

HOUSE OF ASSEMBLY
Wednesday 13 October 2010
ESTIMATES COMMITTEE A

Chair:

Ms C.C. Fox

Members:

Hon S.W. Key
Mr L.K. Odenwalder
Mr A.S. Pederick
Mr T. Piccolo
Mr P.A. Treloar
Mr T.J. Whetstone

The committee met at 10:00

DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES, \$133,259,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND
RESOURCES, \$3,349,000

Witness:

Hon. M.F. O'Brien, Minister for Agriculture, Food and Fisheries, Minister for Forests,
Minister for Regional Development, Minister for the Northern Suburbs.

Departmental Advisers:

Mr G. Knight, Chief Executive, Department of Primary Industries and Resources SA.

Mr S. Archer, Deputy Chief Executive, Governance and Performance, Department of
Primary Industries and Resources SA.

Dr D. Plowman, Deputy Chief Executive, Primary Industries and Biosecurity, Department of
Primary Industries and Resources SA.

Mr T. Brumfield, Director, Finance and Asset Management, Department of Primary
Industries and Resources SA.

Mr M. Smallridge, General Manager, Fisheries, Department of Primary Industries and
Resources SA.

The CHAIR: Good morning, and welcome to the final day of estimates. I will just go through the house-keeping for the last time. I know that everybody has heard this many times, but just in case you have not, 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 changeover of departmental advisers.

Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed 'request to be discharged' form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 19 November 2010. This year the *Hansard* supplement, which contains all estimates committee responses, will be finalised on Friday 3 December 2010.

I propose to allow both the minister and the lead speaker for the opposition to make opening statements of up to 10 minutes each. In terms of what can and cannot be asked, I am saying this because it is the final day, and I have found myself repeating myself a bit. I would like to make it very clear that when you are asking a question about the budget, please let me know what the budget reference is.

The questions you ask must be related to a budget line. I have struggled a bit with trying to explain to people that we are not here to talk about the Auditor-General's Report. The Auditor-General's Report will have time for its own questions, and that will be the week after next. We are not here to discuss documents that members do not have copies of. I just want to make it very clear that if there is something you want to talk about, it really does need to be in the budget.

A member who is not part of the committee may, at the discretion of the chair, ask a question. 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, as I just said, if there is something you want to talk about that is not in the budget but relates to the budget, please feel free to make a photocopy of that if it is only one page, and you can provide that to the entire committee for distribution.

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 committee, television coverage will be allowed from both the northern and southern galleries. I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 2, Part 6. Minister, would you like to make an opening statement and/or introduce your advisers?

The Hon. M.F. O'BRIEN: Thank you Madam Chair. I will give a short opening statement that I hope will assist the committee in examining the relevant budget lines, and I welcome your direction on that matter. PIRSA has received an additional \$12.8 million in the year 2010-11 to implement the plague locust control program, and the government also fully funded its \$4.2 million election commitment to further develop the state's food and wine industries through the South Australian Food Centre. PIRSA's core goal remains sustainable resource development and the agency continues to be focused on this.

PIRSA has long been known among its clients and other government departments as a successful agency that has instigated and adapted to change throughout its history and remain current. That will not change. PIRSA has identified opportunities where it can do with less, including partnering with other agencies and also asking industry to help share the load. Where industry benefits from our activities it is reasonable that industry contributes more. I am distributing a table to committee members and I would like that table included in *Hansard*.

PROGRAM 2: AGRICULTURE, FOOD AND FISHERIES—MAJOR VARIANCES

	2010-11 Budget \$'000		2009-10 Estimated Result \$'000		2009-10 Budget \$'000		2008-09 Actual \$'000
Net Cost of Providing Services (Budget Paper 4, Volume 2, Page 6.14)	106,357		65,115		117,942		165,559
Less: Time limited programs/projects							
Exceptional Circumstances Interest Rate Subsidy Program	-3,436		-5,520		-10,120		-6,247
State Drought Response Measures	-4,344		-14,540		-14,568		-17,149
Jervois to Langhorne Creek and Currency Creek Irrigation Pipeline	0		56,850		-230		-56,984
Irrigated Industry Support Program for Permanent Plantings on the River Murray	0		-553		0		0
Lake Albert Fish Kill Contingency Plan	0		-597		0		0
Sale of Minister's River Murray water entitlement to the Minister for the Murray in 2008-09	0		0		0		10,500
Plague Locust Emergency Response	-12,844		0		0		0
Election commitment for the further development of SA food and wine industries	-1,020		0		0		0
TVSP Outlay in 2009-10	0		-8,482		0		0
Net Cost of Providing Services excluding time limited programs/projects	84,713		92,273		93,024		95,679
Movement between years			-7,560		-751		-2,655
Major Reasons for Movement in Net Cost of Providing Services							
2008-09 Mid Year Review and			-2,097		-601		-2,918

	2009-10 Budget savings						
	2010-11 Budget Savings		-5,018		0		0
	Total		-7,115		-601		-2,918

The Hon. M.F. O'BRIEN: I also draw the committee's attention to the reduction in the level of net cost within the Agriculture, Food and Fisheries program. That is set out in the table on page 6.14 of the Portfolio Statement. The raw figures are potentially misleading as they have been affected by a reduction in drought-related supporting activity, including the completion of the Langhorne Creek to Currency Creek irrigation pipeline that was completed in 2009-10 and creates a one-off net reduction of \$57 million, compared to the 2009-10 budget, and a reduction in drought assistance as we move forward into a recovery phase with the Exceptional Circumstances Program budget to expend \$61 million less than the 2009-10 budget, and state drought programs reducing by \$10 million. I hope that puts the quantum in some type of context.

Although recent rains have created cautious optimism in many areas of the state, communities and industries will take time to recover from drought. The government remains committed to assisting drought affected areas and has allowed \$4.4 million in 2010-11 to continue regional drought coordination, the Planning for Recovery Program, health and wellbeing support and the Drought Mentors Program.

The Exceptional Circumstances Program will also continue for areas that remain exceptional circumstances declared by the commonwealth government. This includes the River Murray corridor, Lower Lakes, Murray Mallee and the central North-East and North-West rangelands. The government has also been involved in developing strategies to assist with the mouse plague that is occurring in many areas and is investing \$12.8 million to mitigate the plague locust, which is predicted to be the most serious plague threat in 40 years. Major items in the 2010-11 budget are:

- The extension to PIRSA's existing cost recovery policies, with a particular emphasis on animal health, fisheries and aquaculture activities. This includes a new property identification code for all livestock and horse properties to better track livestock movements and tackle disease outbreaks more effectively.
- Funding of \$12.8 million for fighting the looming locust plague.
- Funding of \$1 million a year to support food and wine industry activities for the next four years.
- Confirmation of the introduction of full commercial pricing by Rural Solutions SA as previously planned. Rural Solutions will continue to operate in areas where commercial viability exists, with savings to accrue from the withdrawal of state funding from previously subsidised areas of Rural Solutions business. Continuation of SARDI's reprioritisation of its R&D expenditure in line with the national R&D framework. While SARDI will continue to lead national research and development for the pork, poultry, aquaculture and fisheries, grain, biofuel and wine sectors, state funding to SARDI will be reduced by \$3.45 million per year by 2014 as it exits from lower priority areas of research.
- There will be a rationalisation of programs to coordinate regional primary industries related community development, capacity building and skills development. This initiative will involve removal of a subsidy to the Advisory Board of Agriculture and reduction in programs such as the Rural Leadership Program and related development programs.
- Industry development programs will be rationalised. This savings measure will see a reduction of grants to industry bodies and support to the wine and food councils.

Savings of this size ultimately mean job losses. PIRSA's share of the job cuts is about 200 FTEs over the next four years. Only about 40 of these will be from regional areas. Some of this will be achieved by TVSPs as well as natural attrition and not filling vacancies. PIRSA will be offering TVSPs but they will not be available to everyone. Key staff and emerging leaders will not be offered packages.

The nature of PIRSA's business delivery is changing. Increasingly, primary producers, the general public, industry and other government departments are using e-business to undertake transactions on line and access web-based information services. Against a backdrop of declining demand for existing services provided through PIRSA's network of district offices, it is planned that PIRSA services will be consolidated into the major centres aligned with the new state government

regions. This would include Port Lincoln, Clare, Lenswood, Loxton and Mount Gambier as hubs for service delivery.

Several government agencies offer services in regional areas and it is important that we do not operate in 'silos' and offer, as much as possible, joined-up services. PIRSA will be working with other government agencies, such as the Department of Environment and Natural Resources and the Department of Trade and Economic Development, to best use resources in regional centres with a view to collocation. This could include sharing a front counter service where needed. PIRSA will assess the overall level of services delivered in regional offices, but an office will only be closed when overall staff numbers decline and alternative office accommodation can be found.

I conclude my opening statement by reiterating that the government recognises the contribution that our primary industries make to the state's economy and wellbeing and that PIRSA's role in supporting this sector remains vital. This commitment is demonstrated by over \$225 million being spent on agriculture, food and fisheries programs in 2010-11.

Mr PEDERICK: I am a little amazed at the final comment of the minister that the government and the Labor Party support primary industries when, even in his opening remarks, I could not hear much, if any, good news. All I heard was cuts to services, cuts to staff and cuts to programs. I think it shows the arrogance with which the government treats the regional areas of this state. It thinks the only votes that matter are between Gepps Cross and Glen Osmond. The minister probably respects his vote in Napier, but I struggle to see why primary industries has taken such a burden—\$20 million in cuts every year for the next four years out of a \$133 million budget is absolutely outrageous.

I am a firm supporter of minerals as far as the primary industries and resources sectors are concerned, but it seems that the primary industries sector is taking the load for both sectors of PIRSA. I repeat: I am a firm supporter of minerals as well, and I just cannot understand why this government treats primary industries with such disdain. I hope that I get the opportunity to question a lot of the budget initiatives today. Are we ready to go, ma'am?

The CHAIR: Absolutely; yes.

Mr PEDERICK: I refer to Budget Paper 6, page 76: South Australian Research Development Institute (SARDI). Line three of paragraph one states:

...SARDI will increase cost recovery and reduce costs resulting in a reduction in research and development activity and service delivery across the broader spectrum of primary industries research.

Referring to the cessation of some research and development activities and workforce changes, my first question to the minister is: in shifting SARDI's focus to cost recovery and selling its services, will this compromise the independence and integrity of SARDI's research as it seeks to please the customer?

The Hon. M.F. O'BRIEN: In relation to that particular budget line, I have some notes. As the honourable member is aware, the level of reduction to support research was to the tune of \$3.45 million per annum in the year 2014. There will be a consequential loss of external revenue to SARDI. Savings will be achieved by a reduction of staff exiting some regional sites and the contraction or cessation of some research and development activities.

SARDI will exit some areas of R&D and reduce state investment across a range of research programs. These programs provide some capacity for biosecurity, emergency management, remediation and key sector and cross-sector needs. As I said in my opening statement, at the national level, the states and the commonwealth have agreed that there should be some prioritisation in each of the states in terms of research activity, and states should designate which areas they seek to pursue, if I could term it, centres of excellence.

After a national discussion, and largely reflecting our pre-eminence in these areas, South Australia has decided to commit research activity to pork, poultry, agriculture and fisheries, grains, biofuels (in particular microalgal) and the wine sector. The framework also recognises SARDI's delivery of outcomes to industry through R&D, and I think that is probably the nub of the question. Could the honourable member repeat his question?

Mr PEDERICK: Minister, in shifting SARDI's focus to cost recovery and selling its services, will this compromise the independence and integrity of SARDI's research as it seeks to please the customer?

The Hon. M.F. O'BRIEN: The way that SARDI operates is that it is not only a research centre but it is also a deliverer of that research. Three quarters of the funding for SARDI is actual

external funding; that is, 75 per cent of the funding of SARDI at this particular point in time comes from the agribusiness sector and that funding does have strings attached because industry will come to government through SARDI and say that there is a particular issue that they want resolved; they want researched for a particular outcome.

To phrase the question in terms of 'Will SARDI lose its independence,' I do not think that it ever sought to be independent because, in doing so, it would lose the very reason for its being, which basically is to address the needs of the primary industry sector—take their funding, combine it with state government funding and then arrive at outcomes which are then rolled back out into primary industry. That is not a fear because that is the way that we do business.

Mr PEDERICK: Same budget line, Madam Chair. I am concerned which particular research and development activities will be cut and what particular savings attributed to each activity, and will this force SARDI to abandon long-term research that contributes to the ag sector and South Australia's health and sustainability in favour of high profit, quick turnover projects?

The Hon. M.F. O'BRIEN: I will ask my chief executive to answer that. What I am going to do, member for Hammond, is I will do the high level strategy and I will give it over to my departmental officers to get into the detail, because that is the essence of good management and I think it will assure you of getting into the minutiae (if you like) of the way in which we do business. I will pass it over to Mr Knight.

Mr KNIGHT: Through the chair, I think it is important to stress a couple of things to start with that the minister touched on. This initiative is not shifting from the historic focus for SARDI. SARDI's success has always been attracting money from industry and that has been a reflection of the fact that SARDI has always specialised in research that creates value for the industries. If you do not do that, you are not going to get three quarters of your funding from industry.

What we are doing here and what has happened over many years with the R&D corporations (which are funded through levies paid by producers) is that we have tended to get a little too much competition between the states and duplication of capability around the states. So, the national R&D reform that the minister touched on is very much about trying to consolidate and get more coordination across Australia, because clearly, while there are climatic differences between the states, our interest in, for example, grain, does not stop at the border. Many of these projects now have a national focus.

The new reform agenda has SARDI focusing on the areas that the minister talked about. They are the areas that are of greatest importance to the state, by and large, and they also happen to be the areas in which, for example, wine, where not only are we the largest producer in Australia but traditionally we also have the greatest research capability based around the Waite Institute. Those areas which SARDI will reduce its effort in will not mean a loss of capacity for the industry.

What that is about is saying that other states will become the leaders in those areas. For example, we are already increasingly looking to Victoria to be the centre of excellence for dairy research. It does not mean the dairy industry in South Australia does not get a service because we no longer have Flaxley operating as a research centre. What it does mean is that we now have stronger—and these reforms have been very much supported by industry.

Sometimes we have had three or four states all competing for the same national pot of research dollars, and when you spread your money too thinly, you do not need to be Einstein to figure out that sometimes that means you finish up with three or four centres of research, none of which are really delivering what the industry needs.

These new national arrangements will see South Australia strengthen its effort in some areas and, in fact, we will be the national centre of excellence; in other areas, we will increasingly look to other states who have been stronger than us. So, it is not really a shift in strategy; it is really a strengthening of the national framework for research. I will close by saying that these savings are relatively minor in effect for SARDI. The budget still includes expenditure of \$79 million in 2010-11 for the SARDI subprogram.

To stress the point, about \$46 million of that is from external sources: either R&D corporations, some comes direct from companies that are working directly with SARDI, and \$33 million from the state government. So, there is no real shift away from state government funding; it is really about saying, 'Well, we've got to work in the areas that will make the biggest bang for the buck for South Australia.' For those areas where we are not the leader in Australia in either research or industry terms, the arrangements will involve that research being done elsewhere but will continue to provide access to producers and farmers in South Australia.

Mr PEDERICK: I have a supplementary to that question on the same budget line. Can you outline specific activities that will be cut and does this mean that there will be absolutely no horticulture programs and research in this state supplementing our industry at Virginia, the Riverland and other places?

Dr PLOWMAN: We are still working through the details of the implementation of the national framework. We still do not have all of the business plans for each of the industry sectors, but clearly the reductions are in those areas where the lead role is in another state. They are areas such as wool, dairy, horticulture and alternative crops, in an industry sense. We have already talked about dairying. In fact, over a period of time the research efforts in dairying have reduced as the Victorian program has geared up to take that national approach. Horticulture is still to be worked through in detail, but there has been a progressive transfer of some of the breeding programs from SARDI to a more collaborative ownership approach with industry.

Mr PEDERICK: On the same budget line, what specific workforce changes are planned for SARDI, that is, what jobs are going to go under this cut to research? When will those changes be effected and what will be the saving?

Dr PLOWMAN: Our estimate is that there will be an approximately 30 FTE reduction in SARDI. They will occur in the areas that we have already identified and, where possible, will occur during this financial year.

Mr PEDERICK: I refer to Budget Paper 6, page 74, and the saving of \$2.1 million which has been noted. Part of this is the cessation of government support for the Advisory Board of Agriculture. This board is the governing body of the Agricultural Bureau and provides policy advice and recommendations on agricultural matters to the state government and direct advice to the Minister for Agriculture, Food and Fisheries. Where will the government and the minister get their advice in the future, will they still take advice from this body, if it still manages to exist, and does this withdrawal of funding affect the advisory board's viability?

The Hon. M.F. O'BRIEN: Fortuitously, I flagged where I intend to take both the department and the sources of external advice in an article in *The Advertiser* today. We have made a decision that the Food Council has probably run its race. The article, by Nigel Austin, indicated that there had been resignations from industry heavy hitters on the basis that they did not believe the Food Council was getting results, and I was very much aware of that sentiment within industry.

I have determined, and we are currently working up the proposition, that, in place of the Food Council and a large number of advisory boards, including the Advisory Board of Agriculture, we will constitute what may ultimately be called the Agribusiness and Seafood Board. In establishing that board I intend to ensure that I not only have advice from people within industry who have something of value to say but also use their expertise to do what is done by the Economic Development Board—which is to determine opportunities for agribusiness and fisheries/aquaculture and economic development opportunities for South Australia and then pursue those opportunities with some enthusiasm.

What we are doing is reconstituting the structures that advise me to give them a more clearly defined role which, in addition to letting me know what is going on on the ground, basically assist me in identifying strategic industry or business opportunities within South Australia and then using PIRSA as a facilitator and DTED to attract investment into those particular opportunities. So, the Advisory Board of Agriculture may continue to exist if its members see that it has a future, but it will not be funded by the South Australian government.

Mr PEDERICK: In light of that answer, it seems to me that the government decided long ago that the advisory board will cease to exist and that both it and the Premier's Food Council (which has had plenty of hoopla in the past twelve years of its existence) are not needed for any advice. I think that the government, in light of the present cuts to PIRSA, needs plenty of advice from these bodies. I note from the quoted article in the paper this morning that the government has no real direction at this stage as to where this new body is going and who is going to take part in it, and that bothers me deeply. To turn its back on such a body as the Advisory Board of Agriculture I think is disgusting.

