

## HOUSE OF ASSEMBLY

Thursday 23 September 1993

## ESTIMATES COMMITTEE B

**Acting Chairman:**

Mr D.M. Ferguson

**Members:**

Mr M.J. Atkinson  
 Mr D.S. Baker  
 Mr P. Holloway  
 Mrs C.F. Hutchison  
 Mr E.J. Meier  
 Mr I.H. Venning

*The Committee met at 11 a.m.*


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Primary Industries, \$61 991 000  
 South Australian Research and Development Institute,  
 \$21 163 000

**Witness:**

The Hon. T.R. Groom, Minister of Primary Industries.

**The ACTING CHAIRMAN:** I must thank the Committee for its confidence in electing me to this position. The Committee will be sad to know that this is my last Estimates Committee, so the sands of time are running out.

If the Minister undertakes to provide information at a later date, it must be in a form suitable for insertion in *Hansard*, and two copies must be submitted no later than Friday 8 October to the Clerk of the House of Assembly.

**Departmental Advisers:**

Mr R. Dundon, Chief Executive Officer, Department of Primary Industries.

Mr M. Curtis, Finance Executive, Forwood Products.

Mr R. White, General Manager, Forwood Products.

Mr I. Millard, General Manager, Forests.

Mr D. Patriarca, General Manager, Corporate Services.

**The Hon. T.R. Groom:** I wish to make an opening statement. In October 1992 the Department of Primary Industries was formed by amalgamation of the Departments of Agriculture, Fisheries and Woods and Forests. The research activities of Agriculture and Fisheries were transferred to the newly created South Australian Research and Development Institute (SARDI) and on 1 July 1993 the timber processing operations of Woods and Forests were formally transferred to Forwood Products Pty Ltd, a company entirely owned by Government under the Companies Act.

As a result of these organisational changes the Estimates of Payments and Receipts and the Program Estimates for the Department of Primary Industries have been prepared using the former individual agency programs for the 1992-93 estimated and actual amounts and the new Primary Industries programs for the 1993-94 estimated amounts. This significant

restructuring makes it more difficult to compare the 1992-93 outcomes with the 1993-94 budget estimates.

The proposed payments for 1993-94 take into account estimated savings from:

- the rationalisation of support services arising from the amalgamation of the three former departments;
- implementing recommendations from the ODR.

As the first of the 'super departments' to be formed as part of the Government's program of public sector reform the Department of Primary Industries will achieve significant savings by amalgamation of complementary functions and will also lead to a more focused approach to increasing the contribution from primary industries to the State's economy.

Primary Industries has adopted a more focused mission which emphasises customer service, maximising sustainable economic impact, building better partnerships, sustaining the State's productive and natural resources and encouraging the potential of the people in the department.

The department has also adopted the end-to-end planning processes introduced by the McKinsey/ODR consultancy to continuously measure and modulate the effectiveness and relevance of departmental activities.

To more closely align the department with its customers and to boost the regional focus of the department, four of the 10 general managers of the DPI will be located in regional areas including Flaxley, Lenswood, Mount Gambier and Clare. This is designed to maintain a strong industry and customer focus to departmental activities. This support to regional communities has been very well received in rural areas, on our assessment.

The establishment of SARDI represents an opportunity to create a cohesive multi-disciplinary research agency generating new technology to underpin the economic development of South Australia. In the longer term, SARDI will have the potential to attract investment from overseas, to sponsor research and to export research, technology and intellectual property internationally.

The charter for SARDI is to develop a research infrastructure to help South Australia achieve a competitive economy based on science and technology. It will conduct applied research and development with commercial outcomes and to ensure the transfer of this technology to clients (for enhanced economic development) using as appropriate the Department of Primary Industries, private sector consultants or SARDI to facilitate adoption.

While the department and SARDI are separate organisations, they have been structured to work together cooperatively. A memorandum of understanding (MOU) is being finalised which will define the cooperation required to assist each organisation achieve its goals. The MOU will also define financial arrangements for the provision by the department of some corporate services such as accounts receivable and occupational health safety and welfare.

A process of joint strategic planning between the two allows the best integration of research extension and focus on economic development. There will also be a number of joint departmental/SARDI research and extension projects. There has been significant progress in another area of the Government's agenda of public sector reform, namely, reform of statutory bodies

There have been discussions between the Animal and Plant Control Commission and the Soil Conservation Council with a view to amalgamating the two bodies. Sufficient common ground has been reached for the later release of a green paper to canvass further public comment on this

amalgamation proposal. Cabinet has approved the introduction into Parliament of amendments to the Meat Hygiene Act which will allow for the recovery of costs from slaughterhouses, for costs associated with inspection and other services.

Associated with the introduction of quality assurance in those slaughterhouses which wish to trade across council boundaries, this will lead to a path for further deregulation of the meat processing industry whilst maintaining meat hygiene standards. Cabinet has approved the introduction into Parliament of amendments to the Forestry Act which will, among other things, abolish the Forestry Board, a body made redundant by the formation of Forwood Products and the Department of Primary Industries. A green paper has been circulated which canvasses the repeal of the Poultry Meat Industry Act, as an unnecessary impediment to the new entrants into the industry and a white paper on this issue will be released in the near future.

A green paper on the functions of the Phylloxera Act and board is now undergoing public discussion. In the past 12 months there have been a number of developments associated with the South Australian Fisheries. The fishing industry has continued to be a major contributor to the South Australian economy through both commercial and recreational sectors and the value of production to the commercial sector was \$133 million for 1991-92, compared to \$120 million for the previous year. Rock lobster continues to be South Australia's major commercial fishery with the 1991-92 catch valued at \$58 million. The two other major fisheries are abalone, at about \$15 million, and prawns at \$19.5 million.

Aquaculture is fast becoming a vibrant new industry in our State and in 1991-92 was worth \$2.3 million with that figure expected to steadily rise in the next 10 years. Aquaculture operations of significance include oysters, southern bluefin tuna growout, an abalone hatchery and growout facility at Louth Bay and the successful implementation of a number of intensive barramundi culture operations at Robe, West Beach and Kangarilla. In the context of farm diversification, at the end of August 1993 there were 367 registered fresh water fish farmers in South Australia. These are almost exclusively farmers who have chosen to diversify from their traditional farming activities into aquaculture such as marron, yabbies and finfish (for example, trout).

By way of comparison in 1988 there were only 80 registered fish farmers. The 1992-93 budget provided funding over two financial years to complete the marine laboratory facilities at West Beach. The facility, which is still under construction, will provide accommodation for SARDI's aquatic sciences research unit and will incorporate additional general and specialist laboratories and the required facilities for support services such as computing, statistics, an aquatic sciences library and administration. The new marine research facility will provide a focal point for cooperative marine and aquaculture research in South Australia and will underpin the further development of a sustainable fishing industry in our State.

There have been some major initiatives in fisheries in 1992-93 and the most positive of those has been the formation of industry-Government integrated management committees to oversee the management of the various fisheries in South Australia. The management committee system effectively gives the stakeholders, South Australia's commercial and recreational fishers, a greater role in ensuring proper use of our fisheries resources. There has also been a successful agreement between industry and the Government

on future cost fee arrangements, in particular for the recognition and application of recoverable and non-recoverable costs associated with each fishery over a 10 year period commencing 1992-93.

South Australia's timber products operations have experienced a huge turnaround in the past 10 months and profits of \$9.5 million are predicted for 1993-94. Net cash flows from forestry operations increased by 179 per cent to \$7.5 million and all existing debt for forestry was retired. Of great importance is the support primary industries give to South Australia's rural sector. For 1992-93 commercial farm debt is supported by the department's Rural Finance and Development Division to the extent of \$450 million through capital lending and interest rate subsidies. This support will increase to an expected \$740 million for 1993-94.

In addition other support measures include farm financial management advice, re-establishment grants and RIADF project funding. To date some 1 300 applications for exceptional circumstances assistance have been settled at a cost of \$13.3 million. This assistance is supporting about \$260 million of commercial farm debt. There are about 950 applications to be assessed which will require a further expenditure of about \$7 million. Overall this assistance alone will provide interest rate relief on commercial farm debt totalling around \$400 million to South Australian primary producers.

The Department of Primary Industries has maintained its productivity and has responded with speed and efficiency to a series of adverse events: unseasonal rain from September 1992 to January 1993; downy mildew in grapes in December 1992 to January 1993; plague locusts late in 1992; and plague mice in the past few months are some examples. The department has shown that its responsiveness and technical capacity are better than ever. In the case of the locust and mice plagues significant funding for the campaigns was found within existing departmental resources, thus minimising the call on extra State funds.

This year the department has introduced and maintained other initiatives, including cooperation in regional development in the Riverland, the South-East and the Eyre Peninsula; made available \$5 million in grants and concessional loans for the development of value added industries, a scheme unique to South Australia; progressed the South-East horticultural project; provided funds to initiate a shellfish quality assurance program; vigorously promoted aquaculture; and provided full advisory service for deer, alpaca and the ostrich and emu industries.

The Department of Primary Industries is clearly focused on being a major partner in the promotion and development of primary products in this State, supporting traditional industries with research and development and keener marketing strategies and fostering and encouraging the development of new diversified production, value added production here in South Australia and export replacement and development. In terms of the amalgamation of the three agencies, it is a particularly well run department.

**The ACTING CHAIRMAN:** Does the member for Victoria wish to make an opening statement?

**Mr D.S. BAKER:** Normally I do not make an opening statement, but I want to reply. This is the greatest load of rubbish ever to be put before a Committee of this Parliament and it shows—

*Mr Atkinson interjecting:*

**Mr D.S. BAKER:** I will go on if you will just listen.

**The ACTING CHAIRMAN:** Order!

**Mr D.S. BAKER:** It shows the focus under this Minister of where primary industry is going. It is all gloss, all promises, all things that might happen in future, but not recognising what is happening in South Australia at present. Rural South Australia has never been in worse times. A fair percentage of our farmers are decimated by the current economic conditions and, without a lot of Government assistance, they will not get through the 1990s.

While this has been going on, there have been dramatic cuts in the Department of Primary Industries. An ODR, on which we spent \$1 million, was a complete waste of money. It was not focused on the areas that it should have been and it should have been done in-house. Two good departmental officers and a competent Minister could have done all that and refocused the department in three months, but we had to call in an outside group.

Since that report has come in, we have seen extension officers just about decimated; livestock officers taking VSPs as though they are going out of fashion; morale in the Department of Primary Industries has never in its history been at a lower level; and it has all happened under this Minister. To put out a report such as that at the start of an Estimates Committee shows that he does not understand primary industries in South Australia.

Under this Minister we have seen procrastination month after month—but luckily it will not be year after year. We have seen the debacle in the South-East fishing industry. They tried to close the industry, which has cost millions of dollars to the fishermen there, and force a total allowable catch on them. We have seen procrastination about the transfer of quotas. No decisions have been made.

The legislation on the Barley Board went through Parliament months ago, but we cannot get a chairman for that board. It is one of the biggest money earners in primary industries in South Australia. No decision has been made. It has gone round and round in circles. The Victorian Minister has agreed to what should happen. He is trying to push. In fact, his officers are ringing officers in South Australia and saying, 'For God's sake, get your Minister to do something.' So far nothing has been done about getting a chairman for the Barley Board and we are losing overseas sales because of this procrastination.

As regards the mouse plague, if it had not been for some push and shove, the Minister would have waited until now to get something going. Strychnine has been used in rural areas of South Australia for many years, but we could not get a couple of departmental officers to make decisions because the Minister was not pushing. I shall name a couple of those officers later. It shows no direction from the top and nothing happening.

I notice on the last page of this report that \$5 million has been made available for concessional loans for development and value adding industries. We have heard about this time and again. I understand that about \$250 000 has been allocated. People are being asked to put in, but no-one will because they are being knocked out of the back door, saying, 'You do not qualify; you do not apply.' That is what is going on with rural assistance. If we set the criteria to help South Australian farmers so tightly that none of them qualifies, no wonder there is money left in the kitty that it can be said is there for future generations.

Rural industries in South Australia are at the lowest ebb ever in this century. If they do not get some direction and some push, which has to come from the Minister, we will see the greatest devastation of farmers in this State since the last

depression. This document the Minister has put on the table does nothing to address that, and his procrastination in the past 18 months has aided and abetted the losing of many farmers in South Australia.

My first question involves reading into *Hansard* some boards and committee information that we require. For which boards, committees and councils does the Minister have responsibility as Minister or within his department or agency? In respect of such boards, committees or councils: who are the members? When do the members' terms of office expire? What is the remuneration of the members? Who appoints the members and on whose recommendation or nomination is the appointment made? What is its role and function?

On public sector reform, under contract officers: how many officers are now on contracts of service rather than permanent employment and at what levels are they serving (that is, EL1 or EL2 etc.)? Who if any of these officers are subject to performance reviews? How is performance measured? Who measures it? Who reviews performance and what are the consequences of failure to perform? Are any performance bonuses paid and, if so, what are they and how are they measured?

If the departments have recently announced any restructuring what, if any, savings have been identified from the restructuring and where are the savings being made? Do the savings involve a reduction in staffing numbers? If so, how many staff will leave, in which areas and at which stage of the restructuring? What, if any, improvements in efficiencies have been made? How are they measured and what is the reward for improvement or penalty for failing to improve? What problems have been identified as resulting from the restructuring?

For each department or agency for which the Minister is responsible: how many positions have been proposed for abolition through TSPs? What is each position? How many persons have so far applied to take the benefit of TSP? How many targeted separation packages have so far been accepted? What has been the payout under each TSP?

For each agency or department for which the Minister is responsible: have any performance indicators been established? What are those performance indicators? How are they measured? Who measures them? How frequently has the Minister been involved in reviewing performance indicators, and what has been the result of any performance reviews? I will give a copy of that document to the Minister.

**The ACTING CHAIRMAN:** The Minister is expected to take those questions on notice.

**The Hon. T.R. Groom:** Is that the best the honourable member can do after that very sad presentation on his part? For a person who claims to represent a rural area, the member for Victoria has displayed a complete lack of knowledge as to what is taking place in rural South Australia. Sure, things are tough, but there is an underlying strength in rural South Australia and none of the claims the honourable member made can be substantiated by him. So, I am not surprised that, after that delivery, he then goes on with a question of this nature. I will take it on notice and hope that the honourable member through questioning of me can substantiate some of those claims that he made. That is the best he can do?

**Mr D.S. BAKER:** Do we worry about interjections or do we go on?

**The ACTING CHAIRMAN:** I would prefer you to go on with the question. As the day goes on everything that can be said will be said.

**The Hon. T.R. Groom:** I do not think I will get any questions on the attacks that he has made, because he cannot substantiate them. So I welcome a few questions; this is your opportunity.

*Members interjecting:*

**The ACTING CHAIRMAN:** Order! I remind the Committee that there are several actions open to me. One of them would be to adjourn this Committee until the ringing of the bells and that would considerably reduce the amount of time available to Committee members. If necessary, that is what I will have to do, so I ask members to come to order and behave themselves for the rest of the session.

