longer exist? Presumably, their total responsibility will have to be accepted by the business advisers within the RDB structure.

The Hon. K.A. MAYWALD: It was certainly agreed that that was an issue, given that we do not have the BEC network in our regions in South Australia. We have highlighted that problem with the federal government and we are seeking advice from the federal government as to what it intends to do about it.

Mr GRIFFITHS: Minister, you are going into bat trying to ensure that there is an openness from the federal government to recognise South Australia's uniqueness and for us to continue to be supported.

The Hon. K.A. MAYWALD: We have certainly taken it up with minister Emmerson that South Australia has been disadvantaged in the regions as a consequence of not having a BEC network, and we have also taken it up at officer level federally stating that we believe that this calls for special consideration of South Australia's circumstances.

Mr GRIFFITHS: Again I refer to Budget Paper 6, page 3. I refer to the Regional Development Infrastructure Fund. I note that the minister in her opening comments referred to the fact that, since the fund has been in existence, some \$24.6 million has been paid out which has managed to leverage over \$1 billion in development opportunities in regional South Australia. I think the minister also commented that \$2.8 million was expended in 2007-08. Given that the return on this investment is so pronounced—and no-one can argue that—there is a substantial argument for a much greater sum than \$3 million to be available per year.

Are you able to comment on whether you think that it should be increased? What efforts have you made to increase that? I know there is frustration in communities when they think they have a great project. It goes through the review process and, unfortunately, it does not get up, but with so much depending upon that seed funding sometimes, some great things could happen.

The Hon. K.A. MAYWALD: Yes, I definitely have no disagreement with that position. I am sure that every single minister in every state government and the commonwealth would like more money spent in their portfolio areas, but we are all subject to the budget process. The RDIF has been an incredibly successful program, but there are a number of other areas where South Australia is investing heavily in the regions of South Australia as a consequence of things such as the mining boom, the PACE program and the work we are doing with BHP and Olympic Dam.

There is a substantial investment in a whole range of other areas which supplement the RDIF and which is specific to major projects occurring in the regions at the moment. For example, bringing it down to regional development board levels, I know of a number in the Eyre and Riverland areas where I understand they are undertaking projects to develop fly-in/fly-out potential services for the mine industries as well. The Olympic Dam task force has been established and is ably chaired by Paul Case. That is dealing with a range of issues. The skills program has been

established to look at skill shortages throughout the region. That is also significantly focused on the regional areas.

We also fund the case management framework, and the case management framework has been particularly successful in assisting projects to get off the ground. Project proponents who present to government either through RDBs or BECs direct to DTED can be appointed a case manager. That case manager has a responsibility to report on the project on which they are working to a case management task force. That case management task force enables that person to cut across the whole of government, so they can have a whole of government approach to how the particular project proponent would need to progress their project. It also enables an early yes or an early no for the project proponents. Consequently, there is not a let's go up one silo and down, then go up the next one and then, after you have been up three, find that it will not occur. Let us actually see what any of the show-stoppers might be and deal with those early.

There is also a means whereby, if there are multiple stakeholder agencies involved in a particular project, the proponent has one point of entry across all those agencies to develop their project and also, if an issue needs to be dealt with from a political level in relation to making a decision, if agencies are unable to come to an agreement in particular in relation to some matter, then it can be elevated through the process very quickly.

It has worked extremely well in providing for project proponents to accelerate their projects through all the government processes simultaneously. The case manager is not an advocate for the project. They are a door-opener into all the agencies that that proponent will need to come into contact with to bring their project to fruition, and it works particularly well.

We also have another fund that is being supported, particularly in the regions. It is the South Australian Regionalisation Fund which is a budget allocation of \$500,000 to support projects to progress the implementation of the state's Strategic Plan targets in our South Australian state plan regions. The fund was allocated last year, with the Limestone Coast undertaking a population and employment project for \$170,000; the Mid North received a grant of \$110,000; the Mid North also received another \$60,000 for an industry sustainability initiative; Eyre received a grant to the value of 120,000; Northern received a grant to the value of \$25,000; and the Murraylands a grant to the value of \$15,000. All these projects actually supported the achievement of state Strategic Plan targets within the regions.