Will the cessation of funding affect the operations of the Agriculture Bureau of South Australia? Can you assure regional South Australia that this cessation of funding to the Advisory Board of Agriculture will not compromise the level of support given to community development building capabilities and skills and policy development?

The Hon. M.F. O'BRIEN: I am going to pass this over to Don Plowman, but I would like to make the comment that I think we have an opportunity to redefine what we do as an agency. I was very much of the view that the Food Council had lost focus, but there are organisations out there, like Elders, operating in the agribusiness sector at the upper levels of the Australian economy, and we really do not have a mechanism to call in that expertise.

I have a concern that, in states other than South Australia, there are a lot of activities occurring that I do not see occurring on the ground in South Australia. My intention, with this new agribusiness and fisheries council (whatever we ultimately call it—it will certainly have 'agribusiness' in it) will certainly have a focus on not only driving the finished food sector, which I believe is where the Premier's Food Council ultimately settled, but it will go back to having focus on what happens prior to farm gate. It will be a council that will cover all aspects of South Australian agribusiness and fisheries activities. On the specific matters that you refer to, I will pass it over to Don Plowman.

Dr PLOWMAN: In specific relation to the Advisory Board of Agriculture and the bureau movement, the advisory board has two functions: one is to provide advice to the minister, and the second one is the governance arrangements for the bureau movement. There is no reason for the bureau movement's arrangements to change at all as a result of these arrangements. In fact, we would see the bureau as a very effective and extensive network through the rural community, with which PIRSA and other government agencies will continue to collaborate and use to deliver information and to seek advice.

In terms of skills development, we have a very broad range of programs, and they include both our direct programs, but also where we collaborate with regional bodies, local governments and industry groups in the development of programs that create capacity and capability within the rural community, and we will continue to do that.

Mr PEDERICK: I refer to Budget Paper 6, page 74, the cessation of funding. I note the minister mentioned the replacement body, which is as yet nameless and frameless. What funding, if any, has been provided for the replacement body for the food council, and does it appear in the budget?

The Hon. M.F. O'BRIEN: The way that we intend to handle this is to reorient existing resources. We have a case management unit within the department, which I think is an exemplary example of what the Public Service can do to facilitate investment in this state. It is there to identify investment opportunities and to facilitate them by removing all possible boundaries. It has had a large number of successes to date.

I intend to fully utilise a resource such as that in servicing the objectives of this new council. So, I am fully confident that we have the resources existing within the department, and it is just a matter of harnessing those. We have an extremely high skill level amongst the individuals in that particular unit and in our policy units, and it is just a simple matter of harnessing their particular expertise for a more focused investment-driven set of potential outcomes.

Mr PEDERICK: Has funding been allocated directly in the budget for it? These things will not just establish on their own.

The Hon. M.F. O'BRIEN: Member for Hammond, I think I made the point that my view is that resources are there. We set ourselves up until 31 December to determine the structure and objectives of this new council. We are in the process of redefining the structure of the department. We have called in an external consultancy, the Nous Group, who I think are Melbourne-based who have done some work for the South Australian government.

I had experience with them when I was heading up the planning review. They came in and assisted in the restructuring of what was then Planning SA. They are on the ground at this particular point in time assisting the department in this restructuring activity. I am confident that the resources are there—they have been budgeted for; it is just basically reframing the organisational structure of the department and reorienting existing resources to a slight refocus of the department. They have been budgeted for within the overall budget context.

Mr PEDERICK: I refer to Budget Paper 6, page 73, Food and Wine Industries: the fourth line under Operating Expenses. I note that you mentioned the article in the paper this morning. In reference to that line, and especially in the light of the food industry sector, can the minister explain the loss of 10,600 jobs in the food industry sector and outline where they were lost and also the 11 per cent drop in food exports for 2009-10?

The Hon. M.F. O'BRIEN: I have to call on the chair for a ruling. We did not employ those 11,000 and I am really not in a position—

Mr PEDERICK: It's in the paper.

The Hon. M.F. O'BRIEN: Yes, well, I didn't make that statement. I can talk generally. I am not going to be drawn but I think, as the member for Hammond and probably the members for Chaffey and Flinders are well aware, because it has occurred in their electorates, with the drought, a lot of people sought employment elsewhere particularly in the mines.

The member for Flinders, I think, is quite keen to see some mining activity occur on Eyre Peninsula as a source of adjunct employment, particularly for the sons and daughters of primary producers on Eyre Peninsula, but I would put part of that job loss down to the fact that people have taken on alternative employment during the worst of the drought to keep their heads above water and that they will return—and are returning—to the sector as things improve.

We have also had issues with the high exchange rate which has bounced around quite a bit. It is a common phenomenon of a high exchange rate and isolating that in terms of exports. I know that it has caused issues. Also with the global financial crisis, there has been a slump which we are probably now over where our exports were in less demand than they had been during the good times.

I can single out the dairy industry as probably the sector that was hardest hit by the global financial crisis. Countries that took enormous quantities of Australian powdered milk basically deserted the market overnight and I think you would find that, in areas such as seafood, both the high Australian dollar and a lessening in demand as a result of the global financial crisis would have been major contributors. However, it is not a budget line, and I really do not want to be drawn.

Mr PEDERICK: Referring to the same budget line, can the minister explain the \$300,000 drop in export assistance funding for the food industry from a level of \$500,000 three years ago?

The Hon. M.F. O'BRIEN: On that particular item, we made a decision—and it was an election commitment—that we would allocate \$1 million over four years to the food and wine sectors. That ultimately subsumes the amount that we were giving in export assistance, I think, in the year currently under consideration. Which budget line is the member for Hammond referring to?

Mr PEDERICK: Just bear with me. I was linking it to Budget Paper 6 and Operating Expenses under Food and Wine Industries on page 73.

The Hon. M.F. O'BRIEN: The negative actually indicates additional revenue. It is just the way that they are expressed in the budget papers.

Mr PEDERICK: I understand that.

The Hon. M.F. O'BRIEN: It can be a bit confusing but that is what the negative actually indicates. That is our election commitment of the \$1 million per annum over the four years.

Mr PEDERICK: I do understand the negatives, minister. I refer to the Budget Paper 6, page 30, referring to the \$8 million earmarked over the next four years to establish a strategic industry development fund. Will some of this funding go to agriculture and, if so, where, and isn't this directly counted by the abolition of the Strategic Industry Support Fund on page 43?

The Hon. M.F. O'BRIEN: This is DTED and I have responsibility for regional affairs, but we are not dealing with that particular budget line.

Mr PEDERICK: I refer to Budget Paper 6, page 13, referring to the so-called targeted voluntary separation package scheme and anticipated cost of \$353.8 million. My initial question is: how much of this figure will come from the PIRSA budget?

The Hon. M.F. O'BRIEN: I will pass this over to Geoff Knight.

Mr KNIGHT: Until we commence this process, it will be impossible to indicate. That will determine the numbers of people. We have made public that the four year budget task will probably see about 200 staff reductions; that is in a departmental total of around about 1,400. That will be through a combination of TVSPs and non-replacement of non-essential positions. Our annual attrition rate in a department of that size is upwards of 200 anyway, so there are strategic opportunities, just like any business. When a vacancy occurs, you have a bit of a think about whether that is a core job that needs to be replaced before you just go out there and automatically replace it.

The answer will depend on how many of that 200 require TVSPs and how long those staff have been in the employment of the government. That amount listed on page 13 of the budget measures document, by the way, is a provision that the Department of Treasury and Finance has made. The funding will be from the Department of Treasury and Finance, in any event, so that is something that, perhaps as the program unfolds during this year, the minister may wish to provide further advice to the parliament on. It is impossible to say at this stage until we actually commence the program, which will be some time after 1 November.

Mr PEDERICK: Of the targeted staff who will lose jobs, how many have been offered redeployment? I note staff were offered redeployment in June of this year rather than a so-called targeted voluntary separation package. What effect will this staff cutback, through redeployment and TVSPs in the sector, have on the workload and morale of remaining staff?

Mr KNIGHT: As part of good practice, we always attempt to utilise the skills of all staff. When we are withdrawing from an area, all staff, before they can be offered a TVSP, have to be formally declared as surplus, and that triggers a process in which we look at ways of redeploying those people in other high priority programs of the department. One of the key factors in our success is retaining a skill base and capability to deliver. We are absolutely determined to ensure that we retain and maintain our skill base going forward. That is really critical. So we will be going through that rigorously, and we are very mindful of the fact that, when we are reducing staff numbers of that order, we have to be very watchful of the work loads of those people who remain so that we can manage that.

We are also very mindful of ensuring that the industries that rely on services through PIRSA continue to receive those valued services as they always have. I can guarantee the member that it will be a very responsibly managed process. I think last year through the government's program we offered about 75 TVSPs and they were managed very effectively. I think, looking back now, we did that without any cessation of particular services or discontinuity from an industry perspective. When we went back and reviewed that program, something like 88 staff departed last year through that process.

Mr PEDERICK: I refer to the same budget line. Given these major cutbacks to PIRSA's human resources and the potential exodus of experienced people through separation packages—I know from my own experience that good people locally accepted packages in the last round and probably will in this round—where will the department find the required expertise to manage possible future major pest and disease outbreaks, or will it all have to be outsourced?

The Hon. M.F. O'BRIEN: I made the comment in my opening statement that these TVSPs would be offered selectively. We are quite cognisant of the fact that we do not want to lose core skills. So the answer would be: I covered it in the opening statement; we are aware of the issue; we will be quite selective in terms of who we offer these packages to; and we are also trying to bring a body of expertise behind our more experienced managers. One of those persons is Will Zacharin, sitting in the chamber, who is Executive Director of Biosecurity, and I know that, not only does he have relative youth on his side, but also he is encouraging a younger cohort to come through Biosecurity. So we are addressing those particular issues.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.4, total full-time equivalents for each of the three years. I note that Mr Knight mentioned around 1,400, and it is close to 1,400. How are these figures split between the resources sector and the agriculture sector? I am deeply concerned that we get a real understanding, because I do understand that minerals are not getting a touch-up in this budget but agriculture is getting belted.

The Hon. M.F. O'BRIEN: I will refer that question to Geoff Knight. The honourable member has alluded to the fact that we are talking about the department in its totality and he is better placed to answer that question.

Mr KNIGHT: Of that total, about 180 are tied up with the resources sector part of the department. I might quickly respond to the suggestion around the 'touch-up'. The honourable member in his opening address made reference to a concern that, because of the government's priority placed on mining, it might have meant that the agriculture part of the department might have received a disproportionate share of the burden.

It was covered yesterday in estimates that the government actually decided not to cut the programs that we undertake in mining and instead decided (in consultation with industry) to impose a higher royalty regime, and that seemed very much the industry making its contribution towards what government is doing.

Obviously, when you invest in all the geoscience programs, there is a dividend at the end, and that comes via royalties that are paid to the community. Increasing those royalties is seen very much as part of the deal that we have made an undertaking to the industry that we will substantially continue to do those things. The burden, as a result of all that, has not gone onto the agricultural sector. There are no greater cuts in that sector because of the priority on mining.

We will be trying to prioritise all activity in the agricultural sector. That is the logic behind it. It is not a salami-slice approach with SARDI. We talked before about the national reform—putting our resources into the areas where we can get the biggest bang for the buck for the state. That is also true of our food and wine industry areas.

Yes, it is a reduction in headcount but it is a very strategic one. The minister made the point in his opening that only about 40 of those 200 will be in regional parts of the state. We have gone through that process rigorously to ensure that there is an absolute minimum impact on regional areas of South Australia in the process.

Mr PEDERICK: In that answer, I cannot recall you giving me an indication of the total FTEs for each section—resources or agriculture.

Mr KNIGHT: I said that it was 180 from resources; so you can subtract that from the total.

Mr PEDERICK: Thank you. I refer to Budget Paper 4, Volume 2, page 6.6, dot points 1, 3, 4 and 6, which state:

- facilitating the development and growth of food, wine, fisheries, agriculture and forestry sectors;
- facilitating the application of innovative new technologies, services, products and knowledge...;
- providing research and development capability delivering innovation in the agri-food, wine and bioscience industries; and
- protecting agri-food industries against potential biosecurity outbreaks.

My question is quite broad: how does the government propose to achieve all these objectives, given the slashing of \$80 million of PIRSA funding, reducing staff levels by at least 180 and cutting research and development programs and industry support schemes?

The Hon. M.F. O'BRIEN: Member for Hammond, I return to an answer that I think I have given to two questions, which is basically that we are going to sharpen the focus of the department. We are setting up the council (whatever it is called; you might help us in coming up with a name), which will obviously have carriage of these strategic plan targets. To achieve that, we have enlisted the support of Nous. We have a dedicated team within PIRSA working alongside the Nous Group to reshape the department to reorient the focus of individuals and sections.

It is my expectation and the expectation of the chief executive officer that the lion's share of that work will be completed by the end of this calendar year and that we will be in a position to make an announcement very early in the new year as to what the organisational structure of the department will look like and what the council will look like. The chief executive would like to make a comment.

Mr KNIGHT: When the minister gave his opening statement, he handed out a table, which was an attempt to explain significant movements between years. This refers directly to the member's reference to an \$80 million cut. I notice that was also referred to by the member for Schubert overnight when referring to an \$80 million cut and 180 jobs. The 180 jobs is right because that is straight from the budget papers, but I think the problem with the reference to an \$80 million cut is that you have to take into account some substantial extraordinary items that have come out of our lines this year.

The best example of that that I can think of is the Langhorne Creek pipeline because we spent so much money on that last year, but obviously we have finished the pipeline, so you do not keep spending \$50 million a year on that. For the record, it is probably worth saying (and it is quite clear in the table on page 71 of Budget Paper 6) the actual cut to the department—it is not a cut this year, it takes four years for that to accumulate—is \$25 million, not \$80 million.

Mr PEDERICK: That's absolutely right; it is \$80 million over four years, but it is an \$80 million cut to primary industries.

Mr KNIGHT: No, it's not, because if you want to add those four years together, fine, but you are counting the same dollar four times. That would be like saying that, over 10 years, then it is going to be \$200 million.

Mr PEDERICK: I have agreed that it is \$80 million over four years. I have agreed with that statement and it is the period that is indicated in the budget forward estimates. I refer to Budget Paper 3, page 2.2 and table 2.2. Line 7 shows marked reductions in funding for operations, particularly into 2011-12.

The Hon. M.F. O'BRIEN: Sorry, can I interrupt, member for Hammond, which—

Mr PEDERICK: Budget Paper 3, page 2.2.

The Hon. M.F. O'BRIEN: What was the question; sorry, member for Hammond?

Mr PEDERICK: The question is: what operations will be cut to meet the overall reduction?

The Hon. M.F. O'BRIEN: Again, this is the issue of what the negative means. It actually is an increase in expenditure, not a decrease. The increase in the 2010-11 year of the 10.7 can be largely explained by our commitment to dealing with the locust plague. I think Biosecurity SA is being beefed up. There has been a movement from the two environmental agencies. PIRSA now has total carriage of biosecurity. What you are actually talking about there are increases to expenditure, not decreases.

Mr PEDERICK: On page 2.6 of Budget Paper 3, table 2.5 showing the full-time equivalent job impacts, line 6, under Primary Industries and Resources, it is stated it will lose 179 jobs. Can the minister confirm whether this 179 is in addition to the 106 jobs that we know of that were lost to PIRSA and Rural Solutions across the state before the election?

The Hon. M.F. O'BRIEN: That is in addition to the reductions in FTEs last year.

Mr PEDERICK: In line with the same budget line, minister, it has been noted that 40 jobs will go in regional areas, which will have a significant impact in regional areas if you apply the multiplier of impact of about 1:5. Can you specify the particular regional offices where these job cuts will happen and which regional offices will close—because I believe the Keith office is closing. I wonder if you can verify that as well.

The Hon. M.F. O'BRIEN: We have not gone into the specifics. At this stage, and in fairness to the staff, these TVSPs are not compulsory. I made the point that we are obviously going to be approaching people, because we want to retain those individuals that are vital to the ongoing function of the department. In particular, the member for Hammond alluded to the importance of retaining a body of expertise, particularly within biosecurity. As I said, these are targeted and, until we have had those discussions with staff members, and in order to do them justice, we are not really in a position to indicate which offices will be closing. We also want to have discussions with the communities.

There will continue to be a presence in each of the South Australian government administrative regions. That will mean that there will be at least one office and there may be secondary offices. We are talking with government agencies to see whether we can actually share accommodation to maintain the provision of counter services. Those discussions are yet to occur as well, but we are having discussions with at least two other agencies with a view to collocation. So, at this stage it is a little too early to indicate where those office closures will occur.

Mr PEDERICK: Can you confirm the Keith office is closing, minister?

The Hon. M.F. O'BRIEN: We have made an announcement on that. The closure date is 22 October.

Mr PEDERICK: On the same budget line, what frontline services will be reduced in regional areas across the state as far as these 40 job cuts? I am interested in your previous answer, in that you are saying some of that work has not been done, but obviously the number 40 has been identified and I want some more feedback on how that number has been arrived at as well.

The Hon. M.F. O'BRIEN: I will not go too much into the detail, but obviously if you have a budget target set for state government as a whole you then work back to the agencies and the agencies then have to determine how they make those particular savings. The figure of 40 was arrived at in part by an examination of the work performed in the field by Rural Solutions. I think probably 50 per cent of the work that is done by Rural Solutions is done for state and federal government environmental agencies. They pay for the work and we perform it.

What we are saying to both DENR and the commonwealth is that, 'If you want that consultancy work performed by Rural Solutions then we won't discount it.' It will be the same rate

(hopefully a competitive rate) that may be offered by private sector companies operating within the environmental space.

So, we believe that, by insisting that we recover full costs, rather than providing a subsidy to both the commonwealth government and the new environment department, there will be that particular staff reduction. It may come to pass that the commonwealth and DENR want to pay what they would have to pay to the private sector to perform those functions and those job losses do not occur, but our calculations at this stage indicate that that would probably be the quantum of job loss.

Mr PEDERICK: In light of that answer, what percentage of regional agricultural staff hired by PIRSA is the 40, as far as a percentage of the total staff employed in regional areas of South Australia?

The Hon. M.F. O'BRIEN: The chief executive has advised me that it would be less than 10 per cent.

Mr PEDERICK: Thank you. I refer to Budget Paper 6, page 75, and reference to a saving of \$2.6 million by rationalising the level of resources and the strategy policy and advice areas of PIRSA. Which particular resources are referred to in this statement and what current programs will or are likely to be cut to meet this target?