**Mr D.S. BAKER:** The Opposition has been very critical of Scrimber for many years. We believe a report on Scrimber has been presented to the Minister. How many expressions of interest has the Minister had for the purchase of Scrimber, and from what areas have they come?

**The Hon. T.R. Groom:** I inherited this problem in becoming Minister 12 months ago—not 18 months ago as the honourable member suggested. The first thing I did on becoming Minister was to make an assessment of what assets we actually had. There were two assets that were obvious: the factory premises and the land and the technology, albeit a dedicated factory. In such a situation you work out the value of those assets. The Scrimber consortium comprises SATCO, SGIC, CSIRO and Rafor Limited. I commissioned a report—and I think the expenditure was about \$30 000—to find out the deficiency in the technology. That was \$15 000 on our part and \$15 000 from the consortium. That was absolutely essential to ensure that the technology was a saleable asset.

As a consequence of that, two overseas parties remain interested in the project. Proposals have been received from both in recent weeks and sensitive negotiations are continuing to determine a basis to enable the research and development work to be completed. If successful, it will provide an equitable return to all contributors. Members of the consortium are confident of a result from these negotiations but outcomes are not pre-empted and false expectations should not be made.

Negotiations to obtain private capital have been determined to a large degree by the need for potential investors to gain an appropriate understanding of the state of the technology and the remaining research and development work to be completed. The fact of the matter with regard to Scrimber is the technology but, in that context, the world shortage of timber has led to renewed interest in the Scrimber technology and of course utilisation of the plant. In addition to these two overseas parties—and I intend to keep their identities strictly confidential, and I have examined that matter and it is a proper matter at this stage—there is one other party which in recent times, since I prepared an answer to Mr Allison on 26 August and this is not included in that answer, has expressed interest.

**Mr D.S. BAKER:** Will the Minister release to the Committee the report that he has received on which he has spent \$30 000? Also, have either of the producers of the woodscrim product in Canada and Germany been approached to be involved in a joint venture or with a view to giving advice on the problems of Scrimber?

**The Hon. T.R. Groom:** I am not going to go through a process of answering and eliminating countries or locations, because a simple method of deduction from what my answers were would soon lead to an identification of the overseas parties who are interested in this project. I have to respect the wishes of those parties to remain in complete confidence

during the negotiation phase, and I intend to do so. I am not going to identify countries or regions other than what I have said. With regard to the question of technology, in general terms the report dealt with what needed to be spent to ensure that the technology is up to standard.

I am assured that can be done, but the report is only released to the interested parties on the execution of a confidentiality agreement, so I will not release the report to the Committee, because that would defeat the purposes in commissioning the report on my part and would be available to all and sundry, whereas at the moment it has been provided three times to parties who have executed a confidentiality agreement. I have to stress that the report also belongs to CSIRO and RAFOR as well as SATCO and Woods and Forests, so at this stage I will not release the report publicly. It would simply defeat the purpose and would undermine the efforts that are being made to deal with those assets that we do have, that is, the dedicated plant and the technology, and I will not do that.

**Mr D.S. BAKER:** As a supplementary question: I happen to operate on behalf of an interested party that is interested in looking at scrimber, so I guess if I go to the Minister and sign a confidentiality memorandum I can receive the report?

**The Hon. T.R. Groom:** Absolutely; there is no problem with that, as long as you respect that confidentiality. I presume that if you are prepared to execute a confidentiality agreement and the party you represent is, too, that means you would be required to respect it. There would be no difficulty. There is nothing sinister in the report whatever. These are simply matters of commercial confidentiality. The member for Victoria has operated in the commercial world long enough to know that there are genuine occasions when this stance is needed, and this is indeed one. If he is prepared to execute a confidentiality agreement he should approach the consortium and that interested party will have no difficulty in receiving a copy in that context.

**Mrs HUTCHISON:** My first question is with regard to services to local communities. One of the broad objectives of the community forestry program which is referred to on page 543 of the Program Estimates is the need to provide services to local communities associated with departmental facilities. Will the Minister elaborate on the types of services currently provided and indicate, if he can, whether any future initiatives are planned? Additionally, it would be appreciated if the Minister could also indicate whether or not the need to provide these service impacts on the core operations of the agencies? This is a matter that has been raised with me recently.

**The Hon. T.R. Groom:** Primary Industries (SA), the forestry agency, manages extensive areas of both softwood plantations and native forests. This covers some 10 000 hectares in the Mid North, 21 000 hectares in the Mount Lofty Ranges, 91 000 hectares in the South East, and some 3 000 hectares in the Riverland. The public seeks to use forest reserves, especially those in the Mount Lofty Ranges, for recreational activities and these activities are managed by departmental personnel under the Forestry Act 1950 and the associated regulations. Recreational activities which occur on forest reserves include fossicking, camping, motor vehicle trials and orienteering, all of which are managed on a cost-recovery basis. For other activities, such as picnicking and hiking, cost recovery is not considered appropriate.

The State's forests also provide an opportunity for the public to increase its understanding of sustainable forest management. To foster this a demonstration forest area has

been opened and another is currently being developed. These demonstration forests show various aspects of forest growth, management and use within a small area to help the community understand the processes, benefits and products that forests can provide as well as the cyclical nature of production forestry and the dynamic nature of natural forests.

Forest recreational and educational services for the public, including schools, are generally met by a range of staff employed for the purpose and results in very little impact on the agency's core activities. In the interests of continued forest production, it is most important that there is an informed and understanding public. The community forestry program aims to address this need, while providing for reasonable public use of the forests.

**Mrs HUTCHISON:** My second question is on native forest management plans and relates to page 543 of the Program Estimates, under 'Significant initiatives improvements achievements'. Would the Minister give an indication of the implications of these native forest management plans and their impact on forest management in general terms?

**The Hon. T.R. Groom:** Again, Primary Industries (SA) manages approximately 21 000 hectares of remnant native forests for conservation purposes as part of managing the State's forest reserves. Seven interim native forest management plans have been formulated by the agency and endorsed by the Native Vegetation Council. The plans include information on vegetation, fauna, soils, human history, environmental value and management objectives. They also include short-term works programs that detail the actual activities scheduled on an annual basis.

Much of the current work detailed in the plans involves activities such as restricting unnecessary vehicle access by the use of adequate fencing, pest plant removal, firebreak and fire access track maintenance and fuel reduction burning. In some areas trials are proposed using restorative silviculture to return trees to their natural single stem form, from the current multi-stemmed form that has been caused by extensive cutting up to the 1950s.

These management plans will ensure that native forests are managed with clear objectives based on available data and maintained as far as possible in a condition close to their natural state. They ensure protection from the degrading influences of pest plants, inappropriate human activity and wildfire, while allowing low impact recreation and educational activities to take place. The plans contain a substantial source of information on which to base management decisions both now and in the future and will ensure that these areas are appropriately managed for both the current and future generations. As further data and information is collected it will be added to the plans and management programs will be modified accordingly.

**Mrs HUTCHISON:** On page 541 there seems to be a very interesting trend occurring with regard to the use and demand for saw logs by the industry. What is being done to address this increasing demand in that area?

**The Hon. T.R. Groom:** From the Pacific rim countries?

**Mrs HUTCHISON:** Yes.

**The Hon. T.R. Groom:** This has been quite a significant issue in the South-East, because a consortium applied successfully to the Federal Government for an export licence and that was granted; 95 000 cubic metres being sourced from Victoria and 5 000 cubic metres being sourced from the South-East. There is no question that we are part of an international community and have to act accordingly, and at the same time we have to protect value added industries in the

South-East and ensure that those industries are not undermined by the export of log which is needed in South Australia. However, it is no good value adding unless you are efficient and price competitive.

At the same time, the States have been criticised federally in the Industry Commission's report, because the States collectively have not been doing enough to provide incentives to encourage investment in plantation. So, what we have opted for at State level is a very balanced approach and during the period of transition we have to protect the local industry. At the same time, we have to give the private sector an opportunity to export a quantity of logs which does not undermine the local industry but which would provide incentives to invest in forestry plantation.

Our policy will be particularly successful in this regard, because we also have to take advantage of rising world prices. In that context I know there is a great deal of division within the Liberal Party. Certainly there are two views coming from the Liberal Party: one is to ban the export of saw logs entirely, and there is another view. Mr McLachlan did not want to express a view on this, and I am not sure what the view of the member for Victoria is on it, either.

I know there is a difference of opinion in the Liberal Party about this matter. Our policy is a sensible and balanced policy. We get out of the road of private enterprise and we do allow them to export a quantity of sawlog, to encourage investment, to increase cash flow and profitability and encourage investment in forestry plantation but, at the same time, protect the local industry.

**Mrs HUTCHISON:** How has that policy been received?

**The Hon. T.R. Groom:** The South-East Economic Development Board wants a complete ban on the export of sawlog. In fact, I was surprised to receive that view from the board because I think such a board should have a much broader perspective on market needs. Overall, our policy is a sensible one. You simply cannot cut yourself off from the international market. At the same time, if we are not competitive and profitable, it is no good value adding because we will not be able to sell our products. I was surprised to receive that response from the board, because I do not think it is in keeping with market reality. At the same time, the Government is determined to protect the local industry and make it profitable.

**Mr VENNING:** Following the comments of my Leader in the run-up, it was fairly negative and I think it needs to be so, because we are in a serious situation today. I refer to the Auditor-General's Report at page 230 where with rural finance and debt reconstruction we would expect to see huge increases in allocation, yet we see huge reductions between 1990-91 and 1992-93. Debt reconstruction is down from \$13.5 million to \$3 460 000 and re-establishment allocations are down from \$31 000 to nothing. Those figures speak for themselves. Will the Minister comment on those figures? When we look at the bottom line, as we always do, we see that \$23 942 000 was spent in this area in 1990-91, yet in 1992-93 it is only \$10 million. That is a ridiculous reduction.

**The Hon. T.R. Groom:** The question just confirms my suspicion that the Opposition, which claims to represent rural areas, has no idea what is what. The question has nothing to do with forestry or Forwood Products. It has to do with the Rural Finance and Development Division. I thought we reached an agreement that that would be done after lunch, and that question simply confirms what I suspected: that it was all rhetoric and no substance. For members representing rural constituencies, they have little idea what is going on or where

matters fit into the scheme of things. If you want to do the Rural Finance and Development Division, that is fine: I will have to arrange for officers to attend but, if you want to postpone that until after lunch as was agreed, that, too, is fine. But the question simply confirms what I have said: that it is all rhetoric and no substance from the Opposition.

It is easy to participate in a slanging match and downgrade rural South Australia at a time when it needs uplifting and it needs people to express confidence because of the underlying strength. It does not need people to talk rural South Australia down. If you are going to go off the agenda in this way, I have not the officers here to ask for a response.

**Mr VENNING:** I apologise. I defer all questions on forestry to the shadow Minister. When you called me, Mr Chairman, I was distracted and I should have deferred to the shadow Minister. It is my fault for the mistake and I apologise.

**Mr D.S. BAKER:** At page 238 the Auditor-General in his report is scathing about the use of AAS10 in the revaluation of timber, as I have been ever since I entered Parliament. The revaluation this year is put into the cash account as \$16.5 million. The profit this year was \$35.6 million, but what is the budget figure for the forest revaluation in this year's budget and what is the budgeted profit for this year?

**The Hon. T.R. Groom:** Is that from forestry operations?

**Mr D.S. BAKER:** Yes.

**The Hon. T.R. Groom:** I am not sure of the path the honourable member wants to go down. I chaired the Economic and Finance Committee when we dealt with these matters and was responsible for a number of the changes because I was unhappy with the way in which Woods and Forests did its accounts. Mr Chairman, you participated in those hearings. We have brought about significant changes, last year with the statement of emphasis and this year there have been further changes with the way in which accounts are presented.

I came into the portfolio last October and I hold the view that you should not confuse revaluation incremental revenue with trading revenue, and that they should be segmented and separated out. This year we have a \$35.6 million profit but, when you deduct the revaluating increment of \$16.5 million, you start getting down to a trading profit on forestry operations of \$19.1 million.

That revaluation increment arises as a result of an annual revaluation of growing timber. It is properly an asset, but people need to understand the accounts. As to what it will be for next year, the \$23 million is simply an estimate only and it depends on the prices and the way in which that methodology is carried out next year. At this stage it is only an estimate. You will note that unlike earlier occasions the accounts are done differently and it was simply revaluation revenue before. Now, it is clearly a net change in the value of growing timber. Any reader of the accounts can clearly see that it is not sales and normal trading revenue.

I also had no difficulty with the Auditor-General's qualification made in his report about the way in which the value is ascertained, because the Auditor-General is not able independently to assess the value attributed to this net change in growing timber. That is because it is an area requiring extreme expertise and there are only limited people in the country with that. The department happens to be the leader so far as that is concerned.

That is simply an estimate based upon this year's revaluation increment of \$16.5 million. When you look at the trading profit there are still areas that I expect to be tidied up in the accounts because there is a matching process with

regard to what costs attach to the actual growing of timber and what costs attach to the trading result.

When I have explained the turnaround taking place this year of \$35.6 million I have always deducted the revaluation increment of \$16.5 million to present what I think is the more appropriate presentation of \$19.1 million. But, at the same time, I do not want to discount the fact that in our forestry reserves we are sitting on a goldmine because it does have value. Each year it grows; a value is attached to it; and it is quite proper that that appears in the accounts.

**Mr D.S. BAKER:** The question was: acknowledging that the forest revaluation was \$16.5 million this year, what is the budgeted figure next year?

**The Hon. T.R. Groom:** It is \$23 million.

**Mr D.S. BAKER:** The profit is \$35.6 million this year. What is the budgeted profit for the forest operations next year?

**The Hon. T.R. Groom:** It has been budgeted at \$36.847 million and that is, of course, after an income tax allowance and after abnormal items. As the member for Victoria should know there are discussions ongoing nationally with regard to formulating new standards for forestry accounting. Until those standards are finalised I will present the profits less the revaluation increment. As you will remember, Mr Chair, when we were doing the inquiry there was actually a revaluation decrement, which was one of the reasons which sparked off our inquiry because we questioned the accuracy of the model being used. You should not have a decrement in this context.

**Mr ATKINSON:** On page 541 of the Program Estimates under 'Supply of Forest Products Program', an issue identified is the increased demand for log from the pacific rim countries and the consequent increase in export log prices. What can the Minister do to protect the access of local processes to log?

**The Hon. T.R. Groom:** First, export controls constitutionally are the province of the Federal Government. There has been, in the National Forestry statement, a position put that export controls should be removed allowing the market to find its own level. The difficulty I have with that is exactly as the member has identified, that it could severely impact adversely on the local industry. That is why, as a State, our submission has been to the Industries Commission that during a period of transition export controls should be maintained to protect the local industry. That is a very real problem. It is not a fanciful problem. At the same time we are part of an international market, we have to function in that market and price actually determines whether your products are sold.

With regard to the last application made by a consortium only 5 000 cubic metres was sourced from South Australia. Victoria apparently had no problem with the 95 000 cubic metres being sourced from Victoria going overseas because obviously a section of the local industry gains very greatly as a result of that increased profitability. Armed with that increased profitability you can do a variety of things depending on the nature of your enterprise. We have to be internationally competitive; our operations at home have to be efficient; and our policy is to restrict, because at the present time our own industries need those logs. Our position has been put to the Federal Government, and that is that export control should be maintained to enable us, as a State Government, to have a say in what logs go where.