There is also another fund of \$650,000 that regional development boards can access for specific projects that may assist them in leveraging other funds from either local government or industry. So, it is not just the core funding that enables the regional development boards to be able to progress regional development issues. They can access a number of other projects and certainly the Department of Trade and Economic Development also can provide support in certain areas.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2. I have a specific question about the six regional managers, which I think you alluded to in your opening comments through the Department of Trade and Economic Development. My understanding is that these people have been in their roles for about 12 months or so. Is the minister able to provide feedback as to whether, in that time, they have actually met your expectations when you originally decided to create that structure?

The Hon. K.A. MAYWALD: Certainly one of the things that DTED and the South Australian government wanted to see was a greater presence from the Department of Trade and Economic Development out in the regions. Previously our emphasis has been in supporting the regional development boards as service providers for the state government's economic development objectives. As the member would be well and truly aware, there is a view of the boards that they want to stand independent of local government or state government and be able to be seen as independent but funded by both those bodies.

The six managers were appointed to the regions to assist us to ensure that other programs that were offered by DTED could also be serviced out in the regions and that we could also receive input directly from DTED personnel about issues that were emerging in the regions. To date, the six new regional managers—who are based in Clare, Berri, Mount Gambier, Port Lincoln, Port Augusta, and one in Adelaide who covers the other areas collectively—are certainly making a difference in relation to areas such as regionalisation of our plan, working with the RDBs to ensure that the RDBs have access to the appropriate DTED programs. They have assisted in facilitating projects in the regions. They are also providing the DTED program link, for example, with our industry participation, the Centre for Innovation works and through to the local community. We see them as a valuable tool in ensuring that the DTED focus can be out in the regions as well.

Mr GRIFFITHS: As an extension of that question, minister—and I apologise, I should be aware of this—were they intended to be ongoing appointments or were they just for an initial two-year trial?

The Hon. K.A. MAYWALD: They are ongoing appointments; in fact they are decentralisation of positions that were previously based in Adelaide. We decided to move those out to the regional areas so that they could have a more regional focus and ensure that they could be valuable to the government in relation to the regional intelligence that they would be able to bring back into DTED rather than sitting in Adelaide.

Mr GRIFFITHS: Hear, hear!

The Hon. K.A. MAYWALD: Hear, hear!

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.24. I refer to the transfer from DTED to the administered items of Treasury of the Regional Development Infrastructure Fund, the Rural Town Development Fund and the Upper Spencer Gulf and Outback Enterprise Zone Fund. While DTED and the Minister for Regional Development retain the authority to assess, recommend and approve projects for funding, under these programs, the administration of these funds is dealt with under an MOU between DTED and DTF. Will the minister confirm what the purpose of the transfer of responsibility was?

The Hon. K.A. MAYWALD: The transfer came as a recommendation of the Economic Development Board that there should be a clear differentiation between those who were administering a fund and those who were responsible for approving the dollars. A panel is established to actually assess the individual project applications and make recommendation to the minister on whether or not projects should be funded.

The panel does a very good job in ensuring that due diligence is undertaken on the projects and makes recommendations to the minister. The Treasurer does not interfere at all, and Treasury does not interfere at all, in the determination of which projects are supported, but it is more of an administrative function to separate that decision making from administration following the agreement to fund the project.

Mr GRIFFITHS: As an extension of that question, it relates to the same three funds: the Regional Development Infrastructure Fund, the Rural Town Development Fund and the Upper Spencer Gulf and Outback Enterprise Zone Fund. Can the minister confirm to me what the expenditure in 2007-08 was on those funds and what the allocation across the forward estimates is for each of them? The minister might have to take that on notice. I am happy to get that later.

The Hon. K.A. MAYWALD: Is the member asking for the actual results each year, or how much money is actually applied to the fund each year?

Mr GRIFFITHS: No; the expenditure that has gone out in 2007-08 for those three funds and what the allocation is provisionally across the forward estimates for each of those?

The Hon. K.A. MAYWALD: I will take the question on notice and provide the member with that detail.

Mr GRIFFITHS: The minister referred in her opening comments to the assistance provided to the regions in the drought circumstances, and I commend her on that. Those of us who live in the regions can see on people's faces what it is doing to them; there is no doubt about that. Has any money from those three funds that I mentioned been used for drought relief or assistance in regional areas?

The Hon. K.A. MAYWALD: No.

Mr GRIFFITHS: Budget Paper 6, page 1 refers to regionalisation. The minister has spoken briefly on that: 'being assisted for the adoption of common regional boundaries across all agencies'. What likelihood is there of common boundaries being adopted in all agencies by the government? I think the target is by the end of this calendar year, December 2008.