The Hon. M.F. O'BRIEN: I will give this question to the chief executive officer.

Mr KNIGHT: This saving does accumulate to \$2.6 million over four years, so it is \$400,000 in this current year and it builds up to just under \$1 million by the fourth year. This is very much about rationalising and coordinating our effort across the agency, so it is about making us more effective at lower cost. We will be prioritising workloads and there will be impacts across a number of divisions but it will mean about seven fewer staff. It is, I think, consistent with the idea of doing more with less.

It will be spread across a couple of divisions but mainly in our corporate divisions, so these are head office type functions. We may rely a little bit more on outside sources for some of the economic analysis that we do, compared to the past. However, our aim will be to try to minimise any unintended effects of discontinuing some of that activity. It might mean that we do it in one place in the department rather than two or three places. The emphasis is on trying to make our operations a bit more efficient, but it is a central office function.

Mr PEDERICK: Thank you. I want to go back to Budget Paper 3, page 2.6, table 2.5: full-time equivalent impacts. In your answers regarding regional staff losing jobs and the potential of further regional offices closing—

The Hon. M.F. O'BRIEN: Could you give us the page reference again, sorry?

Mr PEDERICK: Yes, sorry. Budget paper 3, page 2.6, table 2.5, line 6: Primary Industries and Resources will lose 179 jobs. My question is: when will we and the state be informed of the impacts on regional offices of both staff and services to be cut? I firmly believe there will be a problem in delivering much needed services to the regional areas and our farmers.

The Hon. M.F. O'BRIEN: We probably explored that particular issue in some depth a couple of questions back. Until we have had discussions with staff and have determined the staff that we seek to obtain, and until we have had conclusive discussions with NRM boards, RDA boards and DTEI, we are not in a clear position to establish our co-location options. Once all of that work has been done then we will be in a position to give you a conclusive answer, but that is a little way away at this particular point in time.

Mr PEDERICK: Just for further clarification on the same budget line, have those discussions on the cross agency amalgamations started, and have the discussions started with staff? If not, when will they begin?

The Hon. M.F. O'BRIEN: I will refer this question to the Chief Executive Officer.

Mr KNIGHT: Those discussions have commenced, and they are very much about trying to get a more coordinated approach in regional areas. I am sure the member is aware that many of our regions now have almost a confusion of different structures. So, we have the RDA structures; we have the NRM board structures, which PIRSA links quite closely to; and in some regions we have additional structures, particularly during a drought. We found one of the most effective ways to operate is to draw the NRM boards, the RDA boards and local government together in a very collaborative way.

Those discussions have commenced. They are part of the process of realignment between NRM boards and the new DENR. PIRSA wants to explore options where, in a region, if we reach the point where we have a small number of staff, rather than closing an office, we would rather locate our staff within the local council, which might be an effective way of going as well. It also could be co-located with the RDA or the NRM board. Those discussions are underway. It is also part of understanding the impact of savings on those agencies.

I will make the point that, in many cases where it impacts on regional areas, we are focused firstly on whether or not we can reduce the administrative support staffing levels before we reduce the professional and technical staff. We have a front counter service, and we reviewed that last year. We found the actual level of public traffic through those front counters was not exactly extraordinary, and in many cases it was not sufficient to justify having the sort of level of administrative and clerical staffing that you need.

In some locations we will still have professional technical staff supporting the industry sectors around the state, but we may not have 9 to 5 clerical support for the front counter. That way we can maintain those parts of the services that really do add value for industry and focus our efforts on reducing the number of staff associated with just front counter services. That is why we are unable to specify exactly where those 40 will be until we have worked through that process; but I can assure the member that the aim of the process is to absolutely minimise any reductions in services that industry does value and use.

Mr PEDERICK: I refer to the same budget line. In light of that answer, does that mean we will just have closed offices and that there will not be the opportunity for people to walk in off the street for advice at these offices, even though there might be small visitations from some weeks on some days?

The Hon. M.F. O'BRIEN: I know that every time I hark back to my Elders days I get the raised eyebrows, but this is the reality. Even when I was there some time back there was a shift in regional Australia to—

Mr Pederick interjecting:

The Hon. M.F. O'BRIEN: No. I am saying that there is a reduced call on office front services and that most canny rural producers—who are some of the most computer literate individuals in Australia, given the fact that they have to chase international markets—are increasingly relying on accessing services by way of the web. I think to want us to maintain an ageing or aged infrastructure is both unnecessary and non-reflective of where our primary producers are heading.

I am more than comfortable with the fact that having significant offices in each of the regions in major regional centres will provide the service required where an in-depth discussion is necessitated but, by and large, the processes currently underway I believe will accelerate—particularly with the rollout of the national broadband network which is going to be rolled out through regional Australia first—the call on the front counter staff and front counter advice receding into our distant memory. I am quite comfortable with the direction we are heading on this one.

Mr PEDERICK: So, that was a yes, I take it, minister?

The Hon. M.F. O'BRIEN: It was, yes.

Mr PEDERICK: It took a while to get there.

The Hon. M.F. O'BRIEN: My Chief Executive Officer has pointed out that it is not in all cases. I think we have made it quite plain that the very minimum will be the retention of a significant presence in each of the South Australian government administrative regions and then there may be sub-offices, but that has to be worked out. However, the trend is to an increasing use of the web.

Mr PEDERICK: Referring to the same budget line, when do you believe these discussions on job losses and amalgamations of offices and staff across the state will be finalised?

The Hon. M.F. O'BRIEN: I will give that over to my chief executive.

Mr KNIGHT: The government, in bringing down the budget for 2010-11, indicated that the TVSP arrangements would take effect from 1 November. We are still awaiting final details of the scheme. I think the Treasurer himself made some comments on the design aspects in bringing down the state budget, but we do not have the final details of that including taxation and other arrangements.

We are working through the final budget measures that the government announced a few weeks ago so we will be ready on 1 November. I would expect that, by the end of this calendar year, we will substantially be in a position to confirm where in regional parts of South Australia any staffing reductions might be required.

As the minister has already said, obviously they do require discussion with the staff involved and they do require discussion with those regional communities because, if we can find alternative arrangements that mean that while the community might not have a department of environment office, a PIRSA office and someone else there, we might have a one-stop shop. Some people might even argue that that is a better arrangement anyway for a region, so the detail of that might change, but by the end of this year I would hope that we will be in a position to confirm that.

The TVSP arrangements, as I said, do not commence until 1 November, so necessarily we have a period of time over those four to six weeks where people need time to weigh up their decisions and to consult their financial adviser and their family before they make pretty hard decisions for themselves. Once that has happened, the minister will make some more public statements about that.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.7. The last dot point under Agriculture, Food and Fisheries Targets for 2010-11 notes a review of the Livestock Act 1997. Can the minister inform us what aspects of the act will be reviewed and why?

The Hon. M.F. O'BRIEN: In essence, the proposed changes to the act are:

- Use of expiation fees in the penalty provisions for a number of less serious, clear-cut offences: failing to register as an owner of livestock, breach of a ministerial notice that does not involve an exotic disease and certain breaches of an individual order.
- Certain definitions including the definition of a notifiable disease to include diseases that must be reported but certain provisions of the Act in relation to notifiable diseases will not apply. This will provide for complying with international reporting requirements for export purposes while allowing for more flexible disease management practices.
- There will be an amendment to Part five—Exotic Diseases Eradication Fund provisions to better fit the provisions of the national Emergency Animal Disease Response Agreement (otherwise known as the Cost Sharing Agreement); in particular to provide for 'salvage slaughter' which will take into account payments received following sale to an abattoir when determining compensation payments.
- Making it a requirement that water must be made available to bees so as to maximize mixing of bees from different apiaries, hence minimising spread of disease.
- Including police officers as inspectors under the act, limited to declared emergency animal disease events, particularly in relation to stock movements so that immediate action can be taken in restricting the movement of livestock during an emergency animal disease event.

Mr PEDERICK: I refer to Budget Paper 6, page 74, Biosecurity animal health—efficiencies and cost recovery measures from livestock owners who benefit from existing animal health surveillance programs. My initial question is: has the government consulted over this plan with all livestock owners; for example, both owners of commercial livestock and also smaller landowners who may have non-commercial livestock including horses?

The Hon. M.F. O'BRIEN: There are groups set up to discuss the way in which we are going to implement this particular arrangement. The decision was made that it should be embracive; that it should not just apply to what I would term serious livestock producers but also to hobbyists and owners of individual animals just to give us the coverage and the surety that, in the event of an outbreak, we have a structure in place which would allow us to identify the property within the overall structure. I have been advised that those discussions are well and truly underway.

The CHAIR: In accordance with the agreed timetable, the committee stands suspended until 11:45.

[Sitting suspended from 11:29 to 11:45]

Departmental Adviser:

Mr W. Zacharin, Executive Director, Biosecurity SA.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.7, the last dot point concerning agriculture, food and fisheries targets, and refer to biosecurity fees and, I believe, property identification code fees. When the government sets these fees, will the government take into account the varying levels of benefit of animal health surveillance programs provided to livestock owners, including commercial properties and non-commercial properties, to ensure that the costs are shared fairly among them according to the benefit received?

The Hon. M.F. O'BRIEN: I have called Will Zacharin, and I think probably he might like to also elaborate on your previous question on the review of the Livestock Act also.

Mr ZACHARIN: We have commenced consultation with the livestock peak industry bodies in relation to the mandatory property identification code system. We already have 17,000 PICs issued: it is just that it is not currently mandatory. So the change in the arrangement is to make it mandatory and to charge a fee. We have advised the livestock groups that that fee is likely to be around \$76 for a two-year period for the PIC registration, and that is separate to the cost recovery arrangements for animal health, which would be an additional fee to property owners, and we are still in the process of consulting with livestock industry groups about whether that is a flat fee or whether it is based on the different industry sectors that people are engaged in.

Mr PEDERICK: So, the answer is that there may be a variance between commercial and non-commercial properties. Is that what you are saying?

The Hon. M.F. O'BRIEN: That is right. We have had a discussion on this to ensure not only an equitable outcome but also an outcome that does not impose upon the commercial sector, if you like, a burden of supporting those who are hobbyists or those people who have effectively one or two pets. In essence, all land owners with livestock and horses will make a contribution to the state Animal Health Program. Mechanisms for charging a fee or levy will be developed with industry through a consultative process, and Mr Zacharin has just referred to that. A cost benefit analysis will assist in determining key beneficiaries and the proportion to be contributed by different sectors, and I think that process is currently underway. Mr Zacharin, would you like to add anything?

Mr ZACHARIN: It is a very transparent process. We have all the livestock industries and Horse SA involved. It is a bit more difficult getting to all the lifestyle people, but that is something that we will be working up through our community education and awareness program once we have most of the details worked through.

Mr PEDERICK: Thank you. Minister, as far as the funds raised from, I guess, both the property identification code fee and the biosecurity fee, what will the funds be used for, and what will both commercial property owners and non-commercial owners get for their money? As part of the overall gathering of the funds, will there be an education and training program for the public to better understand and manage biosecurity on their properties?

The Hon. M.F. O'BRIEN: Member for Hammond, I will give this over to Mr Zacharin; he is much more involved in the process at this time.

Mr ZACHARIN: As I see it, already 17,000 property identification codes are on our system, but that is not cost recovered. By moving to a mandatory system we will probably end up with close to 25,000 property identification codes on our system, so we are recovering the cost of the administration of the property identification code database. That is what people will get if they are non-commercial. It is just about us understanding where livestock and horses are for the purpose of responding to an emergency animal disease or responding to a flood or a fire situation, as PIRSA is responsible for agricultural and animal emergency services under the Emergency Management Act.

The biosecurity fee (although the details are still to be worked out) will be covering the animal health services that are provided with our exotic disease surveillance program, our market assurance programs and our emergency preparedness programs in relation to a lot of the testing we do through the vet labs for suspected exotic diseases each year.

Mr PEDERICK: It is almost like double dipping. Minister, will that biosecurity fee be used to educate people on how to better manage their properties and, in particular, how will it protect their properties from any biosecurity issues?

The Hon. M.F. O'BRIEN: Again, I will give this over to Mr Zacharin, because he is very much immersed in this at the moment. As he explained, we are setting this up. We are having a fairly extensive Internal discussion to make sure that we get this right, but he is very much across the detail.

Mr ZACHARIN: We will be ramping up our community education awareness program about what we are doing with our animal health programs. We have a lot of veterinarians and animal health officers in regional communities. For example, I think that in the last financial year we attended about 250 stock saleyards. We help people with footrot, lice and all sorts of animal health issues that producers are having. So, with respect to their contribution to the Animal Health Program, as I said, it is covering those particular areas, but there is no double dipping here.

The sheep and cattle industries already contribute to endemic disease control such as footrot and lice through the Primary Industry Funding Schemes Act. For example, the \$2-odd million that is collected under the sheep fund is money provided by producers for programs that producers request PIRSA to provide. So, they are not covered under these cost recovery arrangements. If industry said they no longer wanted to conduct those services, well PIRSA would exit that activity.

Mr PEDERICK: Minister, in relation to the same budget line, how do the proposed biosecurity measures differ from or do they complement the federal scheme, the Emergency Animal Disease Response Agreement (known as EADRA); and can you assure the horse community in particular that they will not be paying twice for the same thing?

The Hon. M.F. O'BRIEN: In essence, the PIC scheme is a national scheme. I think we have some discretion as to the ambit of the scheme in South Australia. We made the decision that we would pick up the hobbyists and those individuals who have one or two pets (if you like)—one or two horses or a couple of sheep lawnmowers on their property—but in response to the second part of your question, I will pass that over to Will.

Mr ZACHARIN: Under the emergency animal deed (EADRA), we have an agreement with the commonwealth and the states that will respond to animal health emergencies. If we require significant emergency response funding, we go back to cabinet. Under those arrangements, such as the equine influenza outbreak in 2007 in New South Wales and Queensland, although we did not have the disease in South Australia, we mounted a significant response and went back to cabinet for those funding arrangements. We will continue to uphold our emergency management agreements with the other jurisdictions.

Mr PEDERICK: Minister, your adviser is telling me that this is not a double up of a fee for doing the same thing as far as biosecurity.

Mr ZACHARIN: Through the chair, if it was an emergency, again we would respond in terms of our emergency response protocols. If it was of a level where we were able to absorb that contingency within PIRSA's biosecurity fund, we would. If it is significant, for example, something like locusts, we go back to cabinet for specific emergency response funding.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.7, dot points 13 and 14. What is the total cost of establishing Biosecurity SA?

The Hon. M.F. O'BRIEN: There was no cost of establishment. My understanding was that we had the capacity, but we decided, as part of a national agreement—there is a national biosecurity agreement—that we would rename and probably, in part, reconfigure our existing operation under the banner of Biosecurity SA. A subsequent step was to take those officers from what were the two existing environmental agencies in South Australia across into PIRSA, because it was decided by minister Caica and me, and ultimately by cabinet, that it was not a prudent application of resources to have, say, for argument sake, veterinarians spread over two or three agencies, they would be better located within PIRSA. So, that is what was done and that movement has been reflected in the budget, but I will pass over to the chief executive officer for additional comment.

Mr KNIGHT: We have seen in recent years an increasing emphasis placed on the importance of biosecurity for Australia. We know that it is essential for our animal and plant industries, as well as increasingly in the environment. This came to the fore with the Beale review that the commonwealth government launched following the outbreak of equine influenza in Australia in 2007. Over the last few years, one thing that was becoming increasingly apparent to us was that this idea that PIRSA looked after biosecurity issues when it affected the production industries but we left it to others, such as the environment department and the former department

of water, land and biodiversity conservation, when perhaps they were more environmental and social pests, was not really workable long term.

So, for a while now I have been sold on the idea of having a single biosecurity capacity for the state. In talking to my colleagues in other states, it was obvious that we were not the only state thinking along these lines. Queensland established Biosecurity Queensland a number of years ago, and other states are moving in the same direction. There was a period of negotiation. As the minister said, it was finally agreed by himself and minister Caica. The cost is in Budget Paper 4, Volume 2, page 6.18, Sub-program 2.6: Biosecurity. A number of staff were transferred across from the former department of water, land and biodiversity conservation.

Their funding came with them, and they had been responsible for a range of what you might call non-production-type pests, but also things like branched broomrape and so on. There had been a lot of inconsistencies between the way PIRSA was handling production pests—and I think we have done that very effectively as a state over many years—and the way these other so-called non-production pests were being handled. The cost of Biosecurity SA is in those numbers. Also in those numbers is the cost of actually handling outbreaks. There is a big increase from the 2009-10 budget to the 2010-11 budget, which represents the funding provided by the government to deal with this year's locust outbreak.

You can see there is a significant increment between the two years. There are a few other things happening as well, but by and large we have implemented Biosecurity SA within existing resources. We have done that by bringing the resources from a couple of agencies together. The aim is to create a more effective one-stop shop. I have used the analogy a few times that, when you have to go to a war—and I think the minister has aptly used the term, 'We are going to war against the locusts at the moment'—you want your army, your air force and your navy all operating under one joint command, and that is what we have done with Biosecurity SA.

There is still some accountability back to the environment minister, because he has responsibilities under certain acts but, when we are on the ground fighting a war (this time it is locusts but next year it might be fruit fly or something else), there is one command and a single head of that command. We have established this senior position that is now occupied by Will Zacharin as the Executive Director of Biosecurity SA. I think that brings us pretty much to the forefront in Australia in terms of organisational and governance arrangements for Biosecurity SA reporting to the Minister for Agriculture, Food and Fisheries as the lead minister on biosecurity matters in South Australia.

Mr PEDERICK: Thank you. On the same budget line, in regard to the new cost recovery biosecurity fees that will be inflicted on people with livestock and, I believe, people with farms, whether they be horticulture or cropping, is it obvious that those fees will be used to fund that new department of Biosecurity SA?

The Hon. M.F. O'BRIEN: They will. We are unabashedly moving to a cost recovery model and, in doing that, we are using commonwealth government guidelines that insist upon a high degree of transparency, both in the raising of revenue and its application. My understanding is that those guidelines are in turn informed by a series of recommendations to have come out of the Productivity Commission. So there is a fairly tight advisory regime that the commonwealth apply and we are applying the same model. All fees that are raised for the provision of biosecurity services will be applied to the provision of biosecurity services. There will be no shifting of revenue into other areas.

Mr PEDERICK: On the same budget line, what will be Biosecurity SA's full complement of staff and are they being sourced from Primary Industries staff or are new people being recruited as well?