**Mr ATKINSON:** What are the changes in the profitability of South Australia's timber product operations comparing

the 1991-92 and 1992-93 financial years with the projected outcome for 1993-94?

**The Hon. T.R. Groom:** Contrary to what the member for Victoria was asserting in his overview of primary industries in South Australia, and what has taken place in the past 12 months, when I became Primary Industries Minister the combined SATCO and former Woods and Forest operations (which are basically the saw mills) were running at a very significant loss. In 1991-92 that combined loss was \$12.1 million, which was simply not sustainable.

**Mr D.S. BAKER:** It is a wonder it is not running at a loss now.

**The Hon. T.R. Groom:** I know the honourable member hopes that things run at a loss because just by making assertions they can be picked up elsewhere and pedalled. But here, the honourable member wants to ensure that the assertions he makes are accurate because the way in which he presents himself has an impact on that necessary intangible degree of confidence. What has taken place over the past 12 months is a commitment to ensure that those losses are out of the system.

There have been a number of efficiencies achieved through the formation of Forwood Products. Some very hard decisions have been made in relation to that matter and there are some very difficult industrial decisions. While there has been industrial disputation, at the end of the day the trade union movement has accepted the changes, and in that framework we have also been able to capitalise on a rise in world timber prices and our own internal efficiencies as well. Within that framework, for the year 1992-93, we have reduced those combined losses by about \$9 million; from \$12.1 million to something like \$3.1 million. That is a dramatic turnabout, contrary to the statements that I have heard here.

I appreciate the question from the honourable member because this is the first opportunity I have had to point out to the member for Victoria the wrongness of his approach. The officers in Primary Industries have worked very diligently and at a very high level to achieve this turnabout. Those combined losses have been reduced to \$3.1 million, something I would have expected him to applaud. He is upset because the opening statement shows that primary industries was extremely well managed; was delivering the goods; was delivering benefits; and was becoming internally efficient so that these things can be turned about.

Not only have we contracted the losses by something like \$9 million in 12 months in our timber products operations but we will have profits of \$9.5 million for 1993-94. This represents a dramatic turnaround for this sector of Government operations. It is no good sitting there simply throwing stones. This is a fundamental achievement. It will secure employment for many people in the South-East. When you look at the forestry operations and when you look at the turnaround overall you see a very dramatic picture developing because our forestry operations likewise show a movement from loss to gain. The loss has to be put in the context that there was a revaluation decrement but there has been a dramatic turnaround in our forestry operations and it is an extremely profitable sector of Government activities.

Again, contrary to the absurd insinuations and statements which were made by the member for Victoria, we were able to attract CSR to invest in the South-East and to build a new factory. That came about as a result of discussions that took place between the Group Managing Director and me, as

Minister. I was approached as Minister only within weeks of assuming that portfolio in October last year.

That plant could easily have gone to a State other than South Australia. But CSR's recent announcement of the joint venture deal with the United States company Fibre Form is worth \$50 million annually to South Australia in export earnings. It is clear that our timber industries are experiencing new vigour and growth. You do not come to South Australia if it is not good to do business; you go to another State.

Contrary to the member for Victoria's position, he would have driven CSR out of South Australia by the sort of pantomime in which he was indulging. It is very sad to see the member for Victoria doing that to primary industries by making those assertions. He knows that he is playing to the media because of the framework that we are in. He is hoping that the media will pick up those assertions. However, a very different picture and story are taking place. Indeed, they are taking place in the member for Victoria's electorate—the South-East.

Not only have we had that dramatic turnaround and contracted the loss of \$9 million this year since I have been Minister, but we have set the scene for \$9.5 million in profits this year and we have been able to attract a new investment in the South-East which required extensive negotiations. A significant part of my time has been taken in negotiating to have CSR establish this new plant. As I said, it is worth \$50 million a year in export earnings. It will create 120 new jobs on site, about 200 flow-on jobs, and it is a \$15 million plant.

The return to profitability of State Government timber product operations must be painful to the member for Victoria for him to carry on as he did. The securing of the CSR export deal is a clear indication that we are on track in returning health to our State's timber industry. As a Government, we are encouraging the kind of efficiency and development that will give the industry new security and strength for the future. I do not think that should be downgraded and put down. A very positive development is taking place.

**Mr ATKINSON:** A broad objective referred to on page 541 of the Program Estimates, under the supply of forest products program, is that of improving the quality of wood produced. Could the Minister explain what steps are being taken to achieve this objective?

**The Hon. T.R. Groom:** Wood quality is being improved in three main ways: by selecting trees which express the traits which influence wood quality at a high level and breeding from these; by adopting field practices which promote the growth of high quality wood; and by experiments which determine the breeding values associated with wood quality characteristics improved by breeding and show how the breeding interacts with efficient ways of growing trees. Breeding for tree improvement has been under way for only 30 years, yet, by adopting research which has shown that the breeding cycle can be reduced to about 14 years, our group is now working on the third generation of bred trees.

The forestry group is a founder member of the National Tree-Breeding Cooperative, the Southern Tree Breeding Association. The breeding strategy adopted by the Southern Tree Breeding Association concentrates on vigour and improving traits which affect wood quality. These include straightness, elimination of spiral grain, long-fibre length, small branches and basic wood density. Wood density is the property most closely allied to strength of wood and the stiffness of wood. It is a trait which is strongly inherited and so selection for the level of basic density needed by a

particular branch of the timber industry will soon pay off. Breeding and selection also improve the level of uniformity in the wood produced which is a desirable factor for improved processing efficiency.

Research and continual review of the number of trees needed per hectare to ensure that branch growth on trees does not produce knots so large as to reduce the quality of the wood, or make pruning a necessity and so increase costs, enables the group to maintain the narrow range in wood quality for existing plantations. Use of trees improved by breeding and grown from seed orchards or, now with increasing frequency, from special matings of trees with the highest breeding values and cloning, will ensure that this narrow range is maintained but that the average quality is raised. Current research, including field experiments in which the aim is to check on branch size and juvenile wood character, is influenced by the intensive field practices which are open for adoption as the intrinsic character of the trees is improved. The trees used for these trials are those which have been selected as parents for breeding for future plantations. They are being assessed over a range of initial tree spacings and are thinned out at different ages so that comparisons can be made. One early test, dating from 1969, has been the subject of a cooperative investigation into the first determination of wood quality breeding values in radiata pine. Cooperators are my own department, Forestry, CSIRO, Division of Forestry, and Tasmania. Logs from each tree have been processed by sawing or pulping and their individual quality has been assessed.

**Mr D.S. BAKER:** The figures that the Minister gave us about the profits of the timber products operation may be in-house figures that his department is playing with to impress him, but I suggest that we work off the figures on page 239 of the Auditor-General's Report, which I should have thought were correct. They show a loss in the timber products operations of \$5.6 million, not the figure that was given by the Minister. However, in reply to my previous question when I asked about budget figures for forest revaluation for next year and budget figures for profit of the forestry operations next year, the figures were \$23 million for forest revaluation and a budget profit of \$36.8 million, a net profit of \$13.8 million compared with this year's trading profit of \$19.1 million. Why is there to be a decrease in net trading profit this year compared with last year?

**The Hon. T.R. Groom:** First, I have given the honourable member the combined figures of the Woods and Forests operations and SATCO, which have been merged. Therefore, the \$5.6 million loss about which the honourable member talks has to be offset—

**Mr D.S. BAKER:** The Auditor-General talks about that.

**The Hon. T.R. Groom:** Yes, but I am giving you the combined operations for the way in which we are functioning as a department. You have to offset the profitability of \$2.5 million from SATCO because the timber products operations are now one. That is the overall result, because there is profitability coming from SATCO. That is how that figure is arrived at, and it is proper that the overall figure is given in that context.

We are getting advice on the other matters. I will take that on notice because these are estimates. I will get an answer before 1 o'clock. These are approximations for the next year. It depends on a whole range of variable factors. We are finding out what issues have been factored in.

**Mr D.S. BAKER:** The forest rotation of Woods and Forests has always been out of kilter with private sector

rotation. Can the Minister provide us with the number of hectares of timber by variety and year of planting? Perhaps he will take that question on notice. Can he also explain why the forest rotation in Woods and Forests is approaching 47 or 48 years, whereas in the private sector it is 32 to 33 years?

**The Hon. T.R. Groom:** Our rotation length is 45 years, and that is a very conservative assessment. It has been determined on an analysis of alternatives using the Department of Primary Industries forestry long term growth model. I am advised that it is the best in the world. The position that the honourable member puts is the position put by Mr De Bruin of SEAS Sapfor to reduce our rotation length. The view from SEAS Sapfor is not shared by other sectors of the industry, because I have discussed it with them. If we reduced the 45 years to 32 years, we would be selling off our future.

We would be getting some short-term gain and no forestry industry in years to come. That is not a responsible position for any Minister to adopt and I do not think for one moment that if the member for Victoria were in this position he would adopt that, either. I have looked at this and looked at the issue of reducing the 45 years to 42 years. One report states that it is desirable to maintain a conservative regime—

**Mr D.S. BAKER:** One report but no decision, again.

**The Hon. T.R. Groom:** He is the leading expert in Australia, and he has adverted to it in an overall review. This is Prof. Ferguson, head of the forestry school at the Melbourne University. He had been engaged by the Auditor-General, as the honourable member was probably aware, and he included a paragraph to the effect that it is desirable to maintain the 45 years. Because I have received some industry representations in relation to this matter, I have asked for wider advice to see whether there is any scope for safely reducing the rotation length from 45 years to perhaps 42 years without endangering or selling off our future. If that is against the proposal, it will stay at 45 years.

**Mr D.S. BAKER:** The question I asked was: will the Minister provide on notice the number of hectares of timber by each variety and year of planting?

**The Hon. T.R. Groom:** We will do that.

**Mr D.S. BAKER:** How many cubic metres of timber are supplied from Woods and Forests to Forwood Products per annum? At what price does that timber change hands? Is it at the same price as timber is sold to commercial operators?

**Mr Millard:** In the coming year, from Primary Industries plantations to Forwood Products we are agreeing to supply half a million cubic metres of sawlog. That sawlog will be transferred at prices that are our standard published royalty rates and the same rates that are applicable to all other purchasers from us.

**Mr D.S. BAKER:** What happened last year?

**Mr Millard:** I do not have the numbers with me, but they are published in our annual report.

**The Hon. T.R. Groom:** They will be provided later today.

**Mr HOLLOWAY:** One of the issues on page 554 of the Program Estimates is stated as follows:

There is increasing interest in the use of forests and woodlots for effluent and water waste disposal.

What is currently being done in this regard and what is the potential for large-scale plantings using these resources?

**The Hon. T.R. Groom:** The forestry group is currently engaged in two aspects of land-based reuse and disposal of effluent waters. Use of existing forest plantations (by promoting growth whilst sequestering nutrients, salts and



heavy metals) and examining the requirements for sustainable irrigated plantations or woodlots to achieve long-term, safe disposal and provide benefits from forest products that will reduce the net cost of disposal. Forestry's concern is to enable reuse and disposal of effluent in a sustainable manner.

It is continuing to manage the disposal of piggery effluent over a large section of Mount Gambier forest district, taking effluent for about half the year. The group has been making investigations into the potential of existing radiata pine plantations to absorb secondary sewage effluent from a number of small rural communities in the Mount Lofty Ranges and the Lower South-East as a precursor to irrigation of the pines and safe local disposal.

It has been advising and cooperating with local government and the Engineering & Water Supply Department. The forestry agency of Primary Industries is continuing to investigate growing native hardwoods, many of which have commercial value, for their use in irrigated woodlots and sustainable large-scale plantation estates for Southern Power and Water. The group is making a special study of sites to the north of Adelaide that are marginal for other uses. The forestry group is directing research into establishing rates for water use and nutrient uptake from effluent, detecting the nature of changes to mineral soil and soil water as irrigation continues over the years and as the trees grow.

Research projects in effluent disposal have been included in a cooperative project with the Centre for Groundwater Studies, aimed at producing effective and efficient designs of systems used for land-based disposal. This work is supported by the Land and Water Resources Research and Development Corporation. Annual field days have been arranged in connection with the hardwood research at Bolivar, and we are currently examining the use of Bolivar reclaimed water to bring to the northern Adelaide Plains. That project is very well advanced. It is one that I strongly support, because it will double production in the northern Adelaide Plains, and all tests so far indicate that the use of reclaimed water will be safe and will mean an enormous boost to productivity.

**Mr HOLLOWAY:** Also on page 554 of the Program Estimates, one of the specific targets for the current financial year is to continue the plantings and management of the agroforestry demonstration area at Gumeracha. What is the purpose of this demonstration site and what is the level of interest shown in this type of land use?

**The Hon. T.R. Groom:** The purpose of this area is to establish different types of forests, including a range of farm forestry options, to demonstrate their value to the community. A range of agroforestry options are being demonstrated using both hardwood and softwood species that can be adopted for sustainable, productive land management in the Mount Lofty Ranges. Species selected are those with potential to be utilised commercially. Various tree spacings and stockings are being tested. It is intended to space and prune some plantings at the appropriate age, and livestock will be introduced when trees are sufficiently tall to minimise the risk of stock damage.

There is increasing interest in agroforestry in South Australia. Currently only a small number of farmers have agroforestry woodlots on their properties in South Australia. However, there is potential for much wider use of agroforestry using a range of species and planting configurations that have not been demonstrated in South Australia until now. Primary Industries SA is responding to landowners who are trying to get more out of their revegetation initiatives and

diversify farm income with this large-scale demonstration of agroforestry concepts at Gumeracha.

Commonwealth funding has recently been received for the Hills farm forestry project. This recognises the high level of interest in agroforestry and the program will lead to further demonstrations being developed on private land, which build on the initiatives at the Gumeracha demonstration site. The result will be a network of agroforestry areas on public and private land in the Mount Lofty Ranges that demonstrates to landowners the wide range of options that can be considered when planting trees for land rehabilitation, wind breaks and shelter, aesthetic purposes and diversification of farm income.

**Mr HOLLOWAY:** Page 541 of the Program Estimates lists one of the issues as follows:

There is a continuing emphasis on improving the yield from the forest resource, while recognising that environmental issues must be addressed.

What measures have been adopted to improve yields and what has been their success?

**The Hon. T.R. Groom:** The measures recently adopted by forestry to improve productivity are: slash retention on the site following clear felling. For many years the slash (that is, the remainder of the tree left on the ground after the commercial log has been removed) has been wind drowned and burnt. Burning resulted in the loss of organic matter and nutrients from the site. Current practice is to remove as much of the stem waters as practicable and to crush the remaining slash with a chopper roller. This method retains the organic matter and nutrients evenly spread over the site. A large rubber tyred tractor has been purchased to improve the efficiency of chopper rolling.