The Hon. K.A. MAYWALD: That is well on track. However, the regional development boards will stay at 13 with their existing boundaries, given the partnership arrangement that we have with local government. We are, however, undertaking discussions with the federal government as to how it is going to deliver its programs in the future. We certainly see that between local government and state government we have a lot to offer in relation to program delivery through our regional development network, and we are talking to the federal government at the moment as to how we might enhance its delivery through partnering with local government and

state government. Of course, the federal government would not consider funding 13 boards; however, we now offer funding to our regional development boards through the \$500,000 SASP regional funding program.

Mr GRIFFITHS: The South Australian Secondary Principals Association has indicated that the introduction of the common regions provides an opportunity to reshape the focus of the regions towards educational leadership rather than the creation of mini administrative bureaucracies. What role will the minister and the Office of Regional Affairs play in ensuring that this occurs across all agencies?

The Hon. K.A. MAYWALD: The government is committed to seeing a common boundary, where practical, right across government agencies, and that has already been well publicised. From a regional development board perspective, however, we do have this arrangement with local government, and there are the 13 boards. We expect that those 13 boards will develop strong partnerships within the SASP regions that we have created around those new boundaries.

So, we would expect that boards within a certain region would be able to achieve greater strategic investment in programs by collaborating together. We are not pushing to reduce the number of regional development boards, but should regional development boards come to us with a proposition to amalgamate or redefine their boundaries we would be happy to talk to them.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2: Office of Regional Affairs. Will the minister provide me with an outline of the staffing for the office and the organisational chart?

The Hon. K.A. MAYWALD: I do not have the organisational chart, but I can take that question on notice and provide the member with that. As at 30 May 2008, the Office of Regional Affairs comprises 17.4 full-time equivalents. This includes one project-funded position, which is due to finish on 1 July 2008. The office currently has three vacancies. As at 30 June 2007, the Office of Regional Affairs comprised 16.4 positions, and that includes the regional managers as well. Some late and breaking news: we have just made an appointment to one of the vacancies, so there are now two vacancies.

Mr GRIFFITHS: Up-to-date information; thank you, minister. As an extension of that area: our understanding is that the Director of the Office of Regional Affairs has recently taken on the position of Director of the Office of Small Business. What impact will that have on the running of both offices, with that shared allocation of time?

The Hon. K.A. MAYWALD: Coming from the regions and being a small business person in the past myself, I recognise an enormous number of synergies within those two offices. I think that from a project delivery perspective there will be a beneficial effect of having the crossover between those two units.

Mr GRIFFITHS: My question relates to the remuneration paid to the director: has there been an increase in that or has it stayed at the same level?

The Hon. K.A. MAYWALD: No, we have not increased his pay.

Mr GRIFFITHS: Smiles all round though, so we will see what happens. My next question refers to an issue raised in last year's estimates. I cannot find a budget line for it, but it is a very important project as it relates to my own area. So, I will seek your indulgence.

The CHAIR: We will see if the minister can provide any information.

Mr GRIFFITHS: It relates to a proposal that was mooted for an extension of a water main through Balaklava and the Adelaide Plains area: I think the original plan was from Eudunda to Port Wakefield. I know there was an unsuccessful bid from PIRSA, it was supported by the Yorke Regional Development Board and Wakefield Regional Council were very much behind it too. It is important that this project is supported to allow intensive animal keeping industries to occur within that area, which is very much an expanding industry, and also potentially to provide a water supply to the Wakefield Waters project at Port Wakefield.

The minister has told me in the past that she thinks this is a very good project, and I understand that the Office of Regional Affairs has also worked on it. Unfortunately, it is not in the 2008-09 budget, but I need to get some satisfaction personally, if the minister does not mind, and ask the question: does the minister support the project, and what is happening from now on to ensure that it is part of budget bids for 2009-10?

The Hon. K.A. MAYWALD: The process from here on in is that there will continue to be an investigation of the options. SA Water, PIRSA and DTED, through the Office of Regional Affairs, have held substantial discussions in relation to this on what options we need to progress.

As I have indicated to you, through my staff, in other meetings, we are looking at the Waterproofing the Yorke project, a master plan in relation to the whole range of issues. Certainly, from a regional development perspective, we will be pushing for the services that are necessary to underpin development right across South Australia, and the Yorke is no exception to that.