The Hon. M.F. O'BRIEN: I will ask Will Zacharin to answer that.

Mr ZACHARIN: The new Biosecurity SA division has approximately 190 staff, but because of the branched broomrape program we employ up to about 60 casual operators each year on that program, so there is a large number of casuals which could take the figure up to 230 in any year. It really depends on how many casuals we need. We have 130 people mobilised for the locust program at the moment and a lot of them are short-term casual employees, as well, so our numbers do move around a bit.

Essentially, the division has been the amalgamation of the PIRSA biosecurity units which include the existing Animal Health Branch, the Plant and Food Standards Branch, the Rural Chemicals Branch, the Aquatic Pests Emergency Management, and from DWLBC—the old

environment agency—we have the NRM Biosecurity Unit, the Branched Broomrape Eradication Program and the Dog Fence Board.

Mr PEDERICK: Thank you. Minister, I refer to Budget Paper 6, page 72, the memorandum item describing the \$12.8 million allowed for locust control. My question is about the money available for locust control. The minister has stated that more will be made available if necessary. Has a limit been set by the Treasurer on what extra amount may be utilised and, if so, what is that amount?

The Hon. M.F. O'BRIEN: There is no upper limit. We will spend what we have to spend and we will not cut corners. We are going to deal with this particular problem. We have a bumper harvest coming on, not only in grains but also in grape, although grape is probably going to be an issue with selling. However, across a large range of South Australian primary industry sectors there is going to be an issue with locusts and cabinet has made a decision that whatever is required to deal conclusively with this threat will be made available.

Mr PEDERICK: On the same budget line, has the government (and the department) had a good look at the possibility of locust swarms spreading across the state and has it rolled out an education program for farmers who are not in the Upper North, the Riverland and the Mallee, as far as identification and knowing what to do and reporting?

The Hon. M.F. O'BRIEN: We have. Obviously, the bulk of the campaign has been directed at those areas immediately under threat. However, probably some six to eight weeks ago a small group from PIRSA and myself met with the editor of *The Advertiser*. It was an arranged meeting for the very purpose of enlisting the assistance of *The Advertiser* in getting to the broad South Australian community to make them aware of the potential risk outside areas that we are currently targeting. I believe that they have done an admirable job in alerting the whole of the South Australian community to the potential severity of the threat.

From the reports that I am receiving both from within South Australia and also by way of a national linkup (I think it was last Friday) with other state ministers and the federal minister, we have not underestimated the severity of the threat. In fact, the CE has pointed out that we are in a better position than the other states in terms of our forward planning.

Middle western New South Wales has a far higher degree of egg laying than we are aware of; so for New South Wales there is an issue. We are hoping that the New South Wales government and the Australian Plague Locust Commission will be able to deal with that particular issue, so that we do not ultimately have to deal with fly-ins. I also have a note from Mr Zacharin that staff on Eyre Peninsula and northern Yorke Peninsula have been well and truly briefed and will be in a position to respond if necessary. I do not know whether, Will, you would like to make further comment on our education campaign.

Mr ZACHARIN: Because most of the egg laying and fly-ins we saw in March and April were through the Mid North and the Riverland Murray Mallee that is where we are seeing the emergence now. It is always possible to get fly-ins onto Yorke Peninsula or Eyre Peninsula. We have contingency plans in place should that occur.

We have some recent reports of locusts around Buckleboo. We are dealing with those landowners directly, and if it becomes a large enough target PIRSA can go in and spray those targets. We also have staff in places as far west as Ceduna, so if any issues raised there are beyond the capacity of the landowners to spray—and they are required under the Plant Health Act to spray for locusts on their properties—and if it is a large target, again, we have contingency plans in place to be able to expand our program and go in to assist landowners.

Mr WHETSTONE: I refer to Budget Paper 4, Volume 2, page 6.18, Sub-program 2.6: Performance Commentary, paragraph 1, line 2—improvement of early detection of fruit fly. Can the minister detail these improvements and exactly how they have improved the early detection of fruit fly?

The Hon. M.F. O'BRIEN: I know this is of great interest to the member for Chaffey. To do the answer justice I will pass it over to Will Zacharin.

Mr ZACHARIN: These improvements have come about through the implementation of the new Plant Health Act 2009. At the moment, we are about 10 months into the implementation of the arrangements under that act. The act requires all importers of fruit or plant or plant material into South Australia to now register their consignments under the act and also to be audited under the act. We have significantly improved our intelligence and understanding of what is coming into and out of the state in relation to fruit fly risk material.

We have over 350 people registered for self-audit in the industry, who we regularly audit as well. So there is a third party system in place, and we are far more prepared to be able to respond when we get some fruit fly material into the state. Recently, some strawberries arrived from Queensland into Woolworths. They were inspected on arrival, as required under the new auditing arrangements, and they found some maggots in those strawberries, and we were able to respond and confiscate that consignment and get straight onto the producer in Queensland in relation to those arrangements. To us, it is demonstrating that the system we have in place under the new Plant Health Act is far superior to what we had in the past.

Mr WHETSTONE: I refer to the same budget paper. With the reduction in hours at Ceduna and Yamba inspection stations—the nightshifts, in particular—how can the government guarantee that noncompliance will not begin to rise?

The Hon. M.F. O'BRIEN: I will give that over to Will but, member for Chaffey, I appreciated your phone call on this issue. I have also had representations from the citrus industry. We actually had a process underway in this area to deal with issues regarding fruit fly. I will not be unabashed in saying that we were looking for a greater degree of industry commitment to cost recovery.

I think the stumbling point was that some sectors of industry—not the citrus industry, but my understanding is some industry sectors not located in the Riverland—were a little less than enthusiastic about lending their support, so those discussions have been underway, and Will convened a scheduled meeting of that consultation group on the 18th. With that, I will give it over to Will, but there is a process underway and I think ultimately your concerns will be addressed.

Mr ZACHARIN: In relation to the specifics of the question, we are all about managing risk, so we are trying to get the risk down to an acceptable level. It will never be zero; we cannot give guarantees on zero. We have looked at the traffic figures that have come through the Ceduna and Yamba roadblocks over many years, together with our change in market mix in terms of how we roll out the program.

Every access point into South Australia now has fruit fly signage. We have bins and a lot of fruit is disposed of in those bins, so we know that our ramped-up community awareness program (which we won an award for last year) is actually working. Those bins are regularly full of fruit—for example, on the Dukes Highway—and we have contractors who go in and clean those bins and remove the fruit each year.

With the new Plant Health Act, again, we have started to utilise more random roadblocks, and we have already held two this year. In the last one, we actually issued expiation notices for the first time to 22 vehicles, so the message has changed somewhat. You cannot bring fruit into South Australia but now, if we catch you, we are not just going to take the fruit off you: you will receive an expiation fine.

So, we are ramping up the type of program that we have, and all the time we are looking for program efficiencies. We have made the decision, based on risk and based on a broader program than just having four static roadblock sites, that we can afford to reduce the expenditure over the midnight to dawn shift because it is relatively low risk. We have gone from 17-odd maggot detections per 10,000 detections in vehicles down to about one, so we know that our program is effective and we know it is working well.

Mr WHETSTONE: What form of consultation prior to the 3 October announcement was undertaken with the commodity industries? Is it true that the South Australian Citrus Industry Development Board had earlier received assurances from the minister or from PIRSA that they would not make any changes to the station hours? Has the state government budgeted for what is now a potential biosecurity breach in the \$1.1 billion horticultural industry?

The Hon. M.F. O'BRIEN: I certainly did not give that undertaking, and PIRSA did not, but that does not mean that somebody may not have. It certainly was not this minister. As I said, we are actually involved in discussions prior to the decision to work out a better means of financing this particular operation. It had been put to me by the Citrus Industry Development Board, which was quite forthright, that there was a public benefit element to this expenditure of public moneys. I think the reality is that we have long moved on from the days when every backyard in metropolitan Adelaide had a fruit tree.

So, the justification for the state government carrying all of the cost for the provision of this particular service, I think, is no longer sustainable. I think we may be getting the grudging acceptance of industry that there are also economic benefits for them in terms of, I believe, not

having to place fruit in cold store for several days. I think there are other treatments which we do not have to subject South Australian fruit to, but which our interstate competitors, if I could describe them as competitors, have to do in order to access international markets.

There is a benefit for industry that is being carried at this stage entirely by the South Australian government. I am of the opinion that we will probably arrive at an equitable distribution of costs between government and the private sector on the basis of benefit. Those discussions are still under way, and I have every intention of keeping the member for Chaffey well and truly informed on those deliberations and seeking his input.

Mr WHETSTONE: The third part of that question was: has this state government budgeted for the now potential biosecurity breach to the \$1.1 billion horticulture industry?

The Hon. M.F. O'BRIEN: I will give this over to Will, again, but he explained that it has been done on a cost-benefit analysis, taking into account the risk profile. In discussions with the Citrus Industry Development Board, we made them aware of the fact that we are currently expending \$1.5 million dealing with, I think it is, three outbreaks of fruit fly within the Adelaide metropolitan area at this particular point in time.

Mr WHETSTONE: I think you will find there have been four confirmed outbreaks.

The Hon. M.F. O'BRIEN: Okay, yes, four. We are in the field; we are dealing with these particular issues. It has been explained to me that the location of these industries is adjacent to transport depots. Even with the regime that we currently have in place, we are still getting these outbreaks. I am not sure of the commonwealth regulation but I think there is now a prohibition on the movement of large transport vehicles at night. We have had these outbreaks in Adelaide by trucks coming over the South Australian border, not at night but during daylight hours. In essence, we do devote the resources to dealing with these particular issues.

Mr WHETSTONE: Just to refresh the current minister's view: your predecessor, the Hon. Paul Caica, made the following promise in writing immediately prior to the 2010 election in relation to the retention and maintenance of the Plant Health Sector in PIRSA, and I quote:

The Plant Health Program is an integral part of this government's new Biodiversity Division in PIRSA. There is no intention to downgrade this program.

And further, under the heading 'Retention of the current fruit fly program':

South Australia's fruit fly system, including trapping grids and roadblocks, will be retained.

The question is: how then does the planned cutback of these services fit with the former minister's statement?

The Hon. M.F. O'BRIEN: I think, in essence, we have retained the roadblocks. I think there was a concern that we might close them down altogether, particularly with the Ceduna roadblock actually pulled back, closer particularly to the Riverland. But those roadblocks are in place.

Mr WHETSTONE: Have the operating hours and/or staffing levels of the Pinnaroo and Oodla Wirra stations been reduced? If not, are there any plans to reduce them within the foreseeable future?

The Hon. M.F. O'BRIEN: No, and no.

Mr WHETSTONE: What assurances can the government give that the effectiveness of the fruit fly detection services will not suffer as a result of these reductions at Pinnaroo and Oodla Wirra, if there are any?

The Hon. M.F. O'BRIEN: There will not be.

Mr WHETSTONE: You can guarantee there will be no reductions?

The Hon. M.F. O'BRIEN: We are not budgeting for it and we have the forward estimates. It is certainly something that we have not considered. I cannot speak for industry, but I was going to say there is grudging acceptance of the closure of the night shifts—the midnight to 5 shifts, whatever the hours are—but that is not going to have an impact on biosecurity protection. However, there is a perception—and I think, member for Chaffey, that is one of your concerns.

The Japanese and Korean markets, which are basically our markets by virtue of the surety that we give on fruit fly, may have concerns that the level of protection has been reduced. It is our view that that is not the case, but I have taken on board your comments and observation that

perception can be as persuasive as reality, and we are having those discussions with industry. I am not flagging an outcome but I am saying that I have noted it and we are now moving on to the next step of a wider discussion than that just with the citrus industry on this particular matter.

Mr ZACHARIN: In regard to the figures I gave before, we have changed the program from four static road block systems to a far bigger community education awareness program and have made sure that we now have signage and bins at all access points into South Australia, including the Dukes Highway where, of course, there is no permanent road block. We are putting in place permits under the new Plant Health Act for all agricultural machinery that comes into the state, so we have reduced the risk of agricultural machinery coming in. They have to tell us when they are coming in and from where. All these changes we have put into effect to try to boost what we already had.

The risk profile of the detection in fruit has gone down to one per 10,000 vehicles and, considering the low level of traffic through the midnight to dawn shift, it does not make sense any more to have that level of expenditure during midnight to early morning. You are far better off getting a better bang for your buck in terms of different activities that will continue to ensure that the fruit fly risk to the state is very low.

Mr WHETSTONE: I guess that noncompliance is really the issue, then. I know you are not going to be able to educate the noncompliant, but they are the biggest risk to the industry. There is an education process within the industry, but the external problem is that the noncompliant sector is going to cause a threat.

The Hon. M.F. O'BRIEN: I think we have fairly conclusively identified that the cause of the five outbreaks is through the carriage of material into South Australia by way of freight, because those outbreaks are immediately adjacent to transport depots. So we do have an education issue. We have the Plant Health Act in place. I will follow that up, because I think we will have to go back to the transport industry sector, most of whom I believe are compliant and know that we also do random checks. We are very much dependent on self-regulation, otherwise it would be horrendously expensive. We will consult with all transport companies to improve the level of compliance. You are correct: obviously, five carriers have come into South Australia carrying fruit fly larvae in their vehicles.

Mr WHETSTONE: Minister, has the government considered that these inspection stations are part of a battle against many other serious plant diseases and pests (for example, the phylloxera disease within the wine industry), and can it guarantee that inspection standards against other threats will not be compromised by this change? As a recent example, we can look at Queensland and the imported disease into the citrus industry with regard to citrus canker, which decimated that industry?

The Hon. M.F. O'BRIEN: Member for Chaffey, that proposition has been put to me. However, I suppose the rejoinder, if I could describe it that way, or the reality, is that, even if we were running the midnight to dawn shift and people wanted to bring this material into the state—and I don't have an intimate knowledge of the road network in the Riverland—they could easily avoid the roadblock by getting onto the back roads.

We do take those issues seriously. That probably was one of the drivers for the move at a national level to establish Biosecurity Australia. As I said, we aligned ourselves with the national structure by bringing all functions under PIRSA and renaming ourselves Biosecurity South Australia so that we could be seen to be very much a part of the national structure.

We have a whole range of issues to deal with, one of which is myrtle rust, to which the member for Hammond has referred on several occasions. We are in the process of monitoring deliveries to nurseries, and the like. There are some quite significant biosecurity threats to South Australia, and there are ways in which we are dealing with those which are probably a lot more cost effective than having individuals on a roadblock in the wee hours of the morning.

Mr WHETSTONE: I guess, minister, that it would be fair to say then that there would be no need to take the back roads for those non-compliant people—they can just drive straight through the Yamba roadblock during the night shift. Straight through!

Mr PEDERICK: They do not have to get off the bitumen!

Mr WHETSTONE: No.

The Hon. M.F. O'BRIEN: I have just been informed that we are going to set up random roadblocks, to send a clear message to—

Mr Odenwalder interjecting:

Mr PEDERICK: Yes, they're going to put one at Gawler.

The Hon. S.W. KEY: What about Gepps Cross?

Mr PEDERICK: Gepps Cross is hardly rural, though my father used to cart hay there.

The Hon. M.F. O'BRIEN: Member for Chaffy, discussions are still underway. I am not flagging a particular outcome, but I think that all concerns will ultimately be addressed. It is too vital an industry for a high degree of uncertainty to be created, particularly within our export markets. We will do whatever is required to protect those particular markets.

Mr WHETSTONE: Is the government intending to pass on the current cost of the Fruit Fly Detection Program directly to growers as part of its full cost recovery policy and, if so, when will this begin, what cost will be passed on and how will it be levied?

The Hon. M.F. O'BRIEN: As I said, we are in a process of consultation. I would hope that we have moved past the notion that governments should assume all of the cost because there is a public benefit. I made the comment earlier that we are probably several decades beyond the point at which most Adelaide households had a couple of fruit trees in the backyard, and hence what we were doing with our roadblock was providing a public benefit to householders. There is still some benefit; fruit trees in the Adelaide metropolitan area obviously are a sanctuary for fruit-fly.

It is an issue that we are obviously addressing, but I would hope that industry would now see that we are in an enviable position in South Australia. We have been able to carve out some reasonably significant niches for our horticultural product in international markets. There is a cost benefit to South Australian producers because they do not have to go through the regime that their interstate competitors have to go through to export their horticultural product. So, I am hoping that we will arrive at a position where growers—and I am not limiting it to citrus growers because I think that would be grossly unfair, but to all producers of horticultural vegetable product in South Australia—take on board some of the partial cost (and that percentage is also to be determined). I will pass over to Will.

Membership:

Mr Venning substituted for Mr Treloar.

Mr ZACHARIN: Through the chair to the member for Chaffey, Plant Health Australia has also facilitated the development of a national fruit-fly strategy where all horticultural sectors have been involved in the development of this strategy, as government agencies have. One of the action items out of the national fruit-fly strategy is to engage industry groups into cost-sharing arrangements for fruit-fly programs across the four states.

So, there is this national committee, in effect, under Plant Health Australia, and we look forward to seeing how the strategy is rolled out, what sort of R&D programs the industry requires and what sort of other inspection arrangements or systems approaches we can put in place to reduce the risk of fruit-fly because of the amount of material that travels between the states. So, there is certainly a national strategy which industry has signed up to which does include some cost sharing into the future, and we look forward to ongoing consultation with industry groups to see what eventuates.

Mr WHETSTONE: To the minister and to Will, the industry is concerned with the closing of Yamba and they ask the minister to please consider the ramifications of the closure of the nightshift—the answer will be cost recovery—and to keep Yamba open 24/7. My last question to the minister is: has the government calculated what effect the closure will have on pricing and, if so, what is the expected effect and how will it affect the industry's competitiveness with imports and exports? Just on that, to the minister, it is the perception of the other importing countries that South Australia is dropping its guard on biosecurity.

The Hon. M.F. O'BRIEN: Member for Chaffey, you brought that to my attention early in the peace. As I said, you have an understandable view that it is not so much the reality—and my officers and I are of the view that, in reality, it will have a negligible impact on biosecurity provisions in the Riverland—but one of perception, and sometimes perception can be stronger than the reality. Your industry, the citrus industry, has carved out quite lucrative markets in China, and I believe is exploring those opportunities in South Korea and elsewhere within the Asian region. We are having meetings, which I think Will is chairing, to arrive at a solution to the broader issue of cost

recovery for fruit-fly. It could well be that, out of those discussions, industry is prepared to see those shifts restaffed.