Another measure is refinement in weed control. Trials have been undertaken to determine the best weedicides and the best application procedures to obtain optimum growth. The results of these trials are used to determine best use of weedicides and for each individual planting site. The use of high analysis fertilisers is another measure. High analysis fertilisers have been used in appropriate areas. The replacement of low analysis fertilisers has meant that a greater area can be treated and greater productivity expected. The effect of applying weedicides and fertiliser on ground water quality is of concern in the South-East. Primary Industries is currently investigating the breakdown of atrazine in the soil and the effect of using piggery effluent in plantations.

**Mr MEIER:** Can the Minister give an indication of the extent to which timber output will increase in the next 10 years or so as a result of the timber that may be harvested from the woodlots? Could he express that in terms of percentage increase or real value increase?

**Mr Millard:** The increase in wood available through woodlotting will depend, firstly, on the uptake by rural landholders and, secondly, by how well they establish it and how they manage their forests. We have worked with Kimberly-Clark to encourage the establishment of eucalypts. In those plantations we are anticipating about 20 cubic metres per hectare per year of eucalypt wood. That will supply all of Kimberly-Clark's requirement for eucalypt wood. On the softwood plantations to date we have not had a great deal of uptake of farm forestry planting softwoods. We have now received funding from the Federal Government under the national forest policy initiative for farm forestry programs, and we will be establishing trial plantings in the South-East on private land to demonstrate to farmers the economic benefits of growing softwoods.

We encourage them by harvesting the wood and selling it on their behalf, but the viability of softwood from those sorts of initiatives will depend on the uptake, and that is one of our priorities for the next two years under the national forest policy grant to try to encourage more farmers to take it up. In terms of the percentage increase, in the South-East region we have about 70 000 hectares of Government plantations. We have about 30 000 hectares of private plantations owned by large industrial companies and the percentage increase will be proportional to how many more plantings we get.

**Mr MEIER:** In my own area, which includes Yorke Peninsula, I thought that most council districts there could have woodlots operating with their effluent disposal systems. So in relation to council areas, to what extent could councils liaise with the Primary Industries Department before setting up a woodlot? To what extent would Primary Industries, through the timber products section, be encouraging councils to undertake such projects?

**Mr Millard:** We would encourage councils to talk to us. In fact, we are working with Southern Power and Water in relation to effluent disposal at HIAT and we are building up a significant basis of scientific knowledge to advise people on that. We are also working in the southern hills region to look at the opportunities for disposal of effluent onto plantations. We would not want to encourage extensive use across the State until it is proven, but we would encourage councils and advise councils in establishing small trial lots to test the applicability on their soil types and in relation to the species that might be suitable for their particular climate. We see it as part of our responsibility to advise local government on these issues to the extent that we can be certain of what we are telling them.

**Mr MEIER:** The Minister has referred today, and also previously, to the woodlot that has been established in the Virginia/Bolivar area. How large is the woodlot proposed to be at the end of five years?

**The Hon. T.R. Groom:** What has actually taken place at Bolivar is a pilot study covering 14 hectares. Having been out there and inspected it, it is quite clear that it has been a very successful project. I think there is an opening in relation to it on Sunday. The use of reclaimed water, likewise, has done the job. So that has given us a lot of confidence to go forward and use the effluent of something like 45 000 megalitres of reclaimed water that goes out to sea each year, and that is of course diluting the gulf. The availability to use that reclaimed water and take it into regions like the northern Adelaide Plains following successful practices, such as with the hardwood pilot study at Bolivar, is going to mean an enormous amount to the rural community in the next time frame.

**Mr MEIER:** Seeing as that quantity is going out at present, can the Minister estimate what percentage will not go out into the sea as a result of the woodlot over the next five or 10 years? Has an assessment been done on the potential of profitability on that woodlot as a commercial operation?

**The Hon. T.R. Groom:** Can I just say that the purpose of the pilot study is to then use reclaimed water on a much wider scale, but it is also being used in the context of developing the northern Adelaide Plains, because arising out of that pilot study is a proposal to build a \$37 million pipeline which will go into the northern Adelaide Plains from Bolivar. The pipeline proposal will finger out so it can be used by horticulturalists and growers in the northern Adelaide Plains. The

successful completion of that study will have an impact on the future use of reclaimed water, once the water is into the northern Adelaide Plains. I am not sure of the actual proportion that will still go out to sea, but our estimate is that water will be delivered to growers and horticulturalists in the northern Adelaide Plains at about 10¢ a megalitre. I will ask Mr Millard to respond to the rest of the honourable member's question.

**Mr Millard:** Although it is only an estimate, it is estimated that if the volume of surplus effluent was to be used on plantations it could support 3 000 to 4 000 hectares.

**Mr MEIER:** In the Minister's last answer he said that the \$37 million pipeline is proposed. He would be aware of the growers who currently use effluent water; some of them are growing pasture and some of them potatoes and other vegetables. I have had to take it up from time to time when problems have occurred over Christmas, and unfortunately this has led to the ruination of some of them, so I hope this is all being taken into account with this new extension.

I have been advocating an extension ever since I have been in this institution and, looking back through *Hansard*, I see that it goes back to Steele Hall's time, when he said that a pipeline needed to be constructed. The then estimate was, on today's figures, about \$100 million, so let us hope this \$37 million one will do the job. My question leads on more from the Minister's earlier comments about agroforestry and its extension—it sounds as though this is particularly in the Adelaide Hills zone and perhaps in the South-East. To what extent has research been done on the potential for agroforestry to come into the slightly drier areas such as Yorke Peninsula and the Mid North?

**The Hon. T.R. Groom:** This happens to be a particular interest of mine, and it stems from my trade delegation to Israel. What is taking place in Israel, which has been a land of 50 per cent desert and semi-arid regions, and the way in which tree planting and agroforestry has led to a change in the climate, is nothing short of miraculous. They have planted billions of trees over the past 20-30 years, changed the climate and, in areas that were formerly semi-arid, you now see horticulture.

I have met with some of our tree planting organisations and indicated that I would be receptive with regard to funding to target particular areas on Yorke Peninsula and Eyre Peninsula in a dedicated program so that we do change the climate in that way and also protect the environment. I think the honourable member is correct: that is the proper stance that we should be taking. I will be doing my utmost in terms of implementing policy to bring about these sorts of dedicated, targeted results, because I have seen for myself the great benefits that are involved.

In Israel, a lot of it has been eucalyptus trees. I know that, historically, on Yorke Peninsula a lot of trees were cut down. In Israel they indicated to me that they simply used some elementary methods: took the low point of the land, planted some clumps of trees there and allowed what rain that fell to collect. They would build a dam around the trees and, without having to water them, simply use some elementary, basic, Biblical techniques. That is something that the honourable member can look forward to with some confidence; I have started the mechanism to do that. Mr Millard has some experience in dry seeding in other areas, and perhaps he could add to that.

**Mr MEIER:** Would farmers do it or would there be dedicated areas?

**The Hon. T.R. Groom:** I have in mind to use the Trees for Life and rural tree planting programs in a more dedicated way and to bring about not only planting trees for the environment but also economic commercial benefits, because we do have semi-arid areas, particularly in our arid regions, and I see no reason not to do this. In many of our pastoral regions there is a very good water supply underground, so it needs coordination with other agencies. Israel was a very good example of how they have changed the climate in this way without drawing too much on resources. Mr Millard has done some work on this in Murray Bridge, so I will ask him to complete the answer.

**Mr Millard:** Significant innovative work has been done at Murray Bridge, particularly in what is now the sustainable resources group and State flora nursery there. Work has been done on direct seeding technology, and the technology has been continually improved so that, as the Minister said, we try to make water more available to trees by creating scooped out holes when we are direct seeding, spraying bitumen on to stop the sand from blowing away and moving the seeds and to help capture water.

A number of developments have occurred at Murray Bridge that have made it possible to plant a wide variety of species over quite large areas very cheaply, using what we call the Rodden seeder. That seeder has been picked up by other community tree planting groups such as Trees for Life and Greening Australia and is being used on these dry areas with that sort of technology to take advantage of all the available water.

**Mrs HUTCHISON:** From time to time there are issues which seem to be the subject of extensive ongoing negotiation, and one of those would appear to be the issue of whether local government rates should be paid on Primary Industries' forestry land. Will the Minister say whether there has been any resolution of this problem yet?

**The Hon. T.R. Groom:** Again, contrary to the assertions of the member for Victoria, this has been another positive initiative that has taken place since I have been Minister. In January of this year I established a joint State-local government working party to progress issue, and the recommendations of the working party were reported to Cabinet on 19 July. The position that was arrived at was approved by Cabinet.

In that context I should say that the total amount of assistance in grants and concessions that the State Government provided to local government in 1992-93 was \$68 million, so as a State Government we heavily support local government. Nonetheless, the rating issue had been in the system for some time and I decided to tackle that issue and try to bring about some resolution.

The agreement that has been worked out with the Local Government Association and the South-East councils that were represented on that working party—which I attended; I attended the first meeting and had regular briefings—is that Primary Industries will make a contribution to local government for two years, equivalent to normal rates payable on land use for commercial purposes, which will be subject to review thereafter.

That was one of my requirements, to coincide with local government's position that forest road grants provided by the State Government will be discontinued, and these funds will be redirected through Primary Industries (SA) as a contribution to rate payments. Local government will then commit that \$310 000 per annum to forest roads for Primary

Industries (SA) for two years, based on priorities agreed with local government and subject to review thereafter.

Services currently provided to local government by Primary Industries (SA) will be provided on a normal commercial basis (there are a number of things we do in that area), and councils will consult with Primary Industries (SA) and private forest growers on a regular basis over forest road requirements. That means in net terms that, allowing for the offset in forestry road grants that we will not have to make, the net outflow from the State is approximately \$250 000 to \$300 000. Some of that net cost to the State will also be further reduced for charging for some of the services that we already provide to local government on a normal commercial basis. I might add that local government was extremely pleased with this balanced outcome.

It does mean that our operations are placed on a proper commercial footing with the private sector and I think that that was a proper position for us to adopt. It is a good example of how you can bring local government and State Government together in a working arrangement to resolve what had been an extremely contentious issue. It does mean benefits to those South-East councils, which will benefit from the State making additional contributions to local government, notwithstanding that the overall State Government contribution to grants and concessions to local government was running at \$68 million.

It is an extremely positive outcome, which means an increase in income to local government councils, particularly those in the South-East and other councils such as Gumeracha and East Torrens, which I think would be included in that.

It was not an easy matter to resolve because it had been going on for about three or four years before I became Minister. It was not an easy matter to resolve—it was extremely contentious but as a result of the initiatives that were undertaken a balanced position has been achieved.

**Mrs HUTCHISON:** As to the devastation caused by the Ash Wednesday fires, one of the objectives identified on page 542 of the Program Estimates is the continuing improvement in the productivity and yield of the forests. Can the Minister comment on the effectiveness of the program to replant the pine plantations in the South-East which were destroyed after the Ash Wednesday fire and which it is understood have been completed after 10 years?

**The Hon. T.R. Groom:** As everyone knows, it was a most devastating event and it had serious consequences so far as our operations were concerned. The net area of plantation, estimated to have been destroyed after the Ash Wednesday bushfires, was 18 083 hectares in the South-East region. In 1983 a program to re-establish these plantations over a period of 10 years was initiated with the first areas actually being planted in that year.

Planting reached a peak in 1986, with 2 400 hectares being established. As a means of comparison, the planting area required each year to sustain the forest under normal management practices is 1 400 hectares. When I became Minister I went down and inspected the areas devastated by the Ash Wednesday fires to enable me to understand properly the ramifications and also to ensure that everything that needed to be implemented was being done. At the conclusion of the planting program in 1993 a total of 18 242 hectares had been established, with about 730 hectares remaining to be planted in 1994 to give a net total area of 18 971 hectares, an area which is 4.9 per cent greater than the original net loss. The increase has been achieved in several ways:

- First, there is a more efficient approach towards plantation design, with a reduction in the proportion of unproductive land occupied by fire breaks and access tracks. This has been done in consultation with the other forest owners in the South-East to ensure a consistent approach that recognises an appropriate level of fire protection.
- Secondly, development in-site preparation techniques that involve the use of specialised equipment such as chopper rollers, bedding ploughs and mound ploughs have enabled successful plantation establishment on sites that in the previous plantation were unplanted.

The development of intensive site preparation techniques together with attention given to the elimination of competition from weed species and the selective use of fertiliser has resulted in plantations that in most cases show a significant improvement in productivity over the previous rotation. In terms of timber production over the length of a rotation, this represents an increase in volume of at least 150 cubic metres per hectare for most sites and in some exceptional cases up to 300 cubic metres per hectare.

In the first two years of growth for these new plantations the single most significant boost to growth has been achieved through the control of competing weed species. The use of fertiliser to promote growth is used more selectively to maintain the competition of early growth. However, all sites would receive at least one application in the first five years based upon the results of growth plots that are monitored to determine when tree growth falls below a pre-set level.

The range of establishment and tendering procedures that have been developed over the past 10 years have demonstrated their cost effectiveness through increased timber outputs. Expenditure on this work has not exceeded budget estimates in any year.

In summary, the work of re-establishment, including as it does the development of improved techniques and safe work procedures, is to be commended. There is no doubt that the new forests are more vigorous and productive than those which they have replaced. So, a most devastating event has been harnessed in the way I have outlined.

**Mrs HUTCHISON:** As to the merger of the South Australian Timber Corporation into Forwood Products on 1 July, can the Minister provide a summary of the SATCO trading results for its final year of operation as an investment entity?

**The Hon. T.R. Groom:** Again, SATCO was one of those instrumentalities that was regularly criticised by the Opposition for some of its decisions.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** You simply have to look at the turnaround. Despite the fact that the member for Victoria grizzles, he does not want to recognise the turnaround that has taken place, particularly in the past 12 months. A group trading profit of \$2.4 million was recorded by the corporation in 1992-93, an increase over double the 1991-92 profit of \$1.057 million. The group operating profit represents a pre-interest return of about 15.17 per cent, compared with 7.7 per cent in 1992 on net assets and 9.6 per cent—compared with 5 per cent in 1992 on total assets.

This good result reflects a solid performance by IPL (Australia), with a \$2.643 million profit compared with \$1.645 million in 1992 and a \$474 000 profit with the Victorian operation compared with \$267 000 in 1992. Mount Gambier Pine Industries recorded a small loss of \$16 000, which compared with \$.142 million in 1992 due to a continu-

ing price competition and depressed demand in the furniture component industry.

The group result represents a further pleasing increase on reported profits in 1992 and reflects the benefits of expanding production capacity of laminated veneer lumber (LVL) at Nangwarry to meet the steady growth in demand for engineered timber products. As to the LVL line, early this year I was able to announce a \$5.5 million expansion of that line that will be commissioned in November. All these positive things have been taking place unknown to some members of the Opposition, presumably.

All SATCO operating divisions were formally merged with Forwood on 1 July 1993. As members should be aware, from February this year all new employees were engaged by Forwood, even if they were to work in sawmills, and casual employees who had been employed during 1992 also became employees of Forwood from February onwards.

So, some very difficult decisions industrially have been taken, but the results are there. There has been a turnaround in profitability to a significant extent and, of course, this means jobs to local people and it means a secure future in the South-East.