Mr GRIFFITHS: I can certainly appreciate, minister, that the challenges out there for you are enormous to maximise the opportunities and make them a reality. So, officers are still working on it. I think there was a shortfall of about \$5 million or \$6 million between it being a 'goer' or a 'no go' last year; can the minister confirm whether that is still roughly the case, or have the economic indicators improved a bit?

The Hon. K.A. MAYWALD: Certainly, I have not received a recent report on the numbers, but I can advise you that work is continuing and that the options are being explored to endeavour to bring the project into an economically viable set of numbers.

Mr GRIFFITHS: Again, Madam Chair, I seek your indulgence to refer to an issue raised in last year's estimates committees; hopefully, I will get the same result this time. This question does not relate exclusively to my area, though; it does relate to a larger part of the Mid North. Another matter that was raised was the lack of piped natural gas, which was limiting development in several regional centres, including Renmark, Loxton, Tanunda, Port Wakefield and the Bowmans area, which is near Balaklava.

At this stage, the minister has indicated that the Office of Regional Affairs has not had discussions in that regard. Has the Office of Regional Affairs undertaken any negotiations with Envestra, which is the company which has generally undertaken the distribution and provision of natural gas to these communities over the last 12 months?

The Hon. K.A. MAYWALD: I am advised by the Office of Regional Affairs that the regional development boards have been having discussions with Envestra in relation to this issue. In talking about the Renmark and Loxton circumstances, I know that within my own electorate an extensive body of work was undertaken, which was coordinated by the Regional Development Board, to determine the amount of gas required and whether or not an economic case or business case could be developed for provision of gas to both Loxton and Renmark.

I know that after that work the projects just did not stack up financially for the gas company involved. However, those kinds of projects will be proven if we have appropriate business cases that support them. So, the Regional Development Board should be encouraged to continue to work with the community to develop a case for the demand for gas in that area that can sustain a pipeline system into those areas. Quite frankly, these days infrastructure like that has to stack up and there has to be a substantive business case to support it.

Mr GRIFFITHS: I certainly understand that a consumers network needs to be there to purchase product, too. I extend my question by asking whether it is best for the regional development boards to work in isolation on the project, or is it appropriate that RDSA (and I know it is an overarching body for the RDBs) work on it, or is it better for the IRA to work on it?

The Hon. K.A. MAYWALD: The Regional Development Board would be encouraged to work with the regional manager on that. RDSA is a peak body of chairs and chief executives of the regional development boards. If they were to choose to take on such a project, that would be a decision for them. It is certainly not something the state government could direct them to do, because we are not directly involved with the RDSA organisation.

However, the regional managers would no doubt be happy to work with the Regional Development Board on how you might go about developing the business case for establishing the pipelines into the region. But, once again, the project has to stack up economically, there has to be the demand and there has to be the ongoing demand for the gas to warrant the investment in such infrastructure.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2 again, and this question relates to an opportunity for the Eyre Peninsula. We have been led to believe the Office of Regional Affairs has provided \$60,000 towards a study for the potential deepening of Thevenard. Can the minister outline the nature of the study, please, and what stage it is at?

The Hon. K.A. MAYWALD: We can certainly get that information for you. We will seek an update from the Eyre Regional Development Board about where their project is up to. As far as we understand it, we have supported the project to the value of \$60,000 and the study is underway. I am uncertain of the time frames for conclusion, but we will certainly make that inquiry of the Eyre Regional Development Board for you.

Mr GRIFFITHS: It is being driven by Mark Cant and members of the Eyre Regional Development Board, is it?

The Hon. K.A. MAYWALD: That is correct.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2. The subject of regional impact assessment statements is something that is dear to my heart. It clearly states on that page that regional impact assessment statements are required to be undertaken for government decisions that impact upon the regions. Minister, as the advocate for the regions within cabinet, are you able to provide us with details of the regional impact statements that have been submitted to cabinet?

The Hon. K.A. MAYWALD: A number of regional development impact assessments have been undertaken, and one that is currently being undertaken is in regard to the Country Health Care Plan. To update you on ones that have been undertaken, I provide the following list: the Strzelecki Track upgrade; Shared Services reform; greenhouse gas flow rate; performance standard for water heater installations in dwellings; change in police service delivery in the Iron Knob community and surrounding district pastoral properties; the Sturt Highway upgrade, Gawler to Nuriootpa; security sensitive ammonium nitrate; SA Ambulance Service Communications Centre in Mount Gambier; SA Ambulance Service Communications Centre in Port Pirie; the King George Whiting fishery management policy; SA Police regional impact assessment statements policy; Citrus Industry Act; the Lower Murray Irrigation Activity EPA exemption; Services SA expansion; salinity zoning policy; and Transport SA plant procurement policy. They are all publicly available, as required by the policy from the Department of Trade website.