We are hoping that we can push those discussions along fairly rapidly. However, at the moment it is the old reality that, if you are not paying for a service, you expect and demand the gold-plated Rolls-Royce; if you are making a partial contribution and the money is coming out of your bottom line, so to speak—and my view is it would be, if industry is agreeable, a negligible cost impost—people are then prepared to sit back and do the type of analysis that we have done, because that is the way you run business, which is risk as opposed to cost. However, if the perception proposition continually comes to the fore then industry will make a decision that they want that shift staffed and the moneys that will be raised from industry—and I am not talking just about citrus in the Riverland but right across the state—will be allocated for that purpose.

Mr WHETSTONE: Thank you, minister.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.18, Sub-program 2.5: Rural Services, Performance Commentary, paragraph 1, line 2, which mentions branched broomrape control. What amount has been spent on the Branched Broomrape Program in 2009-10 and what amount is budgeted for 2010-11? In terms of achieving the goal of eradicating branched broomrape, where are we at with the program?

The Hon. M.F. O'BRIEN: I will refer that to Will, but I will just make a passing comment. It is a national program that is funded by all of the states as part of this national arrangement that I alluded to with Biosecurity Australia. Effectively, it is a form of insurance. We will go to the assistance of other states to assist them in dealing with a particular issue so that it does not get beyond their border and, with branched broomrape, other states are assisting us.

We have received national funding through the Primary Industries Ministerial Council to June 2012 and there is a national commitment beyond 2012, but it is subject to obtaining a satisfactory level of industry funding up to 20 per cent of the national commitment. To me, that would indicate that this program will continue to run on. I think it would be an act of collective folly if it did not. Some paddocks will be released from quarantine in 2012 and this will further demonstrate the success of the national eradication program. So, funding is assured and progress is occurring on the ground. I will be meeting with the community consultative committee, I think, later this month.

Mr PEDERICK: Next week, I think.

The Hon. M.F. O'BRIEN: Next week, is it? I have a full diary. In essence, member for Hammond—because I know this is of some concern to yourself—the funding is there and we have a commitment through the national structure to continue the funding, dependant on industry picking up 20 per cent (I do not think that is a big ask), and we are seeing some paddocks returned to production.

Mr PEDERICK: On the same budget line, have there been any new discoveries in new areas in this survey period? Obviously, the survey teams have been out recently. So, are there any new discoveries that will take, I believe, up to 12 years of management?

The Hon. M.F. O'BRIEN: I will pass that over to Will Zacharin.

Mr ZACHARIN: No, the recent surveys have indicated some excellent results. We have only had a 5 per cent return from current infected paddocks this year. There has been no expansion of the current quarantine zone and, as the minister has said, we are coming up to the 12-year period where a significant number of those paddocks will come out of quarantine in 2012.

However, we are still waiting for emergence. Because of the cooler weather, the broomrape that has emerged at the moment is fairly small, so we need to go back over some of those paddocks to make sure that they are clear or whether there is a return. However, at the moment I understand the return is running at about 5 per cent, which is within the performance measures for the program.

Mr VENNING: My question to the minister, as you would expect, is in relation to cellar door and cellar door subsidy. I refer to Budget Paper 2, page 8, and the Treasurer's statement that the cellar door cap will be reduced from \$521,000 to \$50,000 per producer to target smaller producers. Has any modelling been done to calculate the effect this reduction will have on the industry in general, product pricing and its competitiveness in the various markets? If so, what was the conclusion of that modelling?

As a personal explanation, when I first heard of this measure in the budget speech I thought it would affect only the so-called big boys, but it would appear now, as this is sinking in, that it is going to affect a lot more than the big boys. In fact, some of our greatest tourist wineries are going to be severely affected, because many of them are 60 per cent reliant on cellar door and mail order. It is not very hard to get up over that magic figure, so I would appreciate your explanation.

The Hon. M.F. O'BRIEN: It is not my portfolio area. It has not come out of any of my budget lines, but I take on board your comment. We have recently convened what I hope is a more streamlined and more focused South Australian Wine Industry Council. It was raised at that first meeting, and I have asked industry to come back to me with observations and comments. It is not a budget line that I can discuss, because I am not the responsible minister but I have noted your question.

Mr VENNING: That is with the Treasurer, I suppose.

The Hon. M.F. O'BRIEN: And the Minister for Consumer Affairs.

Mr VENNING: Thank you.

Mr PEDERICK: I refer to Budget Paper 5, page 18, paragraph 2, which describes the program as supporting the strategic aim of fostering sustainable and internationally competitive food, wine, fisheries, aquaculture, forestry, mineral, petroleum and geothermal industries. I note that the entire and extremely modest budget listed there of \$8.8 million is to be invested solely in fisheries. Is that to say that there is nothing at all for agriculture, one of the state's most vital industry sectors? Under existing project, \$2.28 million dollars is budgeted for relocation of the Fisheries Compliance and Licensing Service. Can the minister describe the cost benefits that will accrue from this relocation?

The Hon. M.F. O'BRIEN: We actually had no real say in this matter. The existing site is being redeveloped under the Port Adelaide Redevelopment Project. We have had to make the move, and these are the costs associated with that relocation. We were leasing, and apparently the LMC acquired it. I will pass that over to my chief executive, because I think he wants to talk about other issues associated with that particular budget line.

Mr KNIGHT: I want to make a point about that \$8.8 million listed on page 18 of the capital investing statement. I also might refer the member to a more detailed table that sets this out on page 6.10 of Budget Paper 4, the portfolio statement. Of that \$8.8 million, only \$2.2 million relates to the PIRSA Fisheries accommodation, as is evident in that table. The balance, being \$6.65 million, is the PIRSA annual program, so that is an amount of money that we receive every year from Treasury. It is of that order of magnitude, but it is indexed periodically and it enables us to look after capital investing requirements for the whole portfolio including, of course, agriculture and fisheries and so on.

There is a range of things in there. They include everything from fishing vessels to accommodation around the state. We generally invest about \$1 million a year in equipment at SARDI, making sure that they have got the latest tools and gadgets that they need to be competitive in an R&D world. I cannot give you a breakdown of that \$6.56 million in terms of how much of it is agriculture versus fisheries versus mining, but it would be across the board. The other thing that I might just refer to for members' information is that our new accommodation for Fisheries, to be located at Marina Adelaide, is being developed in a way in which it will also act as a state control centre for agriculture and animal services.

That new facility will meet what has been a long-needed capacity that we have had in South Australia. That state control centre, which we will use in the event of major outbreaks of diseases in either animals or plants, will be able to accommodate up to 50 personnel, for that to become a statewide centre for us. So, even that fisheries accommodation might sound like it is just fisheries, but it is going to serve a much wider benefit for the agricultural community in South Australia.

Mr PEDERICK: I refer to Budget Paper 5, page 58. In relation to the fisheries accommodation, can you inform the committee on what the difficulties were in locating an appropriate site?

The Hon. M.F. O'BRIEN: I will pass this over to Geoff Knight, the chief executive.

Mr KNIGHT: I am not sure of what exactly the member is looking to understand about the process. We have long known that that site at Birkenhead was going to be ultimately required for

the Port centre redevelopment; it is in a very prominent position. Whilst it had some attractive features for us in terms of the ability to bring our vessel right in up the Port River, it has always had its deficits, including the ability to launch it and get out to sea very quickly. It has been a process that has taken a fair while to get where we are. We went through a market process through that department of government that handles government office accommodation.

We do not do that ourselves; we rely on the government office accommodation unit of the Department for Transport, Energy and Infrastructure. On our behalf, they initiated a public tender process to essentially say to the commercial office market, 'Here's our functional requirements. This is what we need. We've got X number of people we need to house. We would ideally like to have facilities for our boat and to launch from there. We have various other function requirements, including the ability to interview people for the purposes of our compliance function and embarking on prosecutions. We also need the ability to retain equipment seized for the purpose of prosecution.'

We had various functional requirements. The process was that we went out to the market through that relevant department. They then went through a process of evaluating various responses to that process. We have now signed a ten-year lease, with right for further renewal beyond that. That accommodation will be fitted out specifically for our requirements. In summary, it was a market-based process followed by a fairly detailed evaluation of the responses to those functional requirements.

Mr PEDERICK: I refer to Budget Paper 6, page 72, Administered Items, revenue measures for cost recovery. Will all fishing industry sectors be affected by these measures?

The Hon. M.F. O'BRIEN: I will enlist the services of Martin Smallridge, the Acting Executive Director for Fisheries, but my understanding and my intention is that we seek to ensure full cost recovery right across the fishing sector and that there will be no area of commercial endeavour that will not have to pay its way.

I would also like to make the comment, member for Hammond, that particularly in the aquaculture sector and also the fishing sector there seems to be a realisation that, as in dealing with the private sector, in dealing with the public sector you pay for services. They are in agreement with that principle.

I think the regulatory function that we perform provides them with a level of commercial surety and biosecurity protection that is invaluable for the running of their businesses and for their growth, but they have said to me: 'We want it to be transparent. We don't want to be paying for services that aren't delivered as efficiently as they should be and we want to ensure that the regulatory regime that we operate within is as streamlined as necessary, but we don't believe we should be carrying the burden of an overregulated commercial environment.'

I am in agreement with that particular proposition. Martin was with me at, I think, Smoky Bay when we had a discussion with the oyster producers. I have heard it first hand on a number of occasions and I know that that is the way that we will be operating, but I will now pass it over to Martin.

Mr SMALLRIDGE: I guess there are some specifics, but essentially this is about just rolling out the cost recovery policy across all the sectors, which in fishing is about having 100 per cent of attributable costs collected from the industry. There are still some sectors that have not been on 100 per cent cost recovery, most notably sectors like the charter fishery which is new so it has had a holiday and a transition process.

The bulk of the funds that are highlighted in that budget paper are increasing the level of cost recovery to 100 per cent across those sectors, but there is also an increased overhead cost that will be distributed across the rest of the sectors. Our commitment to industry has been that we will be matching the CPI increase when we increase our fees, and our assessment of the last five years has demonstrated that we have not even passed on a CPI increase in our cost recovery process.

Mr PEDERICK: Further, on the same budget line, I assume that the full modelling has been done in regard to the amount of cost recovery applicable to each sector. How and when will the new charges be levied in each sector; will that be this financial year?

Mr SMALLRIDGE: It is the next financial year, so the cost recovery process commences with negotiations with industry starting next month, and they are about setting the fees for the 2011-12 financial year and that is when the charges will start to take effect.

Mr PEDERICK: On the same budget line, has there been any modelling done on what effect the increases will have on bottom-line production costs for the fishing industry?

The Hon. M.F. O'BRIEN: There has. I am not sure how comprehensive it has been, but with the oyster industry I actually asked that we do a calculation on the cost per dozen oysters because I was bit concerned. We did not want to jeopardise their ability to compete with New South Wales, Tasmania, Victoria, in markets particularly along the eastern seaboard, and we looked at that additional cost impost in terms of what they were wholesaling a dozen oysters for in Sydney and Melbourne markets. I think it was a negligible impact. I do not think it even amounted to a full cent per dozen. We are cognisant of the potential impact for these fees on the bottom line, not only the bottom line but also the ability to compete in other markets.

Mr PEDERICK: On the same budget line, do you believe that commercial fishermen make too much money?

The CHAIR: Member for Hammond, you are asking the minister for an opinion.

The Hon. M.F. O'BRIEN: It is not a budget line, and I did not make that comment. I think we have been highly disciplined. I think the opposition is putting in a sterling effort and really using it as an opportunity very efficiently to get an understanding of what is a very important sector to the three members. I think we will just stay on task.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.16, Fisheries Performance Commentary, paragraph 2, which refers to the demerit system which was to be introduced on 30 September 2010. Has that system been fully introduced, minister?

The Hon. M.F. O'BRIEN: I will pass this over to Martin.

Mr SMALLRIDGE: Yes; the demerit points have taken effect. There are some legislative amendments, though, based on the consultation that we had with industry. So, whilst the points are taking effect, there are some questions with regard to the scope of those points that we are still discussing with industry, in particular, the application of points to holders of more than one licence and how many of those licences actually receive the points. Broadly speaking, yes, the demerit scheme has taken effect.

Mr PEDERICK: In line with the same budget line, what caused the hold-up in the department's failing to introduce the scheme in last financial year as promised in the 2009-10 budget?

The Hon. M.F. O'BRIEN: I will pass it over to the Chief Executive Officer.

Mr KNIGHT: I would probably take the expression of the word 'failure' as a positive, in a sense. What caused that failure was the fact that we went out and consulted properly with industry and we listened to their concerns. We were not prepared just to put in a scheme that satisfied the intent of the act as it was. We were very intent on listening to industry. It raised some fairly legitimate questions that had not been contemplated, particularly, as Martin said before, where there were company structures that had not been fully thought through. I suppose the 'failure'—if you want to call it a failure—was a failing in taking seriously the concerns raised by industry and wanting to make sure they were addressed before we simply rammed the scheme in.

Mr PEDERICK: Thank you. In relation to the same budget line, what resources does the department have in place to police the demerit system and are these resources adequate, taking into account resource sharing that is happening with other departments to reduce costs?

The Hon. M.F. O'BRIEN: I will give this over to Martin, but I would just like to flag that we are launching a new vessel to operate in the South-East in the coming month, so we are making a commitment to basically maintaining, if not enhancing, what we are doing with our fisheries.

Mr SMALLRIDGE: So there is a broad compliance program and the resourcing in that compliance program and enforcement program has not changed. There are no extra specific requirements associated with having a demerit points scheme. Any changes have been within our licensing and administrative function rather than our compliance function, and that has been about upgrading our computer software so we can accommodate the demerit scheme. So the only extra requirement associated with the demerit points has been a need for people, if they are looking to purchase a licence, to know whether or not there are points attached to that licence. All of that has been accommodated within our administrative functions.

Mr PEDERICK: In Budget Paper 4, Volume 2, page 6.16, paragraph 3 refers to a recreational fishing survey. Will the information gathered in this survey be used in the identification and determination of sites and boundaries for marine parks and, if so, how will it be used?

The Hon. M.F. O'BRIEN: That, obviously, was not the intent, but we would be making that information available so that the decisions that are made are fully informed.

Mr PEDERICK: As an aside to that, will there be any cross-referencing or some sort of departmental checking on what may be said? I do not know whether too many people would want to give up their good fishing sites. I am not making make any allusions, but will there be any checking by the department or any cross-referencing of information already held by the department?

The Hon. M.F. O'BRIEN: I will pass this over to the Chief Executive Officer.

Mr KNIGHT: As you would want, we are very actively involved in working with the Department of Environment and Natural Resources in the rollout of marine parks—and it is not just out of our interest in commercial and recreational fisheries: it is also the aquaculture and mining sides of the department. Of course, the aim with fisheries and aquaculture is to minimise any displacement impacts to an absolute minimum. I believe in this place yesterday the environment minister made the same comment, that the government's aim is to minimise any displacement.

Obviously, for our part, we are acutely concerned about the economic value that both commercial and recreational fisheries create for South Australia. The recreational fisheries have quite significant tourism benefits for regional South Australia. Our concern will be to minimise any adverse impacts, and we are working very closely with DENR to ensure we achieve an outcome whereby we get the benefits of those parks without any loss of economic activity, or minimising any displacement of that.

Mr PEDERICK: I refer to Budget Paper 4, Volume 2, page 6.7, agriculture food and fish targets dot point 8, 'implement new management plans for the southern zone rock lobster fishery'. In making your decision to close the southern zone to rock lobster fishermen from October to May, did you take into account the opinions of the vast majority of fishermen who believe that closing it in October will not affect the sustainability of the fishery but will cause significant economic hardship to the industry?

The Hon. M.F. O'BRIEN: The department was involved in quite a thorough process of consultation, and I met on several occasions with groups representing the industry. I was guided by probably the key principle within the Fisheries Act, which is the United Nations agreed proposition that the cautionary principle should be exercised in fishery management. That basically states that, even in the absence of conclusive scientific evidence, if the fishery is under threat, all reasonable decisions should be made to protect the health and viability of the industry, even though the scientific evidence for underpinning a particular decision may not yet be evident.

I was guided by, first, the collapse of the Western Australian fishery; and, secondly, the grave difficulty that the Victorian fishery is currently in. That indicated to me that we did not want to allow matters basically to get beyond us, because I think WA is going to find it very difficult to haul itself back. Recently, it announced a 50 per cent reduction in quota, but, I think that, in the previous year, something like one-third of vessels were removed from the industry just because the activity was not there.

Tasmania is currently undergoing a review to protect the viability of the South Australian industry and to ensure that we do not allow what happened in WA (and probably to a lesser extent in Tasmania) to happen here. I knew that there was a recruitment pulse entering that fishery that, if protected, would restore the biomass. I was informed by a longstanding decision of Tasmania, Victoria and, I believe, WA that they close their fisheries in October.

I have had a look at preliminary recommendations for the review of the Tasmanian rock lobster fishery where there are some recommendations that they not only retain closure in October but also that they now move to November. In visiting the web sites for those states, and without going into any detail, they say that their fisheries are closed in October. You can google it. The websites of Victoria, Tasmania and, I believe, Western Australia say quite specifically that their fisheries are closed in October to protect—

The CHAIR: Minister, I am sorry to interrupt you, but we have a very brief amount of time left and the member for Hammond does have quite a lot of omnibus questions to read in.

The Hon. M.F. O'BRIEN: He can read those in. That is it in essence. Berried females cannot be removed from the sea in those states in October. It is a totally closed fishery.

Mr PEDERICK: The omnibus questions are:

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 above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2010, 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 financial year 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, 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?

6. For the year 2009-10, 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 grant, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?

Mr VENNING: I have a general question, minister, on Budget Paper 2, across it all. I believe that the member for Hammond has already asked you this morning about the cutting of funds to the Advisory Board of Agriculture. I did not hear the answer; sorry, I had other distractions today. Minister, is there any chance to reverse this decision, or is there any way of finding alternative funding?

Also, while I am on my feet, I would like to put on the record our appreciation of the long service and leadership of Dr Don Plowman. I/we have appreciated his efforts on behalf of primary industries and rural people in general, particularly me, because we go back a long, long way—a long time before I came into this place.

The CHAIR: Thank you, member for Schubert. Minister, did you want to take that question on notice?

The Hon. M.F. O'BRIEN: I will take it on notice. I am sure that the reference to Don was not a question. We do highly value his service.