**Mr D.S. BAKER:** Consats has operated in the South-East selling unprocessed saw logs. Did the Minister issue that company with a licence to export that saw log?

**The Hon. T.R. Groom:** I am surprised at the honourable member's question because State Governments do not control export licence; that is constitutionally the province of the Federal Government. The States have no constitutional role in granting export licences. It simply confirms my view that the Opposition has difficulty understanding what is taking place in Primary Industries if that is the sort of question I am going to be asked. As a State Government, at a practical political level, we have the opportunity to make representations to Federal Government; there is a notification procedure. That notification procedure simply means a letter saying that various consortiums—I think it was Treecorp—applied for a licence to export, in this case, unprocessed saw log.

We were simply asked for comments. The comments we gave were that the saw log was needed in the South-East. Ultimately all that was sourced from South Australia was 5 000 cubic metres, which was determined by the Federal Government with 95 000 cubic metres sourced from Victoria. The matter was dealt with by letter at officer level stating the position of the State Government, that the unprocessed saw log was simply needed in South Australia. In that context I simply want to say that we do have to function internationally. I do not know the difficulties encountered with Consats Pty Ltd. I have had varying reports to me as Minister but I do not propose to say anything further until actual facts are known.

**Mr D.S. BAKER:** I presume from that answer that the Minister is telling me that the State did not have to issue the licence, which is correct; that his officers, on behalf of the Minister, recommended to the Federal Government that the licence be granted. Did the Minister check on the financial backing of the people seeking licences?

**The Hon. T.R. Groom:** We notified the Federal Government that the log was needed in the South-East, and that was the position that was adopted. We did not approve anything. We were simply asked to give some input in relation to that matter. In any commercial transaction there is an element of risk involved and people who deal commercially, whether it is in the horticulture industry with regard to perishable products or dealing commercially overseas with a company

and the requirement of payment, people take a commercial risk. If anyone has lost money as a result of a commercial risk being taken, then, of course, that would concern me very greatly. This is simply a matter of the commercial world regulating its own affairs.

If the honourable member wants a regulatory regime or some sort of register an army of people would be needed to go through the books and accounts of any particular organisation. Maybe that is the path the honourable member wants to go down. If anyone has lost money as a result of any commercial transaction in the South-East involving any commercial dealing in primary industries that would concern me greatly. If there are any suggestions that the honourable member has as to how these matters should be verified I am open to receiving representations from him.

**Mr D.S. BAKER:** I presume from that answer that the Minister did not check on the financial backing of those people seeking licences. At page 523 of Program Estimates there is a line, 'supply of plant nursery products'. As far as full-time equivalents are concerned it appears that there are as many people employed in supply of plant nursery products as there are in harvesting logs in the forests in South Australia. Does the Plant Nursery Division make a profit? Does it compete with the private sector, and is it justified to have personnel levels of this magnitude?

**The Hon. T.R. Groom:** I will ask Mr Dundon to explain. You will have to meander through the agencies.

**Mr Dundon:** The figures referred to on page 523 refer to the situation as it pertained in 1992-93. For the forthcoming year you will need to turn to pages 525 and 526. You will see under 'Sustainable Resources' that the average full-time equivalents for the supply of plant nursery products is 29.3. So there has been a slight reduction over the previous year. On page 526, with respect to harvesting and delivery of log there has also been a slight reduction on the previous year with 32.5 full-time equivalents.

There are two different businesses at play here. In the case of the supply of nursery products it is a production operation, which is predominantly in place to supply seedlings and plants for revegetation programs across the State. In the case of the harvesting of forest products we have a team of people whose role it is to manage the private contractors who do most of the forest logging and harvesting activities. Different businesses are at play: one is an actual production business and the other is an oversight or management of private contractors. There would be a larger number of people involved in harvesting than the 33 people shown in the papers.

**Mr D.S. BAKER:** Part of the question was: does the nursery make a profit from its operations?

**The Hon. T.R. Groom:** That requires a matching process. We will have to take it on notice and let the honourable member know.

**Mr HOLLOWAY:** At page 541 of the Program Estimates under 'Specific Targets' for last year it states:

Under agreement with Kimberly-Clark Australia (SA) Pty Ltd professional advice was provided to assist forest owners with the establishment of some 650 hectares of eucalypt plantations on private land.

I am aware that in the past Australia actually imported eucalyptus pulp from Brazil, Portugal and places like that. What has been the outcome of those negotiations?

**The Hon. T.R. Groom:** Again, contrary to the position advanced by the member for Victoria, Primary Industries has been active in this area, and it has been working with

Kimberly-Clark (Aust) to promote the establishment of eucalypt plantations for use in the Millicent pulp mill (the honourable member's electorate). To date approximately 2 200 hectares of plantations have been established, with planned expansion to a total of 6 000 hectares. Work on—

*An honourable member interjecting:*

**The Hon. T.R. Groom:** Despite the opening address of the member for Victoria I expected to have some sort of policy position put to me that the Opposition would do differently and it does not eventuate. So I can only presume—

*An honourable member interjecting:*

**The Hon. T.R. Groom:** Well, it has not eventuated in any of the questions you have put. I have actually heard no policy position put forward that you would do anything differently. I continue my answer to the honourable member's question. Work on encouraging *pinus radiata* plantations has mainly involved thinning existing plantations of private woodlot owners, in order to demonstrate the viability of pine plantations and improve future log yields. Over the past three years approximately 350 hectares of private plantations have been thinned. Primary Industries will be promoting the establishment of forests on cleared agricultural land with two grants from the Farm Forestry Program. This program is a Commonwealth initiative announced at the launch of the National Forestry Policy Statement. The grants are for \$308 000 in the South-East region and \$205 000 in the Mount Lofty Ranges. They are for two years and will be used to set up demonstration forests, carry out farmer education programs on forestry and land care techniques and prepare operational manuals. The projects will be guided by management committees made up of representatives from farmer and forestry groups, local government, industry and PI(SA). After lunch I hope I can hear some policy positions to justify their attacks on Primary Industries.

*[Sitting suspended from 1.2 to 2 p.m.]*

#### **Additional Departmental Advisers:**

Mr B. Windle, General Manager, Horticulture  
 Mr P. Gibson, General Manager, Field Crops  
 Mr H. McLelland, General Manager, Marketing and Development  
 Mr A. Johnson, Leader, Soil Conservation, Sustainable Resources  
 Mr T. Brown, General Manager, Livestock  
 Mr G. Broughton, General Manager, Rural Finance and Development

**Mr HOLLOWAY:** My first question relates to human resources management. What steps have been taken to integrate the human resources policies and practices of the three former agencies in the new department?

**The Hon. T.R. Groom:** The integration of human resources policies and practices has already occurred to a great extent. The policy has been approved by the Executive and is with the unions for endorsement. In addition, an integrated program of activities for occupational health, safety and welfare prevention activities is being finalised now with a view to ensuring that the Department of Primary Industries achieves the Government's targets in this respect.

An integrated equal employment opportunity agenda is being pursued as part of an expanded managing diversity framework. A program will be implemented in this financial year. Special emphasis will be given to sexual harassment, inclusive language, family responsibilities and the incorpora-

tion of equal employment opportunities and managing diversity principles in the design and filling of OD vacancies in the department. The recording, managing and reporting of workers compensation matters have been integrated throughout the department. A number of steps and measures have been taken to integrate human resources management policies and practices in the former three agencies. That is important for staff morale, and staff morale in the Department of Primary Industries has never been higher, contrary to the assertion of the member for Victoria.

**Mr HOLLOWAY:** I understand that the former Minister (now Premier) made a visit to Turkey in 1991 and that you visited again in May this year. There has been a lot of publicity about the Turkish market, particularly for our technology. What progress has been made towards developing that market?

**The Hon. T.R. Groom:** Turkey is a very important destination so far as South Australia is concerned, because it is at the cross roads. Geographically, it is well located, and the Premier certainly earmarked Turkey as a very important country for us to deal with. Turkey has embarked on the world's largest irrigation scheme in its south-east region, and we have been endeavouring to sell our irrigation technology for the system. During my visit to Turkey in May, I held discussions with my counterpart about our interests and received approval, subject to financial negotiations, to proceed with a South Australian-Turkish joint venture demonstration and training farm on the Harran Plain in the south-east region. Since my visit, of course, a new Government has been formed in Turkey and a new Minister appointed, but contact has been maintained about the matter at official level. In fact, when I was there, my counterpart Minister advised me of the change that was about to take place, but he made certain directions to ensure that his successor would accept the commitment that he made at the meeting that we had with regard to the demonstration farm.

I should add that we have opened up a wide range of contacts in Turkey, including an agricultural cooperation and training agreement between the University of Adelaide and the University of Cukurova. At my invitation, the Dean of the Faculty of Agriculture, University of Cukurova, will visit South Australia in April 1994. I should also add that through earlier contact work, a South Australian company has sold viticultural technology to Turkey and another grain storage system. Turkey is going through an economic transformation and South Australia, because of its technology and links with Turkey, which were established by the former Minister and carried on by me, will be well placed economically to benefit from that relationship.

**Mr VENNING:** I hope that the Minister will keep his answers fairly short, and we will try to keep our questions short, and hopefully, Mr Acting Chairman, you will give us liberal use of supplementary questions so that we can get through the subject lines quickly.

**The ACTING CHAIRMAN:** We will go according to Standing Orders. Nothing has changed regarding Standing Orders. I will Chair the Committee, and I do not wish to receive advice from the Committee.

**Mr VENNING:** I respect your decision, Sir, but hopefully we will get somewhere. My first question refers to the Program Estimates at page 519. The gross summary figures for the Department of Primary Industries paint a very sorry picture. Actual expenditure in 1992-93 at \$254 million was \$43.3 million down on the proposed amount and the 1993-94 estimate is \$37.3 million down on that. In other words, on

these figures, primary industries in this State in the coming year are to be cut by \$80.6 million, or 27 per cent, on what was deemed necessary a year ago. I remind the Committee that a year ago this department was the lowest funded of its type in Australia. When we realise that 60 per cent of the State's income comes from this department, it is an absolute disgrace. The starting figures show where the cuts are being made. The full-time equivalents are projected to be down from an actual figure of 2 051 at 30 June 1993 to an estimated 1 130 at 30 June 1994—a 45 per cent decrease, and SARDI has not picked up the losses. Is this massive reduction to be achieved solely through TSPs; and how much are the TSPs expected to cost in this financial year?

**The Hon. T.R. Groom:** That question and analysis confirm what I said at the outset: that the Opposition does not have any grasp of the Department of Primary Industries' budget or the SARDI budget and the way they integrate. If that question is an indication of the sort of analysis that will lead to policies from the Opposition, it will be a sorry day for South Australia. The honourable member has forgotten that the South Australian Research and Development Institute was formed in October 1992. He used the 1992-93 figures and looked at \$254 million and then down to \$216 million for 1993-94 and said what a massive reduction it was, but you have to go to page 559 where it reappears under the SARDI budget. He will find there that basically those figures match.

That is why I made the opening statement that the member for Victoria described as a load of rubbish, and I presume that he included in that remark the huge amount of assistance that has been given to farmers through the Rural Assistance Scheme. I made that opening statement so that members would understand that the South Australian Research and Development Institute is a separate organisation from the Department of Primary Industries and has harnessed the research functions of the Department of Primary Industries.

When the honourable member says 'What a dramatic reduction,' it indicates that members of the Opposition are simply looking for negatives and, in the search for negatives, trip themselves up and fall down a hole, because that is exactly what the honourable member has done. I draw the honourable member's attention to page 559, where he will find that that reappears, the \$32 million and the \$55 million dollars. And when you come to staffing, of course you will get the same result, because we transferred a significant amount of staffing from Primary Industries to the South Australian Research and Development Institute.

The honourable member will find that the answer lies in the fact that the agencies have been separated. I honestly do not know what preparation members of the Opposition have done with regard to the Estimates Committees hearing, because a question of that nature should not reappear if you are properly in control and understand the processes that are taking place. It just confirms my earlier suspicion, which was highlighted by the member for Victoria's opening statement, where he canned everything that is taking place in Primary Industries—all the positives, all the farm diversification, all the rural assistance—to receive a question like that.

I said in my opening statement that you will have difficulty if you try to compare the agency figures for 1992-93 with those of 1993-94, because they have been separated. That is where the answer is.

**Mr VENNING:** As a supplementary question, I have looked at the other page, and it has been designed to confuse. When you look at it, at best, when you take the money that has been spent on SARDI, at the outside it is \$32 million—

*The Hon. T.R. Groom interjecting:*

**The ACTING CHAIRMAN:** Order! I ask you to let the honourable member ask his question and then I will give the Minister an appropriate time to answer.

**Mr VENNING:** On full-time equivalent places it certainly does not fill the gap by any stretch. It is done this way deliberately to confuse people, and it is very difficult to cross match them. We are talking about SARDI, which is new and which is not fully in position or fully operating. Even when you take those figures into consideration, there is a massive shortfall and a continuing downward spiralling. I would like to remind the Minister that the people in his department, and they are telling us all, from the top level to the lower level—

**The Hon. T.R. Groom:** Is this a question?

**The ACTING CHAIRMAN:** Order! The Chair is in the position where he cannot put words into the member's mouth or into the Minister's mouth. Fortunately or unfortunately, as the case may be, each question can be asked in the way the honourable member wishes to ask it and all questions can be answered in the way the Minister wishes to answer them. That is why I had difficulty in accepting the honourable member's original proposition that the answers be short. I assume that if the honourable member wants a lot of answers he will make his questions short. The member for Custance.

**Mr VENNING:** In the department the morale is extremely low, contrary to what the Minister said. I will go anywhere on any media to refute that remark, because morale is very low, not only because of the sackings but also because the TSPs are being offered in certain areas and the department has lost key people in critical areas. This is why morale is low. They do not know who is to go next, who will be offered and who will not. Bearing in mind that we have lost tremendous expertise in the area, particularly the former Director, right through the ranks, we have lost all the expertise of the old department and now have a person in charge who is basically in charge of accounts and books and is running the department, looking at dollars and cents.

**The Hon. T.R. Groom:** I honestly do not know how to answer this question.

**The ACTING CHAIRMAN:** The Chair is not in a position to—

**Mr VENNING:** The question is coming on right now. When will the next TSPs be achieved and how much are the TSPs expected to cost in this financial year?

**The Hon. T.R. Groom:** There must have been 20 questions in that statement.

**Mr VENNING:** That is the one I want the answer to. Just the one will do.

**The ACTING CHAIRMAN:** Order! The member for Custance has taken 4½ minutes to pose his question, and he should have said in that time everything that he wanted to say. I ask him to allow the Minister to answer the question.

**The Hon. T.R. Groom:** I want to come back to the first question in that package dealing with the Estimates Committees, because I will not let the honourable member go. Notwithstanding the explanation that I have tried to put to the honourable member, he still wanted to find a negative. He still said, 'You match up the Primary Industries with SARDI and you still get a shortfall.' First, if you match up the total expenditure, that is not right. The honourable member took 1992-93 as \$254 million and then compared it with 1993-94 at \$216 million, then said that when you start adding in 1992-93 and 1993-94 you will find that there is not much of a difference.