In addition, Country Health SA is in the process of preparing a regional impact assessment statement on the proposed Country Health Care Plan, with the assistance of the Office of Regional Affairs and DTED, and in consultation with the Regional Communities Consultative Council. In mentioning that council, I want to acknowledge the presence of Peter Blacker, who is the Chair of that organisation, which does great work. I thank him for his support for the program.

Mr GRIFFITHS: If I could just extend my comment and question, relating to the Country Health Care Plan and the work that has been undertaken on the regional impact assessment statement: the minister might not be aware that I held a public meeting at Yorketown last week and 700 people were in attendance. It was amazing. A lot of comments have come to me since about how real estate deals have already stopped or been cancelled—

The Hon. K.A. MAYWALD: Did you say real estate?

Mr GRIFFITHS: Yes, real estate deals have been cancelled because of concerns about hospitals not being able to provide the level of care required by the people who purchase those properties. I would be very interested to see the criteria upon which the Country Health Care Plan regional impact assessment statement is undertaken because it is more than just the things you can see: it goes through every section of society in the regional areas. I would encourage you, minister, as a regional member of parliament, to take all possible involvement that you can in that because it is more than just the emotional argument, there is a real argument out there about what the effect will be.

The Hon. K.A. MAYWALD: No doubt, that is the case. I live in a regional community also and I have been through this on many occasions under Liberal governments and this government where we have had to look at the health system and what we need to do to make it sustainable into the future. I think the importance in the Country Health Care Plan is to ensure that all the leaders in the communities have read the detail of the plan and determined exactly what the issues are in the region.

I am attending a meeting in my electorate later this week where I will be looking at the services we have in the hospitals now, the services we want and the services that the plan is supposedly taking away. I know that there has been a lot of scaremongering that our hospitals are closing, which is absolute nonsense. I think that we really need to get down to the nitty-gritty with our communities because there is a lack of understanding in our communities about what our hospitals actually do now. So, I think the important thing is to focus on what we have, what we want

to retain and what we want to improve. Let's find out what that is and then let's lobby for that. That is exactly what my position is.

Mr GRIFFITHS: I certainly concur with informed debate taking place. In the meeting that I have already assisted in arranging and the two that are coming up, the major focus on that is to ensure that the Country Health SA representatives are given the opportunity to present the plan and to provide answers to people's questions from the floor. But that is where the concern has come from because the answers required are not able to be given.

The Hon. K.A. MAYWALD: I will raise those concerns with the minister and put those on behalf of regional communities through my regional portfolio.

Mr GRIFFITHS: Thank you. In last year's estimates process, you referred to discussions that had taken place in relation to the five regional development boards which had not been included in a regional facilitation group. The opposition understands that these groups have now been renamed as regional coordination networks. My first question on this area is: what work has been done to ensure that all the 13 RDBs are able to participate in these regional coordination networks?

The Hon. K.A. MAYWALD: The particular area in the Mid North where there was not a representation on the regional facilitation group has now been rectified through the refocusing of these groups into the new regional coordination networks. Sue Vardon has been appointed to oversee the one in the Mid North. The Chief Executive of the Department of Trade and Economic Development has now been appointed to oversee and coordinate all the regional coordination groups. There will be a feed-in process through ORA on issues of concern back into the senior management council in relation to those groups. So, we have now made sure the state is covered.

Mr GRIFFITHS: As an extension of that, is local government able to participate in these groups also?

The Hon. K.A. MAYWALD: Yes, local government is. The chair of each coordination group is the person to approach in relation to membership if someone from local government feels they should be a member of that organisation. Regional development boards have been invited to become members of the regional coordination group. If there are any concerns regarding an omission, please contact the chair in the relevant area and we will certainly get that rectified.

Mr GRIFFITHS: Are federal agencies also involved in the groups?

The Hon. K.A. MAYWALD: No.

Mr GRIFFITHS: I refer to Budget Paper 4, Volume 1, page 2.6. In the estimates process last year, the minister advised the opposition that a call for expressions of interest in a new round of community builders programs would commence in July and August. Will the minister provide us with details on the communities in which the program operated in 2007-08?