[Sitting suspended from 13:16 to 14:15]

Membership:

Mr Treloar substituted for Mr Venning.

Departmental Advisers:

Mr G. Knight, Chief Executive, Department of Primary Industries and Resources SA.

Mr I. Robertson, Acting Chief Executive, ForestrySA, Department of Primary Industries and Resources SA.

Mr S. West, Executive Director, ForestrySA, Department of Primary Industries and Resources SA.

Mr T. Brumfield, Director, Finance and Asset Management, Department of Primary Industries and Resources SA.

Mr S. Archer, Deputy Chief Executive, Governance and Performance, Department of Primary Industries and Resources SA.

The ACTING CHAIR (Mr Piccolo): Minister, I understand that we are now moving to the examination of ForestrySA and forestry policy; is that correct?

The Hon. M.F. O'BRIEN: That's correct, yes.

The ACTING CHAIR (Mr Piccolo): Do you wish to make any opening remarks?

The Hon. M.F. O'BRIEN: No, I don't.

The ACTING CHAIR (Mr Piccolo): Member for Hammond, do you wish to make some opening remarks or do you wish to go straight to questions?

Mr PEDERICK: No, I am ready to go. I refer to Budget Paper 4, Volume 2, page 6.8, dot point 1, which refers to the finalising of the forestry industry strategy and industry and public consultation. My first question is: when will that strategy be finalised?

The Hon. M.F. O'BRIEN: The final strategy is expected to be published during 2010-11, following further industry and public consultation. This is more a policy matter, so I will ask Stuart West.

Mr WEST: The Industry Development Board is reviewing the final draft at the moment and making amendments. I know they were doing that yesterday, so, hopefully, shortly after Christmas. They will have further discussion between now and then with industry and it should be released shortly after Christmas, they anticipate.

Mr PEDERICK: In response to that answer, are you saying a few months after that or in the shorter term, or will it be longer than that and will it be out to six months?

Mr WEST: The board only meets three or four times a year, and I think they have one more meeting between now and Christmas at which I expect they will finalise the strategy, and probably quickly after that it will be printing and what have you. I would imagine, hopefully, very close to after Christmas.

Mr PEDERICK: Minister, is the proposed forward sale of rotations of pine forests an integral part of the strategy?

The Hon. M.F. O'BRIEN: My understanding is that it isn't. I will again ask Stuart. I think the strategy is more one of broad directions in terms of land use, water availability, potential markets, selection of timber or varieties for plantation and the like, rather than issues of ownership, but I will pass it over to Stuart again.

Mr WEST: That is correct, as the minister has just said. I do not believe the final version will identify particular initiatives such as that, but I expect it will talk about issues such as value-adding, encouraging development and expansion of industry without specifying individual actions.

Mr PEDERICK: Just in line with that answer and in line with the same budget line, what further consultation is planned with industry stakeholders and the public?

The Hon. M.F. O'BRIEN: Again I will ask Stuart to deal with that matter.

Mr WEST: As I understand, the board's final board member comments were due this week, I believe, and then that version will go out to industry. This strategy has been well recognised by industry as having extensive industry consultation, so I believe it has been over consulted on and the intention will be to continue that. So, there certainly will be an opportunity for industry to have access to the next draft.

Mr PEDERICK: I refer to Budget Paper 3, page 5.2, paragraph five, which refers to an improvement in net lending, partly as a result of the proposed sale of ForestrySA assets. Can the

minister absolutely confirm that the government has made the decision to proceed with the forward sale of a number of rotations, as stated by him on ABC radio recently?

The Hon. M.F. O'BRIEN: I will answer the question, because obviously it is an area over which I have ministerial responsibility, but this is really a central Treasury budget issue. The Treasurer made a reasonably comprehensive statement to committee A on 7 October in which I think he gave a fairly explicit undertaking that there would be the forward sale of rotations.

Mr PEDERICK: Minister, don't you think that conflicts with a comment that the Treasurer made in the media last month that the government is still deliberating the forward sale of future rotations of timber? I guess the nub of my question is: has the government made the decision to sell these rotations or not? The public have a right to know, especially the people of Mount Gambier.

The Hon. M.F. O'BRIEN: Again, I would refer you to the Treasurer's statement of 7 October on which he was asked a number of questions by the Hon. Iain Evans. In that, I think the Treasurer was asked a similar question and he indicated that a proposition was being worked up which would go to cabinet and, because it had yet to go to cabinet, he could not really be drawn into further elaborating on both the process and the ultimate conclusion. So, I really have to constantly refer back to the Treasurer's most recent statement of 7 October to Estimates Committee A as being the definitive position of the government.

Mr PEDERICK: There is a bit of confusion, because there have certainly been media statements by you saying that the decision has been made and the Treasurer saying that you are still deliberating on the issue. Have you or the Treasurer been misleading the public in these remarks?

The Hon. M.F. O'BRIEN: No. This has been in the forward estimates, I think, since December 2008, so the proposition has been well and truly in the public domain for quite some time. It may well be that the Hon. Iain Evans hit the nail on the head when he talked about the outcome for the sale of Queensland government assets, where he said that, in his view, they did not realise market value. Our attitude is that we will do, among other things, a net present value analysis on the dividend stream. That would then put an underpinning benchmark sale figure, and we will go to the market having a fairly clear idea on what the asset is worth. If the bids come in nowhere near that, it may well be that the asset is not sold.

This is not going to be a fire sale, and it may not be a sale that occurs in the immediate future. We have to be cognisant of what is happening out there in the marketplace. As I said, the Queensland government have just put their forestry assets on the market. We have had a collapse in MIS schemes around the nation, or a lot of those are currently in administration and will be offered up to the market. Some of them have already been offered up to the market. So, we have to make a timing decision and then, when the asset is on the market, on the basis of an NPV calculation, determine whether the bids are attractive. That is where we are currently sitting.

Mr PEDERICK: So, minister, in relation to this being on the budget books since 2008—and you can correct me if I am wrong—why has there not been a regional impact statement completed as to the effect this sale will have on the communities, especially in the Green Triangle, where timber supports 30 per cent of the local economy?

The Hon. M.F. O'BRIEN: I think for the simple reason that we engaged the Royal Bank of Scotland to do an economic analysis which would ultimately be a guide to what path we went down. I think they looked at a whole range of options, including the forward sale of one rotation, two rotations, three rotations. The Treasurer indicated that the Royal Bank of Scotland also looked at total privatisation. We have a no privatisation policy but I think it was considered prudent to at least look at that to assure ourselves that the state was not selling itself short by not going down that particular path.

Against all of those particular options we then looked at continued management by Forestry SA. So, all-up there were at least eight—and it may have been ten—various options. That work has now been done. I am travelling to Mount Gambier later this week or early next week to meet with key stakeholders, so now the process of consultation commences.

Mr PEDERICK: Minister, on the same budget line I was a bit confused at some of the answers the Treasurer gave the other night in estimates where he indicated that Forestry SA would be still processing that timber but then I believe one of his advisers said, 'Hang on; no, we don't guarantee the customer.' What I am getting at is that if there are two or three rotations, and especially the spectre of selling three rotations forward, can you guarantee that that timber will be

processed locally? I do not believe you can because someone will process that timber in the cheapest place they can. If it is cheaper for them to export it to India and then process it, I would say the whole timber industry in the Green Triangle is at risk.

The Hon. M.F. O'BRIEN: I may call on the advice of Islay, who is the Acting Chief Executive Officer for Forestry SA, but my understanding is that while the Australian construction industry is robust, we have a ready-made market for our product but there is no financial incentive to send it offshore. It is a reasonably bulky commodity but, in the event of there being a collapse in the construction industry in Australia, then these plantations have to be harvested. On occasions, we have sold timber for processing overseas just because there has not been the domestic market to take up the timber.

One of the challenges we currently have is that the US domestic market has effectively dried up because the US home construction market is in the doldrums. My understanding is that we may have, in the past, on occasions exported to the US market. They no longer need our product—they have surplus product to dispose of and they know that their domestic market cannot consume it so they are looking for opportunities elsewhere in the world. I believe that imported US timber is a bit of a difficulty for us at the moment, combined with a surplus of international shipping capacity as a result of the global financial crisis. There are a lot of ships out there that are in need of cargo to remain economically viable.

I think that probably fleshes out the answer that I gave, that if your domestic market goes into a bit of a slump—whether it is the Australian domestic market, the US or the European market—there is less call on domestic product and, in those instances, like the Americans are currently doing, you look for international markets.

Mr ROBERTSON: There are a number of products that come out of the forest: the main products, you would say, are pulp logs and sawlogs. For a long period of time there has been a surplus of pulp logs, surplus to domestic processing capacity. Over the years, a number of those issues have been dealt with: Kimberly-Clark having its pulp mill, and Carter Holt Harvey has a panels plant that takes that sort of product. Still, at the end of the day, the local softwood market for pulpwood and its product—woodchip—is not sufficient. Softwood woodchips have been exported through Portland for a long time, and that will probably continue.

On the sawlog front, certainly, when the housing market drops, the demand for logs drops. Local customers like a higher quality log, so to try to improve their operating cost structure they select the better log. To keep the harvest and transport contractors operating and to dispose of the less desirable sawlog, we have entered the export market for log, and we export a small amount of that. That waxes and wanes, but fundamentally we supply sawlog into the domestic market.

For a very long time, the domestic demand for sawn timber has been above the domestic capacity to produce it. If anything, there is a gap currently, so their imports must come in for supply and demand, even in a low housing market. As the economy grows, population grows, and the gap will be greater. There will be more imports, but there will also be more demand for local timber. The issue will become about what price people pay because, with the high Australian dollar, people will be able to bring that timber in at a lower price and that currently caps the price on timber, but the domestic market still produces, and in good times it does very well.

Mr PEDERICK: In relation to the same budget line, are you saying there is not a risk to investments made by sawmill companies in the South-East? I understand quite a few of them need to spend some money refurbishing and gearing up. Are you saying that they are not under significant risk from this forward sale of timber? I firmly believe they are.

The Hon. M.F. O'BRIEN: I think Islay probably answered it. As long as the domestic residential construction industry is robust, we have a robust domestic timber and timber processing industry. Standard & Poor's made the point today that we will probably be one of the last countries in the developed world to lose our AAA rating, because we are dealing with the ageing of our population through natural fertility but also thorough a fairly robust immigration policy. For that very reason, I think the domestic construction industry has got a couple of very solid decades in front of it.

Standard & Poor's took their projections out to 2030 for attention to the AAA rating by the Australian government. We will have peaks and troughs over the next 20 years; we are obviously going to experience one if not two recessions. I hope they are mild, but the long term trend is for fairly solid activity in the residential construction sector, which is then going to underpin the plantation activities in the South-East. I would be fairly confident that it would lead to investment in

the processing capacity in the South-East as well, and there are indications that that is currently being looked at.

I am not sure what stage that forward planning is at, but I think it is highly unlikely, given the sheer volume of unprocessed log, that it is going to go to a place like India and then return in finished form. I have been told that the structural integrity—the strength—of our softwood is some of the best in the world as well.

I am reasonably confident, for those reasons, that the industry in the South-East is going to remain quite robust. In relation to the sale of the Victorian government forestry assets—and there was effective privatisation there—there has been investment by the purchaser, or investment has been made by processors in Victoria and in New South Wales. With the Victorian situation, it has not been a turn-off for investing and processing capacity, and I think that that is going to hold true in the South-East as well.

Mr PEDERICK: In regard to the proposed sale, will the government be making sure that it realises a dividend return of at least \$44 million a year to Treasury or will it basically sell a very good asset and not put those funds back into the community? Will it basically be three rotations of forest and we get Adelaide Oval revamped?

The Hon. M.F. O'BRIEN: I said in response to two of the questions that we will do what is called a net present value calculation, which calculates the benefit at a future date of the dividend stream leading up to that particular date. You can actually determine a particular interest rate, and that is the science in it, but the calculation is fairly straightforward.

We will do a net present value calculation against all of the bids and, if the bids come in well below the long-term value of the dividend stream, I think there would be an extreme reluctance to forego the dividend stream to sell an asset at well below, not so much market value, but well below what it could attract in a healthy, robust market environment.

Mr PEDERICK: Referring to the same budget line, the disappointing thing for me is that the Treasurer basically said that the sale would go against debt. That is why I make the comment that I would not be surprised if the numbers actually add up very close to the botch-up at Adelaide Oval, but that is just an observation.

The ACTING CHAIR (Mr Piccolo): Member for Hammond, I have been very tolerant with you so far. Can I suggest that if you are going to ask a question, you ask a question. If you are going to provide an answer, then I will not let your question proceed.

Mr PEDERICK: Thank you, Mr Chair. You are very strict.

The ACTING CHAIR (Mr Piccolo): I am very lenient. Don't push it, though.

Mr PEDERICK: I refer to Budget Paper 3, page 5.3, line 4: Forestry SA Dividends. What caused the estimated result of the dividend for 2009-10 to be \$11.8 million higher than the \$19.3 million that was budgeted?

The Hon. M.F. O'BRIEN: I will give that over to Islay. My understanding is that it was an improvement in domestic market conditions, and also the senior management team has a strategy in place for basically driving the business hard, but Islay can give the specifics.

Mr ROBERTSON: There are probably three key reasons why we performed very well last year. The previous year was a tough year as we went into the GFC, and we made some critical decisions probably before the year started. One of those was that we would take surplus small diameter log and put that into the export market, and we exported approximately 100,000 cubic metres over the year.

The two key reasons we did that were, first, to maintain the volume throughput for our harvest and transport contractors because there was a risk that, by not selling that export wood, we would run into minimum obligations in terms of harvest and transport services. The second reason we put this log into market was that we were able then to improve the quality of the diameter and the overall quality of the log to our domestic customers.

We were fairly selfish in that because when they take a larger log, not only do they get improved capacity and improve recoveries from those logs—which helps them get a better product into market at a lower cost—it also improved our revenue outcome because a larger log gets a better price. The other two aspects were that we ended up achieving a price adjustment mechanism for most of our customers, a price improvement for that year better than we anticipated. That is just the function of how our price adjustment mechanisms work.

Finally, one of our major customers resolved to cut less of their forest and take more of our log and we were able to put some short-term sales into the market. We started out in an environment where it was pretty tough and we thought it was going to be a very difficult year. We put three or four things in place to try and rectify that situation and meet our budget target. They all came to fruition, they all did very well—and we overachieved, based on budget.

The Hon. M.F. O'BRIEN: I like to hear that.

Mr PEDERICK: Thank you. I refer to Budget Paper 4, Volume 2, page 620, performance commentary, dot point 5, which refers to the development of national, state and regional forests and water policy. With the government proposal to forward sell around 100 years of timber growth and given the government's intention to make forestry accountable for water use, will the government take into account the value of water that will sustain that growth over the next 100 years and, if so, how?

The Hon. M.F. O'BRIEN: We have had some quite significant science done on the water resource in the South-East with a view to developing a water plan for the South-East. I think several of the members here would be aware that there are conflicting water demands. The Coonawarra had a view which, I think, has been borne out by the science that the hardwood plantation at Coles and Short may have had an impact on their activity and on Bool Lagoon.

The dairymen on the border also have concerns about ongoing surety of water. It is a slightly different issue in that it is governed by an agreement between South Australia and Victoria. Essentially, we have to work out in the South-East what quantum of water forestry activity consumes. I think we have agreed that the science is fairly compelling. The industry at a national level has concurred that plantation forestry activity is a water consuming activity.

We had the science presented to us probably a fortnight ago. We are now in the process of consulting in the South-East to develop a regime that not only gives surety to the viticulturalists and the dairymen but also lays a fairly solid legislative and regulatory regime for expansion by forestry. It could well be that there will be some movement in the parliament on that particular matter in the not-too-distant future.

We are making strides. I know that it has been a fairly frustrating activity for people in the South-East. It seems to have been going on forever and a day but we now have, I think, a bit of an understanding of the science. It is very difficult in a time of drought to determine whether it is a shortage of rain over a pronounced period of time or whether it is the introduction of large-scale hardwood plantations that is making adjustments to the levels in the aquifers, but I think we have a fairly good understanding now, and the impression that I get is that people are now prepared to accept a regulatory structure to give some surety for longer term investment.

The CHAIR: According to the agreed timetable, we are meant to be going on to regional development now.

Mr PEDERICK: Can I ask one quick question? In regard to the last answer, is that water use being taken into account when modelling this forward sale process?

The Hon. M.F. O'BRIEN: It has been, because, if you are asking someone to make a purchase of three rotations, I think you have to give them surety that the second and third rotations will actually occur on the same scale as what is being removed. One of the reasons we are slowly moving to a decision on a whole range of matters is that we wanted to establish the science and then the regulatory regime before we took this particular asset out into the marketplace. That has been one of the restraints. I am hoping that, sooner rather than later, we will be able to give the legislative/regulatory surety that would be sought by a potential purchaser.

The CHAIR: There being no further questions, I declare the proposed payments completed.

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT, \$61,378,000

Membership:

Mr Griffiths substituted for Mr Treloar.

Mr van Holst Pellekaan substituted for Mr Whetstone.

Witness:

Hon. M.F. O'Brien, Minister for Agriculture, Food and Fisheries, Minister for Forests, Minister for Regional Development, Minister for the Northern Suburbs.

Departmental Advisers:

Mr L. Worrall, Chief Executive, Department of Trade and Economic Development.

Mr L. Bruce, Deputy Chief Executive, Department of Trade and Economic Development.

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

Mr M. Sinkunas, Director, Small Business and Regional Development, Department of Trade and Economic Development

Mr B. Paolo, Acting Director, Regional and Small Business Programs, Department of Trade and Economic Development.

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

The CHAIR: We are now with the Minister for Regional Development, even though, of course, he is the same minister. I declare the proposed payments open for examination and refer members to the Portfolio Statements, Volume 1, Part 2. Minister, would you care to make an opening statement?

The Hon. M.F. O'BRIEN: We have only a half an hour and we will not be taking any DDs, so the time is entirely that of the opposition.

Mr GRIFFITHS: Minister, I believe it is 45 minutes, not a half an hour.

The Hon. M.F. O'BRIEN: Well, I will make that introductory statement, then.

The CHAIR: No; you promised. I gather that there are no questions from the government side, so the floor is yours, member for Goyder.

Mr GRIFFITHS: Excellent; I appreciate that. Thank you, Madam Chair. I will, without making a formal opening comment, put on the record my appreciation to the minister and his key advisers for spending two days in the Goyder electorate last week. I sincerely appreciated that. I know that the minister has a very busy schedule, but I hope that he enjoyed the opportunity to look at some of the wonderful things that are happening within the Goyder electorate and to be made aware of areas where some support would be very welcome.