There is a difference, which will be attributable to operational efficiencies and to some TSPs and, also, to capital expenditure, since the capital expenditure for 1993-94 will be very different, because we allocated moneys. The West Beach Aquatic Research Centre will be opening probably in November or December this year and there are developments and expenditure in relation to the Waite. Most of any differences would be explained in terms of capital expenditure needs, not the operating expenditure. When he came back to the employees, the honourable member still said 'But you add the number of full-time equivalent employees and you have 2051.5 and 1130.1, and match that up with SARDI and you still get a shortfall.'

Of course! Because something like 834 went to Forwood Products from the former Woods and Forests. It is quite clear that members of the Opposition, despite the whole year's questioning; despite all the opportunities that have been there in Parliament; despite all the press releases that I have issued and all the statements that I have made; all the opportunities have been there for the Opposition to ascertain this material and, lo and behold, 12 months down the track at the Estimates Committee it is quite clear that members of the Opposition just do not understand what has actually taken place in Primary Industries.

That is also why they are wrong in relation to staff morale. The department is an extremely well administered and well run department that has maintained the support of its rural constituencies, despite the fact that we have been required to adopt the GARG requirements, and we have done that. We have been required to restructure; we have been required to enter into TSPs; and, as the first superdepartment, we have done this very successfully.

I have been to all the Government branches of Primary Industries throughout South Australia during the time that I have been Minister, as have the Chief Executive Officer and senior officers. Morale is extremely high in the department because of the fact that the department has delivered services to the rural sector during some extremely hard times for the rural sector, and maintained its rural assistance programs—which have been described today by the Opposition as a lot of rubbish.

If all the exceptional circumstances money and all the 2 850 applications were granted, in round figures of the order of \$70 million in assistance to the rural community would flow during 1993-94, and today the member for Victoria described this as a load of rubbish! I could tell this Committee, those farmers out there who have received that assistance would not have got through without that high level of Government assistance. Without making the difficult decisions we would not have the successful operations we described this morning with regard to the turnaround in our timber forestry.

Without those changes we would not have a successful South Australian Research and Development Institute. If members of the Opposition want to understand better what is going on, I can arrange some briefings for them, because it is quite clear that in the past 12 months all this has gone above their heads.

With regard to the TSPs, I will take the question on notice and give the honourable member full details. But I will say this: I targeted, and I made this plain earlier this year and late last year, that the administration was going to be the group that felt the greatest impact and the country the lesser. With regard to the administration, in the city there have been 30 TSPs, in the country there have been nine. Therefore, the total

for the administration is 39 for both country and city. I have to say—and this is Primary Industries SA and SARDI—the greatest burden by far has been borne in the city. Out of those, 60 per cent of the total number of TSPs has been borne by the city and something like 34 in the country, in areas where we have been able to maintain services.

Despite all the rhetoric about the way in which the TSPs have been handled, the fact of the matter is that it is the administration and the bureaucracy that has been the group where this contraction has taken place. In the country areas we have been very careful. There are a couple of senior officers, for example, one at Port Lincoln who took a TSP. That was entirely at that person's discretion. A number of other senior officers have also taken TSPs because that is their right and they have been able to exercise their discretion. We have not stopped people from doing that if they have wanted to. But what great opportunities now exist for young people in the Department of Primary Industries as a result of this.

We have been able to effect these changes and reorganise the department without any overall loss of services. We might do things a bit differently but there has been no overall loss of services and these officers will be replaced by very young and enthusiastic people in a variety of areas. We have opened up great career opportunities for young people and, hopefully, young people from rural areas. That is why, of the 10 general managers, we did not locate them all in the Grenfell Centre. We located four in the country areas. The honourable member was instrumental in seeing that one of those was delivered to the Mid-North, and that was at Clare. The honourable member was at me like a tiger to deliver field crops to the Mid-North, and I did. He now joins in and says this is a load of rubbish.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** The honourable member sat there while the member for Victoria described all this as a load of rubbish. One we delivered to Mount Gambier, and that was in forestry, in the honourable member for Mount Gambier's territory, again, described as a load of rubbish by the member for Victoria, whose electorate is in that general territory. They are birds of a feather down there. They operate generally together and mouth the same sorts of things and make the same criticisms. However, this change was described as a load of rubbish. So, in relation to Clare, I pay a tribute to the member for Custance, because he was at me all the time to look after his area.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** You know you were, and I give you credit for it.

**The ACTING CHAIRMAN:** Minister, I ask you to address your remarks through the Chair.

**The Hon. T.R. Groom:** I am sorry, Mr Acting Chairman, I meant no disrespect to you. But the member for Custance—which electorate I think should have been named Yacka, my father's home town—would have been an ideal 'member for Yacka' because of the way he has been at me for the past 12 months. I listened to what he had to say—because on this particular point he made a lot of sense. But his Leader has described it as a lot of rubbish. With horticulture being located at Lenswood, again in the country, this was well greeted in the country areas, and livestock has been located at Flaxley. So of the 10 general managers, four have been located in country areas, a change that today has been described by the Opposition as a load of rubbish.

**Mr VENNING:** The Minister did not answer the last part of my question; he sort of got lost. I ask the Minister again: when are further TSPs to be offered and to whom and what further DPI offices have been earmarked for closure and when?

**The Hon. T.R. Groom:** I will take the TSP question on notice because I know the Commissioner for Public Employment wants to ensure that our database matches the Commission's, so I will have that answer shortly. With regard to closures, I think the only sale that is taking place at the present time is in relation to Wanbi, and there was a process of consultation with the local community because back in April the decision was to close Kybybolite in favour of Struan and Wanbi in favour of Loxton, to operate mobile teams. The recommendation to me, which I accepted, was that Wanbi should be sold and that will take place.

Struan has been designated as the key research area, but we do not want to lose some of the benefits that we have with Kybybolite, which is only some 10 kilometres away from Struan. We are discussing Kybybolite with the local community and they have put up a farm diversification/organic farming proposal. They wanted me to fund a feasibility study, and my view on funding feasibility studies is 'No.' I have consistently maintained that during my time as Minister, because if you cannot fund a feasibility study it does not indicate that you can actually carry out a project. So they have accepted that. But I offered—contrary to what I read in the *Naracoorte Herald*, or whatever it is called—at the meeting I had at Lucindale only a week or two ago, in relation to the feasibility study that they want done, that in other ways the department would give them full support, such as in relation to using the marketing division or using whatever other statistical information they want from strategic or corporate services, and, of course, using the services of the various chambers of commerce. I am Minister Assisting the Premier on Multicultural Affairs, and we have established 20 chambers of commerce based on the ethnic communities.

So I have actually offered them support in an indirect way, and I think the South-East Economic Development Board will assist as well. But in so far as funding a feasibility study is concerned, no, I have not supported them directly. If a group simply comes to me it implies that there is no way they could actually carry off the project. Apart from that, unless the honourable member has some particular concern or problem to put to me, they are the only changes that are taking place. Any other changes with regard to physical location, for rentals or what have you, were worked out in conjunction with the general manager and the local communities involved.

**Mr VENNING:** My second question, and it is good to be positive, relates to page 51 of the Economic Conditions and the Budget booklet. We see there some figures which would give heart to the State in regard to the increase in production for South Australia. The figure for total crops has increased from \$1.040 billion in 1990-91 to \$1.444 billion this year. That is a big increase in three years. The figures for total agriculture show that the amount has gone from \$1.8 billion in 1990-91 to \$2.3 billion for 1992-93. That is incredible when you consider the trauma that the industry has been through. It just shows us all that the industry can get this State out of the problems that it is in.

In the Auditor-General's Report on page 230 (hopefully here I have not got my figures confused again through SARDI, because I understand these are all-encompassing



figures), the figures for the three-year period are running the other way, particularly in figures such as debt reconstruction. I may have this wrong, but I have read every report and tried to get the right details, so I certainly do not think I have. Debt reconstruction has gone from \$1.3 million down to \$300 000. All those figures—and the totals at the bottom are staggering—have gone from \$23 million down to \$10 million. These are all in the farm build-up figures—farm improvement, household support and re-establishment have all taken big cuts of around one-third. What has happened there, particularly given the positive figures in relation to the first document? Given the increases and what agriculture has done for this State, this figure is a huge negative.

**The Hon. T.R. Groom:** I will ask Mr Broughton to explain the operations, because he is in charge of that. I am pleased that the honourable member has indicated finally the underlying strength that exists in primary industries, because gross agricultural production is increasing. It increased by about 5.7 per cent, even on the 1992-93 ABARE figures published recently; the provisional figure still showed a 5.7 per cent increase in total agricultural production, notwithstanding all the setbacks that the rural community had suffered, and that was without a couple of commodities that were still to come in. So, the final figure will be higher than that. Despite all the hardships and setbacks that rural South Australia has faced, it reflects its underlying strength. Primary industry should be talked up, not down, so I am pleased the honourable member is doing that. That is also reflected in the economic conditions in the budget that he quoted. With regard to the Auditor-General's Report, they are at odds, and I ask Mr Broughton to explain the mechanics.

**Mr Broughton:** I think the member for Custance is very astute in picking up a deficiency in the information that is presented in that part of the Auditor-General's Report. This is not a criticism of the report, but it is in line with the reporting activities in rural finance and development over the past few years. However, it does not take into account the exceptional number of financial transactions we have had in 1992-93 in the field of interest rate subsidies. That category of transaction is not included in the report.

To give the member for Custance an idea of the level of transactions if, as he rightly points out, you look at the operations section on page 230 of the Auditor-General's Report, you will see what appears at first glance to be an alarming drop-off in the number of transactions where Rural Finance and Development has helped farmers in this State. If one includes the interest rate subsidy support which was available to farmers in 1992-93, one would have to add in another 474 transactions for the rural adjustment scheme under exceptional circumstances for wet weather, another 44 to the end of June 1993 for transactions for exceptional circumstances for wool, 456 under ordinary interest rate subsidies for the rural assistance scheme, and 323 for the second year payments for interest rate subsidies under that scheme, giving a total when you count in all other transactions of 1 308. So, I believe the fault is in the way in which the information on page 230 of the Auditor-General's Report reflects past activities and does not take into account new transactions, particularly interest rate subsidies, of which we had a very high level in dealing with farmers in the financial year just finished.

**Mr VENNING:** As a supplementary question, how did that happen? We have only just received this document as of

June 30, although I accept that explanation. Can the Minister give us an amended figure from the one we have there?

**The Hon. T.R. Groom:** Yes. We will put it into a proper perspective.

**Mr VENNING:** In relation to the Program Estimates and Information, I am concerned about the Minister's commitment to support for the rural counselling service. The Government has given a commitment to continue to provide 25 per cent support to rural counselling. This support comes from the rural counselling trust fund, which also received donations from the South Australian Farmers Federation and various banks. What is the actual amount provided by the Government; what will be done to increase this amount to a true 25 per cent, as it would appear that no funds have been allocated to rural counselling services from the industry development fund; and when will the rural counselling service receive funds this financial year?

**The Hon. T.R. Groom:** The honourable member would be aware that in the Federal budget an increase for rural counselling was announced, and in addition we allocate \$200 000. We expect to receive another \$70 000 to \$100 000 in terms of rural counselling. With the recent appointment of a rural counsellor for Fleurieu Peninsula, there are now 15 rural counsellors operating in South Australia. By all reports it is a very successful service. At the same time, rural counsellors need to measure performance, and it is one of the things on which I will be working with rural counsellors, because it such a substantial outlay.

I want to know that primary producers are benefiting. I know they are, but I want to have proper mechanisms in place to ensure accountability and that primary producers' productivity is increasing. One thing that concerns me always, whether it is with farm management consultancy grants or rural counsellors, is that there is a tendency for these areas to expand, and in that context you simply have to make sure that the expansion does the job for primary producers, because I do not want to see a burgeoning bureaucracy. When all the money is added up for farm management grants, about \$400 000 for rural counselling and another \$300 000 now, this a very significant amount of money.

I know there is no question that during the hardships, unseasonal rains and everything else, including mouse and locust plagues, that have been sustained by the rural community, the rural counselling services have done a great job and have ensured that many farmers have stayed on the land as a result of the way in which they diligently go about doing their duties and provide that assistance. So, it a very significant commitment that is being made.

**Mr VENNING:** I agree with the Minister in relation to most of those comments, and I hope that we will see the day when we will not need rural counsellors, but for now the need has never been greater. As we would all realise, State-wide the service has now seen one-third of the State's farmers. That is not bad for such a small group of people; it has involved 15 per cent of them in the past six months, and in that time 131 farmers left the industry. Even on current levels of funding the counsellors are flat out trying to meet the demand, and I know that personally. Have the final moneys to the service been allocated, and have they been paid? I am told that by this time of the year they have usually received two-thirds of their grants but that up to this time they have not received any money.

**The Hon. T.R. Groom:** That is not right. I will ask Mr Broughton to respond.

**Mr Broughton:** The moneys which go to the rural counselling trust fund to support rural counselling in South Australia and which are sourced from the rural industry adjustment and development fund for which the Minister of Primary Industries is responsible was approved by the previous Minister for the first 12 months, subject to a detailed case being put back to the Minister of the day for funding for the current financial year. Officers of my group, together with people from the Rural Affairs Unit, are close to finalising a submission to go to the Minister for his consideration for money to come from the rural industry adjustment development fund into the rural counselling trust fund to support operations this year.

As regards the availability of funds to support the rural counsellors in their endeavours, my understanding as a member of the rural counselling trust fund is that there were sufficient State and Commonwealth funds on hand to get them through the first quarter of this financial year, and we will make every endeavour to make sure the issue is resolved before there is any pressure on the counselling groups for funds.

**Mrs HUTCHISON:** I refer to page 555 of the Program Estimates and the objective to complete the installation of a State-wide corporate data network. What progress has been made to date and what is planned for this coming year?

**The Hon. T.R. Groom:** The Primary Industries South Australian network has proceeded on budget and is ahead of schedule. The network is now servicing the computing needs of both Primary Industries and SARDI under the management of the PISA information technology group. As of this week, the network has connections to 720 users in 26 metropolitan and regional locations. It is planned to connect another 230 users to the network by the end of 1993. The expected total number of users by the end of 1993 is 950.

An interface to forestry VAX network, currently on lease to Forwood Products, is also currently under implementation. When complete, this will enable electronic communication to all existing forestry locations and users. With regard to facilities and benefits, as predicted in the original Cabinet submission approved on 1 July, the network is delivering significant benefits to both PISA and SARDI. At this stage only a limited number of services is available, but just the existence of the electronic mail has meant a greatly enhanced communication ability resulting in a number of gains: faster and better communication to all users; reduced dependency on telephone usage, particularly STD, facsimile transmission travel; and enhanced capability for group work.

The initial implementation of the network provides users with a limited range of work management software tools that includes the traditional WordPerfect, WordPerfect Office Automation facilities, spreadsheets, presentation graphics and utilities. It is proposed that other common tools such as data base and statistical software etc., will be progressively added. My department is taking into account the selection of the integrated office environment, which has been approved by Cabinet as part of this process.