The Hon. K.A. MAYWALD: Yes, I certainly can. With the community builders program, each participating group is awarded a \$25,000 grant to cover materials, costs and expenses in the program and payment for a part-time local facilitator, as the member is aware. Currently, community builders projects are running around the state. The host organisation and towns involved in the activities are as follows. The Flinders Ranges Tourism Association, incorporating Quorn, Melrose, Orroroo and Hawker. The proposed projects will build tourism attraction to the area. They include walking trails around Quorn, Orroroo and Hawker and the development of a major cycling event through the region. The second one is Naracoorte Lucindale Council, incorporating Naracoorte, Frances, Lucindale, Padthaway, Willalooka, Keith, Bordertown and Mundulla. The Outback Areas Community Development Trust, incorporating Woomera, Pimba, Andamooka, Coober Pedy, Marree, Copley and Roxby Downs. The Whyalla Economic Development Board, incorporating the City of Whyalla, for the development and extension of the existing new arrivals services.

Mr GRIFFITHS: I think, minister, that was four projects you talked about. Presumably, that is \$100,000 in expenditure. Is the same amount committed in 2008-09?

The Hon. K.A. MAYWALD: Yes, it is.

Mr GRIFFITHS: Across the forward estimates period?

The Hon. K.A. MAYWALD: Yes, it is in the forward estimates, I am advised.

Mr GRIFFITHS: At a similar level of funding—potentially, \$100,000?

The Hon. K.A. MAYWALD: Yes.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2: Regional Communities Consultative Council. I am advised that on 1 January this year a new council commenced a three-year term. It will consist of 14 existing members and seven new members. Minister, can you indicate which members were not renewed and the names of the new members?

The Hon. K.A. MAYWALD: Those who retired from the council include: Joy Baluch, Bill Clifford, Eugene Hurley, Jeff Mincham, Heather Moore, Janet Sawyer and Claire Smith. The reasons for their retirements are individual and personal to each of them. The new members of the new council are: Peter Blacker (chair); Deb Agnew, Mount Burr; Mary-Louise Corcoran, Victor Harbor; Bill Boehm, Roxby Downs; Mark Braes, Millicent; Jeff Burgess, Gulnare; Barbara-Ann Cowey, Renmark; Anita Crisp, Crystal Brook; Monika Klein, Cockaleechee; Jane Lowe, Ceduna; Bill McIntosh, Blinman; Ann Ferguson, Mount Barker; Bill Hender, Keith; Jim Pollock, Whyalla; Dr Ruth Schubert, Mount Gambier; Samantha Yates, Port Augusta; Phil Tyler, Executive Director, Office of Regional Affairs; Craig Wickham, Kangaroo Island; Jeanette Wormald, Northern Mallee; Kym McHugh, Mount Compass; and Ian O'Loan, Mallala.

Mr GRIFFITHS: Budget Paper 6, page 3 refers to the service delivery function provided by the boards to a number of state and commonwealth programs, including: SA Works, the Regional Food Program, Far North Economic Development Initiatives, and the Skilled Migration and TradeStart programs. Minister, can you outline the funding outlaid to each of the RDBs under these programs?

The Hon. K.A. MAYWALD: I can. I will take that question on notice and provide those details.

Mr GRIFFITHS: I refer to Budget Paper 6, page 2. Given that the federal government is intending to outline its regional development structure by 31 December 2008, what work has been done to better develop the regional development framework across all three tiers of government in South Australia?

The Hon. K.A. MAYWALD: As I have indicated in previous answers, over the past 18 months we have worked through a review process with local government to form a very strong relationship with local government. We believe that the framework we have in South Australia is a very good framework and we would like to see the commonwealth government as a partner in the framework also, if possible. The federal government is looking at improving the coordination of federal regional initiatives to link closely with local governments and other regional organisations.

I think it is important for us to work hard to ensure that we can get a complementary or, in fact, a partnership arrangement with federal funding programs, to ensure that we are not duplicating effort so that we can maximise the regional development outcomes that can be achieved through a partnership function rather than the federal government and state governments having separate functions in place. The federal government is currently consulting with its advisory group and others about this new direction. We are keen to see a greater partnership arrangement. We have been putting that position forward to the federal government and will continue to do so.

Mr GRIFFITHS: I indicate that that is the end of the questions from the opposition.

The PRESIDENT: There being no further questions, I declare the consideration of the proposed payment to the Department of Trade and Economic Development completed.

At 16:11 the committee adjourned until Wednesday 2 July 2008 at 11:00.