I also confirm from the very start that I am an unashamed supporter of the Regional Development Australia structure and its precursor, the regional development board structure, having been involved with three previous boards as they existed then. It is obvious to you, minister, that the majority of my questions will focus on the decision regarding Regional Development Australia.

I refer to Budget Paper 4, Volume 1, which clearly states that the South Australian regions are critical to the state's economic, social and environmental development, and that the key outcome of this program is strong, self-reliant and viable regional communities. Given that context, can the minister please provide an explanation as to why the state government has indicated that it intends not to continue to provide funding past 30 June 2013 for Regional Development Australia?

The Hon. M.F. O'BRIEN: Member for Goyder, this is a decision of the Sustainable Budget Commission. DTED had to find savings, which meant in turn that it had to consider the recommendations of the Sustainable Budget Commission and also, within that context, prioritise its program. Savings had to be found, there was a recommendation and DTED considered that there were probably other programs that deserved a higher priority. That is essentially it.

Mr GRIFFITHS: I do recognise that the Sustainable Budget Commission was charged by the Treasurer from the June 2009 state budget to identify savings of \$750 million over the following three financial years. The commission has submitted many recommendations to the Treasurer and, indeed, to the cabinet, but I am sure that it is the opinion of my colleagues here today that this is a poor one. I am very fearful that \$4.1 million from 2013 puts at risk an economic development network that works exceptionally well and is recognised amongst its Australian peers as being a good system of federal, state and local government support.

Indeed, it poses the question to me that, given the state has made a decision that it will not reverse, what level of discussion has taken place since that decision has been made to ensure that there is an ongoing commitment from the federal government for funds to go to the RDA structures?

The Hon. M.F. O'BRIEN: I met with Simon Crean yesterday and the matter of the RDAs was obviously central to the discussion, because the federal government has indicated that it sees the RDAs as a significant avenue of delivery for all that it wants to do in regional Australia. I gave minister Crean quite a detailed explanation of the process whereby the Riverland Futures Task Force arrived at the prospectus and the government made a decision of \$20 million to basically fund that prospectus. The prospectus and the money is there to attract private sector investment into the Riverland.

Minister Crean was particularly interested because the issues facing the Riverland are identical to the issues that are going to be facing other irrigation-based communities within the Murray-Darling Basin. I am not sure that any other state government has devoted the amount of attention to one of its irrigation-based communities that the South Australian government has to the Riverland. The prospectus will come 1 January next year. In part, it will be administered by the RDA, the Murraylands and Riverland RDA, which, in large part, is based within the member for Hammond's electorate. The head office is in Murray Bridge and then there is another office in the Riverland. The RDA, effectively, will be taking over from the Riverland Futures Task Force in the administration of the prospectus.

Minister Crean was, I think, first, very interested in what we had done in trying to map out a future for the Riverland; secondly, saw merit in using our methodology (and we went through a fairly rigorous process to determine the investment opportunities within the Riverland); and, thirdly, the fact that we were using the RDA to implement the strategy and the prospectus. From that, I think we will have discussions with the federal government about the maintenance of RDAs within the South Australian context.

Mr GRIFFITHS: No members of the opposition would be critical of the decision made regarding the Riverland Futures, and certainly, as part of an election commitment from the Liberal Party, it was supported, the \$20 million. I suppose my question goes to the broader context of ensuring that all regions get an opportunity to have some level of economic stimulus and growth occur and that their economies are given every chance for the future. It appears from your answer about your meetings with minister Crean that, while he is excited by the Riverland Futures, there is no removal of the commitment the federal government has made to RDA funding.

The Hon. M.F. O'BRIEN: Member for Goyder, two things came out of the discussion. First, minister Crean may well use the South Australian model to basically underpin the operations of RDAs right around the nation. My understanding is that no other region in Australia has been so methodical, particularly within the Murray-Darling Basin where there are critical issues, in saying, 'Okay, what are the issues confronting this community?' In the Riverland and throughout the basin they are, potentially, substantial population loss and plummeting economic activity and all that flows from that. In South Australia, my intention is to use that model, because I think that is quite robust, and apply it elsewhere within the state to assist RDAs in developing their own regional economic, social and environmental strategies because we have done the work in the Riverland.

It was informed in large part by work done on Eyre Peninsula by the group, Free Air, that undertook a similar exercise—and, no disrespect to the people of Eyre Peninsula; it gave us some leads. I do not think it was quite as robust because they did not have the assistance of government, which is probably more strength to them, in that it was very much a local-initiated activity. They determined, first, that they were in difficulty. They had been in drought for a number of years and cash flow on farms was way down.

They had to take control of their own destiny and they came up with four or five propositions, set up a private company and brought in a professional board of directors. One of the things that they did was establish their own grain trading company, which is based in Port Lincoln. I have seen the offices. I believe that is an excellent model. It is certainly one that we used to underpin the Riverland Futures prospectus. As I said, it was a home-grown proposition on Eyre Peninsula. I think it has a lot of merit and I will be meeting with the South Australian RDA chief executives and chairpersons I think sometime this week. Rob Kerin has taken on the role of chair of RDA(SA), the umbrella organisation, and I think a large number of the issues to which you are referring, member for Goyder, will ultimately be thrashed out.

Mr GRIFFITHS: Minister, there is an old adage that 'a community that fails to plan is planning to fail,' and I think of that often when I consider the work of RDAs and regional development boards, because there is no doubt the Riverland needs an enormous amount of support, and it is pleasing that it is getting that. It will face enormous challenges over the coming years with the release of the recent irrigation plan and what is happening with the river.

I am concerned, though, that this is a very shortsighted decision to withdraw funds. The Riverland Futures is a reactive situation, I think, to a desperate need, but there are still so many other opportunities in other parts of regional South Australia to be proactive, but you cannot be proactive unless you have some level of funding commitment to ensure your structure is there to facilitate things. We will probably flog this one to death a bit, but it is an important issue that we will ensure that the government is held responsible for, because we sincerely believe it is a disgraceful decision.

I understand you have had budget pressures and that it might have been a recommendation from the Sustainable Budget Commission, but your responsibility as the minister is to fight for the portfolio and fight for the regions—and it is a relatively minimal level of support in the scheme of the state budget—to ensure that that structure is in place to make good things happen throughout all of regional South Australia.

Moving on, you have answered the question about the federal government, but obviously local government is a significant financial contributor to the RDA structure. Since the announcement on 16 September, have the Local Government Association or individual LGAs corresponded with you about their concerns about their ongoing ability to fund an RDA structure without \$4 million from the government?

The Hon. M.F. O'BRIEN: They have not, member for Goyder. I have had no direct contact. I do not know whether the agency has. Lachlan Bruce to my right is shaking his head. I have had no approach from local government on this issue, but I will be meeting with them in due course. You said that you would well and truly work over this matter and you are doing that quite successfully. If we had known the outcome of the federal election, with all its particular ramifications, and the centrality that the federal government is attaching to the RDAs—and, to be perfectly frank, the federal government, in establishing the RDAs, from a ministerial perspective (I have not consulted with any of my interstate counterparts) took scant interest in them.

Just by way of example, I had an issue with the Eyre Peninsula RDA where the Port Lincoln council was not prepared to join. There was the potential to be a reasonably significant financial contributor, I think to the tune of \$70,000 a year, after Whyalla, the second largest regional town on the peninsula. The mayor approached when I was in Port Lincoln and said, 'Look, we've got a bit of an impasse. There were a certain number of board positions made available to local government. We didn't get up, and council are of the view that we won't go in because we are a large council and we deserve a spot.'

I took it upon myself, because we had a spare position, to basically make a unilateral decision that we would put the Port Lincoln council in there. No disrespect to Maxine McKew or the way that things were done, but it took a while for the commonwealth to come back with an answer in the affirmative. Australia is a big country, and there is a lot on the go, but the RDAs were not sitting well and truly under the national spotlight until the federal election. Now they are, and we have to basically rethink things. Be under no illusion that this particular issue is not exercising my mind considerably. That is the situation at this point in time.

Mr GRIFFITHS: Minister, I am very pleased with the frankness of your discussion about that. Not all will show that level of willingness to communicate about things occurring in the background. Correct me if I am wrong, but I have taken from some of your words, half-reading into them your intent that, indeed, you were disposed to a review of this decision to see if there is an opportunity to put funding back in place.

The Hon. M.F. O'BRIEN: I want to have a good hard look at it. I think there are inadequacies with the South Australia model. Minister Crean is predisposed towards the RDA model, and it is no accident that Victoria was one of the first states to indicate that it wanted its RDAs to be the centrepiece of the national regional delivery strategy in Victoria. Lachlan Bruce is from the Victorian department, Regional Development Victoria. In Victoria I think the senior positions, if not all of the positions, are staffed by Victorian public servants, so you actually have, one would hope, quite a responsive, disciplined and focused bureaucracy that can deliver for both the state government and now the federal government.

I believe that, in Western Australia, it is slightly similar. The RDA sits alongside the Western Australian counterpart of the Victorian model and, again, they have a strong regional presence. I think there are two members of—for lack of a better title—'Regional Development WA'. I am of the opinion that that is probably the case in Queensland as well. So we have all of those issues to work through to basically ensure that our RDAs in South Australia are well and truly in harness with what the three tiers of government are seeking to achieve and a certain level of discipline that, in some instances, may not be in place.

It is a work in progress, and I will keep you informed. It is certainly something that we have to be fleet of foot about, because minister Crean has indicated that he has great expectations and he sees this as a great opportunity, having formerly held the portfolio as a previous minister, and he wants to see this structure entrenched in the Australian political landscape so that regional Australia does not go to the backburner when government changes. He has indicated that he wants to keep in contact with me and drive the process. As to what the ultimate outcome will be, it remains to be seen.

Mr GRIFFITHS: I think, minister, we would all say hear, hear to keeping it in the forefront of people's minds and not putting it on the backburner. If I can just clarify: you have commented in the past on the Sustainable Budget Commission's recommendation. Before the final adoption of that recommendation (so it became a budget decision) was there any review of the RDA performances?

I realise this is very difficult, because in some cases it has only been in place, depending on when your budget papers had to be in, for four, five, six or seven months; so, not a long time to review things. Was there a very critical review of the performance of the RDAs and their regional development boards (previous versions) to look at where good results were coming from and to say this is a value for money investment?

The Hon. M.F. O'BRIEN: I cannot answer for my officers, but I know that the Sustainable Budget Commission called agencies in and asked them to justify the ongoing existence of virtually all of their programs. However, the fact of the matter is that we are funding three years out (I think), and a lot can change over a three-year period. Also, the RDAs have not effectively been bedded down. We were really moving, as you would well know, member for Goyder, from a situation where regional development boards brought them back from 13 to seven.

We had these amalgamations, and we had this situation on the Eyre Peninsula that I alluded to. That was really the consequence of two economic development boards being merged. We have had an issue in the Riverland. I met with chair and the chief executive on a couple of issues there that rose out of the merger, but also the administration of the Riverland prospectus. That all took quite a while to bed down. I think probably the lack of a track record for the RDAs may have worked to their ultimate detriment. The new entities have not really been on the ground, they have not had any performance to assess.

Mr GRIFFITHS: Minister, in effect, they are lambs for the slaughter then. They had changed their titles, the boundaries that they supported, because of the demands of minister Caica when he was in charge. It is as though they have been set up for failure, which I would find extremely disappointing, and I think for a man such as yourself that would not be the case. This is so frustrating, when you say those sorts of words, because it was no fault of their own. I know many of them expected to be in existence far earlier than when they actually came into existence, with the numerous delays. It is so frustrating. Anyway, I have got to move on, because otherwise my brain will explode on this one, I think, because I am so frustrated by it.

I refer again to page 2.24. I am advised that representatives of SA regional development Australia boards have met with senior reps from DTED to look at how South Australia best approaches the potential opportunities arising from the recently announced commonwealth initiatives in regional development. Are you able to provide me with an update on these initiatives and how it is going to help regional South Australia?

The Hon. M.F. O'BRIEN: As I said, I had a meeting with minister Crean. The meeting that you have referred to was probably the first meeting that the Hon. Rob Kerin chaired in his capacity as the chair of RDA(SA). I believe that he was meeting with minister Crean on the same day as I was in his capacity as chair of the RDA(SA) and was also being accompanied, I think, by the chairs of the individual RDAs.

At that meeting I think he was fairly forthright in explaining to them that there were opportunities to be had if a high degree of cohesion and discipline was exhibited in the way that the RDAs were run and that they had to ensure that they were firmly in harness with the three tiers of

government, which are their ultimate funders, to ensure that what was avoided was what minister Crean alluded to, that is, each of the regions coming up with a wish list without any real attempt to pin it back to a broader strategy.

That is what minister Crean wanted to avoid and I think, in determining what infrastructure we want for regional South Australia, we have to bring in all of the state government departments, the federal government departments and local government and also get a high degree of community input into determining what the big-ticket infrastructure items are going to be.

Also, if we take the Riverland Futures Taskforce work as a bit of a guide, we have to consider what industries or what investments we will be seeking to attract and also what type of infrastructure we are going to have to make available to attract those particular industries. It could be as simple as provision of power, water, gas, linkages to roads and the like.

Mr GRIFFITHS: So the RDAs and DTED will be working very closely over the coming period to ensure that every opportunity is maximised for our state. By the nods all around, I am assuming that is a 'yes'.

The Hon. M.F. O'BRIEN: Yes.

Mr GRIFFITHS: Still referring to page 2.24, I have a question regarding the Regional Project Fund. My understanding is that some \$660,000 was made available to support 11 initiatives in the 2009-10 financial year. From these projects, I believe it has been estimated that 178 new jobs were created. Can the minister actually confirm whether in fact that was the case and advise in what areas that employment was achieved; and is the Regional Project Fund available in the 2010-11 year and those years moving forward?

The Hon. M.F. O'BRIEN: Member for Goyder, we are talking about the last item: Regional Project Fund. We are, because we are talking about the \$660,000.

Mr GRIFFITHS: Yes.

The Hon. M.F. O'BRIEN: I am just getting advice on the employment outcomes, but you are right: we have ceased funding of that particular program, and those monies will be diverted to other programs in the Riverland and Upper Spencer Gulf where we are going to be embarking on a project to ensure that, among other things, South Australia capitalises fully on all the opportunities that will arise out of the mining boom, that we actively ensure that people are trained, that infrastructure is there and that investment is attracted into the three cities in particular in Upper Spencer Gulf.

We are currently scoping up an enterprise zone grant fund for Upper Spencer Gulf and we just want to ensure that those communities are major beneficiaries of activity that is not only occurring to their north but potentially to the south on both on Eyre Peninsula and Yorke Peninsula.

Mr GRIFFITHS: Minister, I am looking in the performance commentary on page 2.24, and the third paragraph refers to 11 projects, 178 jobs and \$60.6 million of investment (presumably most of that coming from private enterprise) to the Regional Project Fund—on the last paragraph of that commentary section. It seems to me that, if in fact those two things relate to the same fund, that is an enormous—

The Hon. M.F. O'BRIEN: No.

Mr GRIFFITHS: They don't?

The Hon. M.F. O'BRIEN: No, they don't. The Regional Development Infrastructure Fund is going to continue in place. That may even have been an initiative of a previous Liberal government, but it was basically to compensate, if you like, for inadequacies with the privatisation of ETSA to ensure that the power needs of regional South Australia were being met. A large component of that funding is actually used to augment power arrangements in the regions.

I saw one on Kangaroo Island where a large abalone aquaculture concern was having to rely on a very intermittent power supply and had a backup generator which was costing them an arm and leg; we did some work there. Some money was spent in the Riverland, again, a similar project that we saw, that you took me to, the young chaps with—

Mr GRIFFITHS: Mod Pod, at Borrika?

The Hon. M.F. O'BRIEN: Yes, Mod Pod. We may be able to employ this particular fund to get power into their factory. So that is what this is used for. My intention is to get a bit more of a focus and make the grants a little larger than what they currently are so it is more a driver of

regional development; for example, if the Mod Pod people can find that somebody wants to set up adjacent to where they are and draw on the same power supply.

That is one program which, as I said, is for the provision of infrastructure. I think, also at Murray Bridge, we are looking at a development with the major abattoir operation up there. They have sought to access this fund to process waste water so that they can then run it out onto pasture, and that has been approved but there has been a bit of a hold up on that; that is my understanding. So that is what this one is used for—the Regional Development Infrastructure Fund.

The other one is the Regional Project Fund which we have ceased to fund. That involves a lot of smaller initiatives that we just felt probably were not delivering a substantial outcome. We determined that we would fold that money into work that we are doing in the Riverland and the Upper Spencer Gulf, particularly the Upper Spencer Gulf to make sure that we get some employment and economic development outcomes for Port Pirie, Whyalla, and particularly Port Augusta.

Mr GRIFFITHS: Thank you for the detail on that, and certainly the RD Fund is one that the Liberal Party has always supported, and I am particularly proud of the efforts of the Hon. John Dawkins as the previous shadow minister for regional development in pushing, quite strongly, through the opposition shadow cabinet support for a policy where 25 per cent of royalties from South Australia would be devoted to regional development infrastructure, as is the case in Western Australia. I note, though, with some level of disappointment that, for RDA funding, where \$3 million was allocated in the 2009-10 financial year, I believe only \$1.5 million of it was actually expended. Can you confirm if that figure is correct?

The Hon. M.F. O'BRIEN: It was, member for Goyder, and it came close to being another chook that might have ended up on the chopping block, but it was an election commitment. Unfortunately, there has been a paucity of robust proposals to the fund. We made an election commitment that we were going to retain it; we have, and now I have to make sure that we actually drive that for all it is worth.

I will be sitting down with the RDA and saying, 'Rather than a little bit here and a little bit there, this is my intention at this particular point in time. Where can we make a big bang investment? Let's get some infrastructure on the ground that is a driver for private sector investment in that region.'

So, I am hoping that, with the assistance of officers from DTED, we can work closely with the RDAs. Rather than being supine, if you like, and waiting for proposals to come to us, we can identify opportunities and say that if \$1 million, or whatever, of the fund is employed for this particular piece of infrastructure, whether it is power infrastructure or whatever, that in turn will attract considerable investment into that region. That is the reason for the underspending.