Work is under way to introduce a number of value added services for the benefit of users, in the first instance, and ultimately to improve service delivery to clients. The initial services to be provided include improved corporate systems, and it is anticipated that a number of common applications will also be made available by early 1994. These include a farm chemicals registration system and a seed services management system.

All in all the State-wide corporate data network is absolutely essential for Primary Industries and SARDI to function for the benefit of rural South Australia during the next time frame. That is why, despite the changes that have been necessary over the past few years, and particularly over the past 12 months, the department has been able to maintain overall services, albeit that the way in which communication takes place will be in a different form. So, a substantial amount of progress has been made that will benefit the way in which we communicate with our rural sector.

**Mrs HUTCHISON:** I refer to a comment by the member for Victoria in his opening remarks, as follows:

An ODR, on which we spent \$1 million, was a complete waste of money. It was not focused on the areas that it should have been and it should have been done in-house.

What is the state of implementation of the recommendations that emerged as a result of the ODR and how successful was it?

**The Hon. T.R. Groom:** The ODR was commissioned by the Premier when he was Minister of Agriculture. It is easy simply to ask, 'Why did you go to all this trouble, because a Minister and a couple of officers [to paraphrase the member for Victoria] could have done the job?' I suspect that the honourable member knows better. The fact of the matter is—

*Mr D.S. Baker interjecting:*

**The ACTING CHAIRMAN:** Order!

**The Hon. T.R. Groom:** What held us in good stead for a past time frame—a time frame which some members of the Opposition are still in and which they want to maintain—will not hold us in good stead for the next time frame. Primary Industries has been a diverse and dynamic department, and it met the dictates of a previous time frame. However, we need to change, too. At the end of the day it is no good being good farmers and good growers if you cannot sell your product, because on the open market price determines whether you can sell your product. It is as simple as that. The department has to be organisationally efficient, because the cost that we run at is transferred to the rural community in many ways and to South Australians generally.

The more that we are able to contract the cost of our operations and run an efficient operation in that context, while still maintaining overall services and gets rural sector costs down, is obviously fundamental to the success of Primary Industries in the next time frame to meet the competition that we know is there internationally.

The Opposition tends to put this in the context of looking at the budget and saying, 'You are not spending as much as last year. Why are you not spending as much as last year?' In other words, it believes that spending and more spending is the answer. Someone has to pay for that expenditure. The benchmark is not how much you are spending but the quality with which you are utilising the money at your disposal and the way in which you contract your operations to bring about an efficient organisation.

That is why my first task was to contract the bureaucracy. As I worked in private enterprise for 20 years, I know as a fact that there is a difference in productivity between the private and public sectors. That is one of the fundamental changes now taking place in Government instrumentalities and statutory bodies in South Australia. That is why we formed Forwood Products, because statutory corporations in industrial commissions have, frankly, been a soft touch. One emerges with a higher wage structure than the private sector and it means we cannot compete.

Forwood Products was designed as a commercially oriented vehicle to enable us to compete in the market place. We have had to change and recognise change. It is easy to sit in Opposition and simply throw stones at everything we do, knowing full well that we have to have change and bring about change, because otherwise there will be no markets for us internationally. It is as simple as that.

It is no good being great value adders in the South-East if you are not profitable and your price is too high and you cannot sell your products. In that case growers will soon collapse, and likewise in agriculture. That is why the Premier when he was Minister of Agriculture commissioned the report on the ODR. We had to change the entire culture and the way in which we looked at things. It would have been a task that I suspect would have been very traumatic if we tried to do it in the way that the Opposition suggests. If the Opposition were in Government, they would not have done it that way, either. They would have done it in the same way that the Government has acted.

To change the culture you must have a new approach, and a new approach does mean bringing in outside consultants. That is what the Premier did when he was Minister of Agriculture. I inherited the ODR and it was completed under me.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** First, the member for Custance nods in agreement about the need to make changes and then he says it is not his fault. That is not the way to look at it. You have to look at the fact that primary industries contribute 50 per cent of the State's economy and 50 per cent of the asset base. As a community we lost sight of that fact over the past 20 or 30 years that we are essentially a rural community in many ways and that part of the path to recovery is through the primary industry sector.

However, to do that we have to compete internationally. We have to compete in the market place, and it requires a complete change of culture, because we have been getting our expenditure down. We have been curtailing the size of the bureaucracy but, at the same time, my requirement has been to maintain overall services to the rural community and to improve on those services and research. That is why it was necessary to engage consultants to change the culture and the way in which we did things.

As I say, I did not accept all of the recommendations. Some recommendations I thought were plain bureaucracy. I was not going to have the department simply becoming an administrative bureaucratic unit and that is why we promoted the Rural Finance Division and why we have promoted marketing. I am not going to deprive myself, as Minister of Primary Industries or any successive Minister, of the rural finance funds. They are a great source of moneys to assist rural South Australia and to assist primary industries generally. They are anchored under the Primary Industries Minister.

We must market our products and that is one way we can save our primary industry sector a considerable amount of money, by building up our marketing services and assisting to define markets in a variety of ways. Not everything in the ODR was accepted because I did not want the department to become just an administrative bureaucratic unit. I wanted it to be a department with flair and one that delivers services and actual benefits to primary industries. We have redefined the mission of the department to emphasise its economic development role. This was a particularly important focus when we amalgamated the three agencies of agriculture,

forestry and fisheries and formed the Department of Primary Industries, because that in itself is a recognition of the great importance that the rural sector and primary industries have in our State's economy.

We have refocused community attention on primary industries and emphasised the economic role. The new organisational structure therefore properly encompassed—and that had to be grafted on to the ODR because that was the change announced when the Cabinet was formed last October—agriculture, fisheries and forestry and brought about a very strong department. We have a major rationalisation of State funded expenditure in the Northfield piggery, the Parafield Poultry Research Centre and I have mentioned the Kybybolite and Wanbi centres—they are necessary changes.

There are major changes in the rationalisation of functions in diagnostic services—Vetlab and State Chemistry Laboratories, and, of course, State Chemistry Laboratories, apart from the cereal section, has been transferred to the Department of Labour and Administrative Services and arrangements are being made with regard to Vetlab. We have rationalised our corporate service functions and the target has always been to reduce the size of the bureaucracy first. In that context, of course, as Minister the first thing I did following the ODR was to save \$19 million by not proceeding with the administration building at Waite and also the diagnostic laboratories with the view of using the capacity that exists in private enterprise. They are fundamental things that have flowed from the ODR.

It is very easy for the Opposition to criticise but the question is, how else do you change the culture? How else do you bring primary industries into the next time frame because it will do its job for primary industries. It has to be done quickly, efficiently and it needed outside consultants to produce this change of culture and that has taken place. Despite the bagging from the member for Victoria and the member for Custance the fact of the matter is that morale is very high within the department.

**Mrs HUTCHISON:** Restructuring has also been happening at the farm level in the interests of cost effectiveness and in the interests of keeping the costs down for marketing. One of the big costs for people involved in agriculture lies in the use of chemicals. What are the purposes, aims, outcomes and benefits of what is called the Chemical Helpline?

**The Hon. T.R. Groom:** The Chemical Helpline was established in August 1991 (which preceded me) as part of the public education project under the Farm Chemicals Branch. Surveys indicated that the public had difficulty in gathering such information. The purpose of the service is to provide a direct access point for the community seeking information on garden or farm chemical issues. The service aims to provide prompt, unbiased responses to inquiries from metropolitan and country residents by either providing answers directly or ensuring that the caller is connected with the most appropriate source of expertise, either in Government departments or in the private sector.

After two years of operation approximately 2 000 inquiries have been dealt with. The service has provided a focus for the public seeking information on issues relating to control of specific pests or diseases, alternatives to chemical control residues, disposal safety issues, spray drift, etc. The service has also provided the department with an extensive network of contacts to source the information and, as all callers are logged, it provides a measure of issues of public concern. The 008 number is also being used on a few occasions to channel

and monitor specific calls during targeted campaigns, most recently for the strychnine program.

Judging from the response received from the public and the media the department believes that the services provided improved customer relationships and strengthened internal networks to enable the department to respond better to public concerns about chemicals. The Chem-Call Helpline was the first of its type in Australia and several States are now considering setting up similar services.

**Mrs HUTCHISON:** What is the 008 number?

**The Hon. T.R. Groom:** I will get the honourable member the actual number.

**Mr MEIER:** The Chairman of the Yorke Peninsula Rural Counselling Information Service at the annual general meeting on 2 September made the following comment in his report:

Financial support for the counselling service is a major concern. The Government funding, both State and Federal, is only on a yearly basis. With local contributions becoming a greater burden on cash starved country communities a review of financing is urgently required in order to meet the demands for our rural counselling service.

Whilst I recognise that the Minister gave an answer to a question from the member for Custance on funding and indicated that he felt things were on track, and that the Federal Government had actually increased the amount, there is definitely concern in the rural community, and particularly among the committees that run the rural counselling services and the rural counsellors themselves, as to why there is not a more definite program. I add that it does need restructuring. Are there any plans in hand for a restructuring to give greater certainty to rural counsellors?

**The Hon. T.R. Groom:** I am not sure just how much certainty the honourable member wants. I indicated that the rural counselling service does need to be monitored for performance and delivery of benefits because time frames change and move on. There are frequent occasions in Government, both in Australia and overseas, where sometimes the professionals and the semi-professionals get a much larger slice of the cake than your true recipients such as the farmers and growers.

*Members interjecting:*

**The Hon. T.R. Groom:** We are in the worst rural crisis and the total cost of rural counselling services in South Australia for 1993-94, because it is a Federal scheme, is \$1.15 million, inclusive of the State's contribution. It is a very significant contribution on the part of Governments, both Federal and State, to rural counselling. At one stage an approach was made to me for rural counsellors to be employed by the department. I am not favourably disposed towards that suggestion. Rural counsellors are doing very fine work—there is no question of that—because of the nature of the time frame that we are operating in. When you start talking about accountability this is an area that has the potentiality to expand but we are already contributing vast resources to rural counselling; \$1.15 million from all sources is the estimated expenditure for 1993-94. We make a very substantial contribution at State level. That has to be monitored. I do not think there is anything wrong with my requiring some form of regular review and I intend to do that.

Rural counselling services must always be examined in the context of the timeframe that you are in and they will contract or expand according to need. One thing that I have been insistent upon is looking at ways and means of handing back to industry-based groups some of the department's functions.

Industry-based groups in Australia, because of their low membership, are unable to play the role that their counterparts do overseas. Analogous industry-based groups provide low-interest loans for their constituents and all sorts of other services; they share risks and involve themselves in joint venture projects; and they are less dependent on Government.

In Australia we do not have industry-based groups which are equipped to fulfil that task as most of them have voluntary membership. As a result of voluntary membership they usually have only 30 to 40 per cent of full membership. They do a great job with that 30 to 40 per cent, but, as a result of not having full membership, such groups in Australia and South Australia do not play the role that their overseas counterparts fulfil. In Europe, the Middle East, or anywhere else, you cannot do business unless you are a member of an industry-based group. They deliver benefits for the membership. In Australia, for philosophic reasons, it has been voluntary, so they have to turn to the Government.

There are many functions that we do that I think could properly be done by industry-based groups through the private sector. I have been working with the Farmers Federation in particular to find ways and means whereby industry-based groups can play a far greater role with regard to the delivery of services and perhaps manage a number of these types of programs. At present there is \$1.15 million estimated total expenditure from the Federal scheme, in which we participate, for 1993-94. There is no doubt that in this timeframe they are delivering the goods and providing an essential support mechanism for rural South Australia. I do not think that farmers and growers would have got through the past two years without support from rural counsellors. I do not think there is any instability in the system; I think it is a proper mechanism for accountability, and I have regular reviews of it.

**Mr MEIER:** As a supplementary, the cause is there and I acknowledge that the Minister has formed his views on the matter. Has the Minister given any further thought to the effect of the Associations Incorporation Act as it may apply to rural counselling committees? I spoke to the Minister about that prior to the annual general meeting to which I referred earlier. Some rural counselling committees are concerned that they will be liable for any act of negligence that they may commit in their voluntary capacity and that it might cost up to \$2 000 per individual if they want to insure against being liable for such negligence.

**The Hon. T.R. Groom:** The honourable member contacted me, and I understand his legitimate concern. People who serve on committees, even company directors, of organisations incorporated under the Associations Incorporation Act want to know what their liability may be. You are not liable for negligence *per se*. You would have to be doing some dishonest act or benefiting yourself in a pecuniary sense or benefiting from a deal that benefits a third party. The simple test is that as long as you are acting honestly and genuinely, even if you act negligently, you do not incur any liability. However, if you act dishonestly, the repercussions will follow; you will involve yourself in personal liability. I think it is a legitimate matter to be addressed by any committee incorporated under the Associations Incorporation Act.

People out in the traps who are not lawyers and who serve on committees fear that if they do something wrong, such as make an error of judgment, they can be liable. One of the easiest ways for people serving on committees to protect themselves is to get the body that is incorporated to indemnify them if they are acting genuinely and honestly but might

do a negligent act that could incur liability for damages. People make their own judgments as to whether insurance is needed. I would not have thought, with a committee of this nature, that would be the case; but, whenever you are handling public money, if someone does a dishonest act it can cause great concern and insecurity with regard to people's liability for someone else's criminal act. On the material that the member for Goyder related to me—I think I supplied some information to him—I suggest that if people are concerned they can write to the Attorney-General and ask for a paper. I think there is a paper floating around that I can probably forward to the honourable member. I did not have that paper before. However, as I said, as long as you are acting honestly and genuinely and not profiting yourself or a third party in a dishonest way you have nothing to worry about.

**Mr MEIER:** My second question relates to the restructuring of regional offices of the Department of Primary Industries. Can the Minister detail information relating to the Kadina office? What is its role in the immediate and longer term? I have been concerned for quite some time, even before the amalgamation of the Department of Agriculture and the Department of Primary Industries. In earlier years there were nine staff members in that office, it dropped to approximately three several years ago, but it has now increased a little because of some landcare officers coming in. However, in real terms I believe it is still under strength. Now that the Minister has had a chance to look over the whole of South Australia and has called into the Kadina office, would he care to comment further?

**The Hon. T.R. Groom:** The honourable member is properly vigilant about his electorate. He impressed upon me last year that it was essential for me to visit Yorke Peninsula, which I did in his company. I think the trip was productive. It included a visit to the Kadina office which is a key office on Yorke Peninsula. There are no changes planned to drop the service from the Kadina office in any way. Kadina was one of the sites considered with regard to the location of Field Crops but it was not geographically centrally located, and that is why the General Manager, Field Crops, went to Clare. When Clare is properly established, obviously the General Manager, Field Crops, will work in harmony and liaise with the Kadina office. I stress that Kadina is a key office for Yorke Peninsula and there are no plans to reduce its status.

**Mr MEIER:** My third question relates to the Rural Assistance Scheme and interest rate subsidies. How many applications have been made for interest rate subsidies? Earlier the Minister said that 2 850 applications had been made. I am not sure whether that was the total. Another figure was given of 474 for rain damage and Mr Broughton gave another figure, making a total of 1 308. I am wondering what is the real figure for those who have made interest rate subsidy applications.