Mr GRIFFITHS: Thank you, minister, for your commitment to ensuring that that opportunity is maximised. I know many projects will appreciate that level of support. In the short time that is available it would be negligent of the opposition not to ask a question about the Riverland and the release of the recent report and the projections of job losses. There has been some media commentary of job losses being in the vicinity of 35 per cent in the Riverland. We certainly hope it is nothing like that. I know Riverland Futures is in place, but that had been in place before this report came about, and it has been in preparation with a prospectus for some time. Over the coming years, especially, are there any particular efforts that the government will put in to ensure that the Riverland has an opportunity for an economic future?

The Hon. M.F. O'BRIEN: The task force did several things. One is the infrastructure audit to determine the existing infrastructure in the Riverland (funnily enough, that had not been done) and, potentially, what infrastructure should be sited in the Riverland to drive economic activity. One of the propositions that was looked at was running natural gas into the Riverland, because I think it is a restraint to glasshouse-based horticultural activity. Road access and other issues came out of that infrastructure audit.

Then they did an audit of existing business to get a feel for what was happening in the Riverland and which businesses were reasonably robust and gung-ho about their future and wanted to grow, so that we could financially assist them, because it is smarter to grow your existing businesses. They are located there and know the lie of the land. So there was an infrastructure audit, an audit of existing businesses, and then a major study done of employment opportunities. Without going through the list, it has been fairly robust and they have come to a set of conclusions.

I spent a week travelling along the Murray from Mildura to Albury and a lot of the things that the prospectus is seeking to achieve by way of investment attraction are going for those communities. One of them is retirement living. Mildura does extremely well, and so does Albury. A lot of people from Melbourne and Sydney want to retire to the river. We have great golf courses in the Riverland, but no-one has sat down and said, 'Let's try to get some property developers to develop alongside the golf course.' You pick up *The Age* and there are advertisements from communities along the river seeking to entice retirees.

I talked with the deputy chair of the Albury-based RDA and he lives in one of those communities. He said it has been a great thing for the community because people sell up in Melbourne. I am just plucking figures out of mid air. They have a home for \$1.5 million, they relocate to the golf course at Albury for \$700,000 and they have got \$800,000. They are all cashed up. They buy new cars and they are all active retirees.

Mr GRIFFITHS: They spend a lot of money.

The Hon. M.F. O'BRIEN: They spend lots of money. Similarly, we decided that we wanted to attract higher education into the Riverland. Now, if you look at a whole range of major towns—Mildura, Albury and Shepparton—they have a significant presence of regional universities. We have spoken with Flinders, and it will grow its Renmark facility—\$2 million of the \$20 million in the fund. It is our first allocation of funding.

We are highly confident that the commonwealth will approve that, which means that young men and women can become general practitioners. I think that they can become nurses. Ultimately, Flinders would like to be able to provide teacher training degrees as well. They are two of the propositions; there are another three. They are all robust.

There is \$20 million to drive the investment. I came away from that trip along the river feeling that the Riverland is in the best position of all the irrigation-based communities along the Murray Valley in terms of having an idea as to how it will deal with the basin water allocation plan. The feeling within the other communities is, 'We're just going to fight it.' Well, that is not smart, because there will be change.

The CHAIR: For the sake of the committee, I make the member for Goyder aware of the time.

Mr GRIFFITHS: I have one more question, and it relates to the Budget Overview, page 7, and the effect upon the wine industry by reducing the annual cap on cellar door subsidies. Minister, have you been provided with information about how many wine companies in South Australia will be affected by this, and has there been any feedback from wine associations trying to get a reversal of that decision?

The Hon. M.F. O'BRIEN: The member for Schubert asked me this in the previous session when we dealt with the PIRSA budget lines as they apply to agriculture, and I will give the member for Goyder the same answer: it is not my area of ministerial responsibility. However, I am looking at it.

The CHAIR: There being no further questions, I declare the consideration of the proposed payments completed.

DEPARTMENT OF PLANNING AND LOCAL GOVERNMENT, \$17,703,000

ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING AND LOCAL GOVERNMENT, \$2,510,000

Membership:

Mr Pengilly substituted for Mr van Holst Pellekaan.

Witness:

Minister for Agriculture, Food and Fisheries, Minister for Forests, Minister for Regional Development, Minister for the Northern Suburbs.

Departmental Advisers:

Mr J. Hanlon, Deputy Chief Executive, Department of Planning and Local Government.

Mr A. McKeegan, General Manager, Corporate Services, Department of Planning and Local Government.

Dr B. O'Brien, Deputy Director, Northern Connections.

The CHAIR: I declare the proposed payments re-opened for examination and refer members to the Portfolio Statements, Volume 1, Part 4.

Mr GRIFFITHS: Minister, I will start with a nice easy one. Budget Paper 4, Volume 1, page 4.7, the first dot point in relation to highlights for the 2009-10 financial year—

Mr Piccolo interjecting:

Mr GRIFFITHS: It is an easy one.

Mr PICCOLO: No, obviously your party takes the northern suburbs seriously.

The CHAIR: Actually one of them is in a meeting outside and we do not reflect on people being here or not here, anyway, so moving on.

Mr GRIFFITHS: Member for Light, I see you are missing a colleague from your side also. Anyway, I will get back to the important issue we are discussing, the northern suburbs of Adelaide, which is a vibrant part of South Australia. It will go through enormous growth in future years and is in considerable need of infrastructure and services increases. We will talk in those terms now, shall we, recognising that? The first dot point states:

Explored with stakeholders the creation of a Northern Adelaide Coordination/Consultation Group and agreed to pursue alternative governance arrangements on behalf of the region.

Minister, can you outline what are these alternative governance arrangements?

The Hon. M.F. O'BRIEN: John Hanlon is tasked with the responsibility of implementing the 30-year Plan for Greater Adelaide, and as part of this process, member for Goyder, you talked about all of the development occurring in the northern suburbs. I think, if I could allow John, in the first instance, to talk about those issues of infrastructure as they relate to the 30-year plan and all the growth, and then I will comment probably on some of the socioeconomic issues and call Bev in because she sits in the Office of Northern Connections.

Mr GRIFFITHS: My question was actually about governance arrangements. Mr Hanlon, I was in urban development and planning last night, so I have certainly heard about the 30-year plan issues.

Mr HANLON: Okay, right.

Mr GRIFFITHS: So I understand all that. However, because I want to focus on the northern suburbs, what are the alternative governance arrangements that are highlighted in the first dot point of the highlights from the 2009-10 financial year?

The Hon. M.F. O'BRIEN: Member for Goyder, what we are attempting to do is to ensure that we get some buy-in by the community, and that involves local government in determining how we address issues relating to not only the 30-year plan, because I think that is probably quite well addressed through the mechanisms that have been set up for the plan, but also poor employment, education and health outcomes.

We are working on a structure that will allow those various groups to come in and make a serious contribution, if you like, to how we do that, rather than government imposing solutions on those communities, because a lot of the issues in terms of poor educational outcomes come back to issues of in-home poverty, poor school attendance, lack of encouragement for reading within the home environment. They are very complex social matters that we believe could be best addressed by having some governance structure that will allow us to call in a whole range of expertise from both agencies and also individuals. John would like to add to that.

Mr HANLON: You could draw a comparison between the southern office and the northern office in this particular situation. When that was particularly put forward as a highlight we did have a model that was similar to the southern coordination group that minister Hill was talking about, but it was considered, after consultation with a lot of the stakeholders in the north, that we did need to explore models, as a start-up process, that were different to that coordination model that we

adopted in the south. It might well be in the long term you head down that particular path, but initially there were going to be a number of different issues that needed to be addressed.

So, we were talking with social inclusion, the Economic Development Board, councils, key industry and people within the north as to what different sorts of models we might be able to implement. We have not landed on the final model of what that will be. At the moment those parties are still talking and connecting and making sure that we deliver the range of services within the region, and we are looking at and exploring a better model for managing that, across federal, state and local government, because of the amount of funds that are going into the northern region.

Mr GRIFFITHS: Given that decision making—and prompt decision making—is fairly critical when an opportunity arises; therefore, minister, are you putting some time lines in place to ensure that that the structure is established as soon as possible, that you are getting everything that you need from every possible person or group and that the right decisions are being made? Is there a time line?

The Hon. M.F. O'BRIEN: There is, member for Goyder. I am hoping we will sort this out within a matter of months at the most. I have taken it upon myself to be reasonably hands-on in this portfolio area and I try, where practical, to meet with the office on a Friday and run through all of the issues. What I am currently doing is meeting with each of the influential individuals in the northern suburbs, whether they be police, education or, for the not-for-profits, the Anglicans in order to get a good sense of who is doing what and how we can better integrate that. Bev is assisting me with that. As we go we are mapping the landscape so that we can actually get a body in place fairly quickly.

John was alluding to the southern suburbs round table which involves key players in local government, state government and federal government. We are not really sure whether that is required in the northern suburbs; it is really more an issue of linking people together to work for a common outcome.

There is no shortage of government resource in the northern suburbs, it is just not being well utilised. I am not sure whether having a peak body meeting once a quarter is the way to mobilise those resources. It is probably going to be done better by getting people in and having a broad government structure and basically assembling task forces as required to deal with particular issues.

The most immediate one is the extremely poor educational outcomes which lead to extremely poor employment outcomes in the northern suburbs. That goes right back to, really, the day that the child leaves hospital. The thinking is that we will get the Lyell McEwin home nursing service to provide an introduction to baby's first book—they did it—then pass it over to local government to do baby's second and third books.

That is one of the issues in these households. I am not going to get bogged down in this, but children arrive at their first day of school with no colour recognition skills because mum or dad has never sat down and read to them and talked about teddy with the red balloon or the blue train or whatever. So, they have no colour recognition skills and they have very poor communication skills in general, to the point of being asked to open the book and never having physically handled a book in their life.

What we want to do is assemble a group to start to deal with those issues that really do start from the day the baby leaves hospital to the day when they conclude their education—if they ever do. That is not going to be done by way of a high-level governance body; it is going to be through linking up the various groups that are operating in that community.

One of the things that Bev's team did really from the outset was to put a lot of effort into the establishment of an employment blueprint, because that is one of the issues: this endemic non-employment or underemployment. There is a steering group that has been constituted to deal with that particular issue. There is an early childhood steering group (again, because we have to get to grips with the issue of social deficit surrounding early childhood), a housing round table and a crime and public safety group. At the moment the governance is going to be more issue focused than the broad umbrella that operates in the southern suburbs.

Mr GRIFFITHS: Thank you, minister, for that detailed answer. You have only provided a brief outline of some of the challenges that people in the northern suburbs face. I am particularly pleased that there is a close link between you and the Office for the Northern Suburbs and that there is regular dialogue and the fact that you will be in there fighting for change within any government department to assist those people, so well done on that.

I refer now to page 4.13 and I want to ask you a question about the town of Gawler and specifically the Gawler East DPA that is occurring. My presumption is that the Office for the Northern Suburbs has had a reasonably heavy involvement with this. There is a lot of media commentary occurring about infrastructure investment that is going to take place, where roads will go through and things like that. Has the Office for the Northern Suburbs been involved in trying to provide a resolution of those issues?

The Hon. M.F. O'BRIEN: I have not been involved. I was involved tangentially, because it emerged as an issue when I was chairing the planning review. Probably the substantial involvement of the office has been through John Hanlon, because the office is administered by the Department of Planning and Local Government. John is running the 30-year plan, and this is a component, so I will pass it over to John. I get regular updates on it, and I am aware of most of the issues, as is the member for Light. Do you want an indication from him?

Mr GRIFFITHS: I would be quite pleased to hear something from Mr Hanlon, but I want to ask a specific question. It is my understanding that the Gawler council has identified the road link that it wanted to have put in place, which is from Calton Road to the Bentley/Potts Road intersection; but DTEI has instead proposed a road that goes through the existing Bowman Court. Is it these sorts of areas where the Office of the North or Mr Hanlon, through DPLG, is getting involved in trying to resolve this matter so that the needs of the community are being met?

The Hon. M.F. O'BRIEN: I am intervening in those particular issues where we need some resolution but, on this one, at this stage, I think it has been more than adequately handled by the department. If there is an indication that it has not, I will definitely intervene to do that linking up of various government agencies to ensure that we get an outcome. On that, I will give it over to John.

Mr HANLON: The short answer to that is yes, we are facilitating all the discussions in relation to the road networks. The department and certainly my role, through having responsibility for the offices of the north and the south, is to facilitate all discussions in relation to infrastructure for any new growth region within the state, and that is part of the 30-plan implementation as well.

We have chaired and facilitated a number of meetings between the council, the developers, DTEI and other government agencies in relation to a road network and support services within the regions. We have done that through the Government Planning Coordination Committee but also, as a subgroup of that, we have had a number of meetings. Of course, we have addressed a number of public meetings with the community in relation to the Gawler East growth in the region.

Mr GRIFFITHS: I have a supplementary question in relation to the answer. I am advised that in Bowman Court there are 13 owners. From what I can understand from reading the newspaper in that area, one particular owner has a portion of his property that will be compulsorily required. Has the office of the northern suburbs been involved in those discussions?

Mr HANLON: The Office of the North and I have considered a number of different options for how that road network might work within that particular area. We have not finalised anything in particular. We are still in the final stages of negotiations in relation to the Gawler East development and how we might go about conducting the final phase of that road network. Some of the compulsory acquisition of land could either be conducted by DTEI or the council, depending on the final alignment of that road.

Mr GRIFFITHS: Is the final determination on which road network is to be used to service the Gawler East development to be based upon the cost? Are estimates already in place for the two options?

Mr HANLON: Yes, there are estimates in there, and the final options will be a negotiated position between DTEI and the council in the main, in relation to those particular alignments.

Mr GRIFFITHS: I refer to Budget Paper, Volume 1, page 4.13. I have some questions about Innovate SA, which I understand has an office at Innovation House at Technology Park at Mawson Lakes. My understanding is that Innovate SA is also suffering from some budget cuts. I am presuming that Innovate SA has a relationship with the Office of the North.

The Hon. M.F. O'BRIEN: I will give that over to Bev. It is not one of my budget lines. We have a bit of an overview, so Bev is aware of it and can shed some light on it.

Dr O'BRIEN: Yes, it is correct. It is proposed that the budget cut to Innovate SA commence from 2012, but I understand from talking with them that they are looking at other possible funding sources and other options. We certainly work closely with them. One of the things

in particular that we are working on with Innovate SA at the moment is the Mawson Innovation Precinct, to look at how we can build that Mawson Lakes area.

Mr GRIFFITHS: For how long has Innovate SA been in existence?

Dr O'BRIEN: It was rebadged as Innovate SA, I believe, in the last 12 months, but it existed in a slightly different form prior to that.

Mr GRIFFITHS: It seems to me, minister, that this is a bit symptomatic of other development opportunity focused areas that exist within the community that have suffered budget cuts. Dr O'Brien may just want to clarify this. If the funding is to cut out from 2012, is it intended again that it is a bit like the RDA structures where they become more self-sufficient and have to design income opportunities for themselves to ensure that they still manage to exist?

The Hon. M.F. O'BRIEN: Will you answer this?

Dr O'BRIEN: My understanding is that they are considering that at the moment. The other thing that northern Adelaide is fortunate enough to have through the Australian government is an innovations regions facilitator. We are one of a number of regions that have been selected for particular attention by the Australian government, so there are some other similar roles that exist in northern Adelaide at the moment.

Mr GRIFFITHS: If I may go to page 4.14, I note that the performance commentary talks about the Office for the Northern Suburbs supporting efforts to find local employment for workers retrenched by the closure of Bridgestone. Minister, are you able to provide the committee with the details of how many people who lost their employment with Bridgestone have regained employment in the northern suburbs and how many have had to relocate in order to find other employment?

The Hon. M.F. O'BRIEN: We are talking about a number of people who were employed by the company, some 553, and a further 50 contract staff at the Salisbury site, all of whom were retrenched and, at the time that this brief was prepared which was 8 September, 242 of those had found employment. A large number I think just took early retirement, probably a little earlier than they had intended, but one of the difficulties with this particular workforce was that their skill base was extremely narrow.

By and large, they were unskilled. All they could bring to bear in another occupational capacity was probably a bit of employment discipline. These were individuals who, by and large, had worked for Bridgestone for many years. It had very low staff turnover so these people had been there for decades. Unfortunately, Bridgestone had no training program. I think it was probably a bit of an anachronism in that sense, but probably it was of the view that its workforce had the skills required for the job. So we had a relatively unskilled workforce which had been in place for a long period of time and when they were retrenched, a large number of individuals concluded, 'I don't have any skills, I really don't have much employment history, I will just retire early.' We intervened because—again, I am going to be reasonably frank—we thought the commonwealth was not getting to grips with the issue. The commonwealth has constitutional responsibility generally for employment issues.

The office intervened and worked closely with management to contact all the local employers to flag with them that there would be a large number of individuals who would be made redundant. We gave their work backgrounds and all the rest of it and tried to link those Bridgestone employees with employment opportunities in the northern suburbs. That was largely the way that it ran and, in relation to the 242 workers that have found employment, I think you can largely put that down to the activity of the Northern Connections office. Bev would probably want to elaborate because I think it was a great program.

Dr O'BRIEN: As the minister mentioned, quite a number of those people had been with Bridgestone for a very long time. They had quite sizeable redundancy packages and those people in particular indicated that they would not be seeking re-employment immediately. About 488 people registered with Job Services Australia which signalled that they would eventually be looking to gain further employment. About 28 per cent of people said that they actually wanted to take stock and do some training before they looked for employment again, and then about another 10 per cent said that they would like to go into business for themselves.

Mr GRIFFITHS: I would just like to clarify one point. I thank Dr O'Brien for the answer on that. Of the 242 people who have found work, that is fantastic, but what level of training opportunity was provided to these people? Was there a dollar subsidy provided to each one and then they determined what training course they would pursue, or was some coordinated effort made?

The Hon. M.F. O'BRIEN: I will let Dr O'Brien answer that, other than to say that there was and there were both federal government and state government opportunities and, hence, our level of disappointment with the commonwealth. I will let Bev just flesh out the detail.

Dr O'BRIEN: The Australian government made available 600 productivity places which entitled people, once they had registered with a Job Services Australia provider, to access training up to the value of \$10,000, which was figured to be approximately at the associate diploma level if people wished to take advantage of that.

The CHAIR: There being no further questions, I declare the examination of the proposed payments completed.

Mr PICCOLO: I move:

That the draft report be the report of the committee.

Motion carried.

At 16:02 the committee concluded.