What consideration is being given to farmers who have sought to offset the lack of farm income by undertaking off-farm activities, be they in the primary production sector or in some other sector? I cite the case of one farmer who, because the viability of his farm was in question, undertook hay baling in the area. His crop was badly damaged by the rain, and the same rain damaged many of the crops on which he did hay baling. When his application was put in, he was rejected because the majority of his income was off-farm according to the strict interpretation of the Act.

Naturally, he was very upset and I believe his rural counsellor was upset. I was upset and I took it up with the

department but, because the rules and regulations are stated as they are, my intercession on his behalf was unsuccessful. Is the Minister giving consideration to amending this or is he giving consideration to putting pressure on Simon Crean as the Federal Minister to be, perhaps, more flexible?

**The Hon. T.R. Groom:** This is the scheme that the member for Victoria described this morning as 'the greatest load of rubbish that has ever been put to the Committee.' He said that it was 'all gloss and all promises, all things that might happen in the future, but not recognising what is happening in South Australia at present.' The fact is that this scheme is a particularly important scheme for the rural sector, and it is not a load of rubbish at all. I want to outline some of the things that are taking place with regard to rural assistance.

South Australia was the hardest hit State as a result of unseasonal rains. By comparison, Victoria has had 500 applications for rural assistance, both in exceptional circumstances for wool and in rain damage. In May I was concerned at the low number of applications we had actually received in South Australia, because we had received only about 700 or 800 at that stage when we were expecting over 2 000 applications for assistance for exceptional circumstances. That indicated a number of things to me, so I decided to visit country centres and find out why people were not applying for rural assistance.

Essentially, three reasons were put to me. The member for Flinders accompanied me on Eyre Peninsula on several of those visits, and we actually talked to farmers in large groups and in a number of centres throughout South Australia. Farmers thought that the forms were too complex, but that is easily remedied, although you are dealing with public moneys and there must be accountability. Most people prefer no forms at all, but there must be a form of accountability. The second reason was that people had actually self assessed and decided that since, under previous RAS schemes, they had not got anywhere, why bother to apply.

Of course, it is a new RAS scheme as from 1 January, with a great deal of flexibility, as far as I am concerned, particularly with regard to exceptional circumstances. The third reason was this fierce sense of independence there is in rural South Australia. People thought that by making an application for rural assistance they were not good farmers, and I had to point out that just because you apply for rural assistance does not mean that you are not good farmers; it is because of the contribution to the South Australian economy, and the downturn is entirely due to factors beyond people's control.

Following that series of visits throughout rural South Australia—which was not 'a load of rubbish' and was not 'doing nothing' as Minister, I think it was very significant—I wrote to every primary producer in South Australia making each one aware of the scheme of rural assistance. That was not 'doing nothing'. As a result of that, by 30 June (the closing date) we had something like 2 850 applications. Even though some people had been told over the phone and it was quite clear that many would not qualify, I encouraged people to apply notwithstanding, so I could build up a data bank to see who was missing out on assistance and for what reason.

A percentage of those obviously would not be granted assistance, but the majority have been. The unseasonal rains, of course, took place over the Christmas period. What we as a State did was to lend out our money straight away, notwithstanding the 30 June cutoff date. We advanced something like \$4.4 million before 30 June in exceptional circumstances moneys when, technically, we probably should not have

advanced it until after 30 June when the date closed. But because of the ordinary RAS money we were able to mix our moneys, and we have that discretion to determine how we assess the benefits.

Of course, the member for Victoria said that it is 'all gloss, all promises, all things that might happen in the future but not doing anything now for primary producers.' He has not stood behind that statement. What we did in South Australia was lend our money before 30 June, which assisted farmers immediately. We did not wait. We did not ask them to wait until after 30 June and, of those that have settled, which to date total something like 1 300 applications, we have advanced a total of \$13.3 million. That assistance is supporting about \$260 million of commercial farm debt.

Despite some of the statements I have seen that farm debt is at \$2 billion, it is not. The figure is still about \$1.3 billion, \$1.4 billion in round figures, which is much the same as in previous years—but it is not reducing. The loss to rural South Australia as a consequence of the unseasonal rains was something like \$300 million, which would not have gone into farmers pockets; it would have gone to reduce debts. Apart from the struggle that primary industry has had over the past 12 months with the exceptional circumstances, we have not had the benefit of that. That \$300 million is a very significant loss because it would have improved cash flow, but we have had to maintain the line.

We have made a very significant amount of Federal-State money available, and that assistance package was announced over Christmas and in February was accepted by the Federal Government.

**Mr VENNING:** Did you put mice on it?

**The Hon. T.R. Groom:** I want to question mice, because that was another statement made by the member for Victoria that I hope he can stand behind, although I do not think he can. It is very easy to make sweeping statements and play to the gallery and to the media, knowing that a particular line will be accepted in the time frame leading to an election. That sort of tactic might be politically correct, but it is damaging to confidence in primary industry.

Of course, about 950 applications are still to be assessed, and that will require expenditure of about \$7 million. Overall, just the exceptional circumstances assistance will provide interest rate relief on commercial farm debts totalling around \$400 million to South Australian primary producers. Our commercial loans portfolio is about \$160 million, which means that, out of the total rural debt in South Australia of \$1.4 billion, the Federal and State Governments collectively will be supporting something like \$550 million to \$600 million in rural debt, which is not a bad effort from a State and Federal Government—and which puts the label 'untruth' on the assertions that were made by the member for Victoria this morning that the Government does nothing to assist rural South Australia; that they are all promises but nothing eventuates.

It puts the label 'untruth' on assertions of that nature. Our ordinary RAS is around \$20 million. If every one of those 2 850 people is granted exceptional circumstances money, that triggers a separate mechanism from the Federal Government and that would bring, on that outside parameter, about \$25 million. I think the approvals are likely to be about 70 per cent of those 2 850. The fact is that some of those will be rejected, and some of them are people who I said were not eligible and who told me they did not believe they were eligible although I encouraged them to apply.

One had, I think, \$160 000 in marketable shares. But if all those were accepted we would be up for about \$25 million, but we expect about 70 per cent approval (it was 86 per cent approval rating at one stage) so we would expect that \$25 million to contract downwards. In addition to that, for 1993-94 we will be lending out a minimum of \$15 million in commercial loans. Depending on the size of the exceptional circumstances money, I will be able to increase those commercial loans. I will probably do it in any event. We will probably increase that to \$20 million in commercial loans because of the hardship suffered by the rural community.

It means our running very thin on the margins. It means us contracting our safety margins and the \$5 million diversification fund, which the member for Victoria describes as a load of rubbish, will also come into play during 1993-94. When you add up all those figures you get an outside figure of something like \$70 million, which will contract downwards. I make no misrepresentations with regard to that, because of the number of approvals. But the outside figure committed to primary producers in South Australia is \$70 million for 1993-94. This is what has been described by the Opposition as a load of rubbish. This is what has been described as doing nothing for rural South Australia. This is what has been described as promises with nothing delivered, and, as I say, it puts the tick of untruth on that assertion. All I can say in that context is that the Opposition members who represent rural constituents have no idea what is going on in rural South Australia. That is a very significant package of assistance. I will be getting a database with regard to the people who do not make the grade, and when that database is categorised for me I will be happy to share that with the Opposition, to ensure that they have full possession, because I know the member for Custance goes on radio saying he knows that people have been rejected, but he does not tell people the number that have been approved.

**Mrs HUTCHISON:** In relation to the diversification issue, are any statistics available on the development of aquaculture fish farms in South Australia? Can the Minister provide details of the number of traditional farmers who have diversified into aquaculture who, I suppose to some degree, have offset the number of farmers who have been leaving the land?

**The Hon. T.R. Groom:** This is an important question and it is proper to deal with this in regard to farm diversification because, despite the difficult times, there have been some great success stories in South Australia. The member for Flinders would be well aware of what is taking place on Eyre Peninsula and Kangaroo Island, because he visited Kangaroo Island with me on several occasions. The farmers are doing great things. I will take Kangaroo Island as an example with regard to diversification into aquaculture. There are two projects on Kangaroo Island to which I will refer. One deals with a poultry processing plant, which I am very favourably disposed towards because it will give the game/poultry industry a big start on Kangaroo Island. In regard to aquaculture there is a further application from the Kangaroo Island Economic Development Board for four projects which deal with marron and which will allow farmers to put parts of their properties together. The estimate is that about 20 tonnes of marron would be earned within one to two years, available annually for commercial production. Of course, marron being freshwater crayfish, brings the same, and in fact slightly higher, price as lobster at the present time.

Kangaroo Island is an excellent example of farm diversification, both in aquaculture and in other areas. Eyre Peninsula

is also an excellent example; I do not want to forget Eyre Peninsula. What is taking place on Eyre Peninsula is phenomenal, at Ceduna, Streaky Bay and so on—and the member for Flinders and I are going to Tumbly Bay tomorrow—where they are going for farm diversification. A lot of this is not appearing in the media in the way in which we would hope. What is appearing, of course, is regurgitated stories, which certainly impact on the confidence of farmers, when that really does not need to be the case. Everybody acknowledges that there have been hard times, but South Australian farmers and growers are showing an enormous amount of incentive. They are being helped by the Government, whether the Opposition likes it or not.

At the end of August, 367 registered freshwater fish farmers exist in South Australia. They are almost exclusively farmers who have chosen to diversify their operations into the farming of marron, yabbies, and finfish such as trout. On Kangaroo Island, with the wool downturn, the farmers have taken the low point of their land, particularly over at Parndana, which could not normally be used, and all they have had to do is dig some trenches. They have used the natural flow of water to provide ponds and it keeps flowing continuously. There are no overheads other than the cost of bulldozing the trenches, and then they are farming marron. Some are doing it differently, of course; some are taking water from the creek and building ponds.

However, around aquaculture there is an enormous transition taking place on Kangaroo Island that is going to pay dividends within a very short space of time, say, six months. For some of the farmers who started 18 months ago it will be just another six months before the commercial quantities come on stream. The greatest growth has occurred on Kangaroo Island, on Fleurieu Peninsula and in the South-East. It is one of the reasons why I reopened applications on that \$5 million farm diversification fund. I could have dished it all out very quickly, but mid year I was asked by industry-based groups in the Riverland, the South-East—

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** The honourable member can ask me about some of the applications. It closed on 31 August. I reopened them, at the request of industry, and we have had another 50 applications. I wanted industry-based groups to assist farmers with respect to farm diversification. There are some great projects and many of these will be announced very shortly. But industry-based groups asked me to reopen applications, which I did. While there were some top applications in the first round, I did not think enough was being done with regard to farm diversification, and there are certain areas, such as the Riverland, Eyre Peninsula, Kangaroo Island and the South-East, which needed a far fairer spread of the resource that was available. As the \$5 million grant is a once-off grant and it is the only fund from which I can make grants for this year, I did accede to those requests to reopen the applications and for them to close on 31 August. There will be some announcements made within the next month.

So we have facilitated the growth of farm diversification and we have provided a significant amount of funding through the Rural Industry Adjustment and Development Fund to assist us to meet this goal. In 1993 there were 367 registered freshwater fish farmers, who were almost exclusively farmers previously, and we can compare that with the fact that in 1988 there were only 80 registered fish farmers. Far from doing nothing, those figures alone reflect the diversification that is taking place amongst our farmers and

our growers. Those figures alone put the label 'untruth' on the assertion that the member for Victoria made from the outset that nothing is taking place.

There will be significant gains from aquaculture. On Eyre Peninsula, I gave a grant of \$130 000 to the oyster industry because it could not get a quality assurance program off the ground because as an industry it was earning only about \$2 million. That was a quarter of a million dollar program to enable them to export. Farmers on Eyre Peninsula are being encouraged to participate in diversification of this nature. We are the only State Government that has a fund of this nature. The Liberal States (Tasmania, Victoria, New South Wales) know about this fund, because I have talked about it with other Ministers, but they have not done the same thing. This is the same fund that has been labelled a load of rubbish. As a result of that quality assurance program, earnings to South Australia from the oyster industry, when it is able to export, will go from \$2 million to \$12 million in a very short space of time. There are 96 approved leases located around Eyre Peninsula and Kangaroo Island and 50 per cent of these are farmers who are doing this alongside their traditional farming activities, with encouragement and support from the Government.

They have moved into fish farming as a means of providing that additional income necessary to get them through these difficult times. It just shows the skills that are out there in rural South Australia. Despite all the hardships and setbacks, farmers are diversifying, but of course they do need support from the Government. There are many other areas in livestock that we might touch on later, but certainly in aquaculture there is no question that great things are being done by South Australian farmers. I hope the media recognise that and, instead of putting out the negatives, start putting out some of the positives.

**Mr HOLLOWAY:** There has been some media publicity about the possibility of South Australia developing a large scale commercial olive industry. Does this potential new industry have a high priority, and what plans does the Minister have to bring it about?

**The Hon. T.R. Groom:** This is something that the member for Victoria assisted me with, and discussions took place in Israel. The Riverland has a perfect climate for olive tree plantation, and our import bill from olive oil and related products for the nation is about \$60 million a year. The Riverland is an area of special needs and one that requires special assistance. There is no question that as from 1 January I have the power to land bank and acquire land, whether from someone in difficulty or for the purposes of joint venturing and then to transfer back to a venture company.

The Riverland is a very key area, and olive tree plantation is a particularly important part of diversification in the Riverland, because the Riverland citrus growers are basically unable to compete with Brazil on citrus juice concentrate, which is about 60 per cent of their previous market.

I made visits to Israel and Italy and held discussions with interested parties involved in large scale plantings in South Australia. Principals of those interests have visited South Australia for discussions with me and they have had technical briefings by offices of the Department of Primary Industries. With the group from Israel I signed a letter of intent only a couple of weeks ago, and that project is extremely promising. It involves a particular variety of olive. The group has similar interests in California, and there is no reason why it will not be successful here in South Australia. So, negotiations are taking place.

The group wanted the letter of intent so that its side of the joint venture could be put together. They will have investors as well. It is a significant sized company and a number of people (one in particular) in the Riverland want to go into a joint venture, and this enabled us to commit about 2 000 hectares when I visited Israel.

The venture is well down the path as a joint venture with an Israeli group. As an investment we can expect about \$50 million over a period of time. It is a significant sized investment and I have signed a letter of intent to enable that to be pursued to the next level. I am extremely confident of that outcome.

**Mr HOLLOWAY:** Where will the olives be marketed? Are we talking about juice extraction or table olives?

**The Hon. T.R. Groom:** The objective behind the project is import replacement. It is not sustainable for us as a nation to have a perfect climate and land available in the Riverland for olive tree plantation and yet have this huge import bill for olive oil and related products. It would be a mixture of table olives, extracts and whatever is required by the market. It is an exciting venture.

I also went to Italy and had discussions as well with Italian interests, who also came out here and looked at the Northern Adelaide Plains. If we are able to bring Bolivar reclaimed water successfully to that area, it will be obviously be an area for diversification and in which to improve horticulture.

In this context my first priority is the Riverland, and we are well advanced. I will be working with industry based groups to see that a list is compiled of other growers wanting to go through a position of transition with regard to diversification. As Minister, I have indicated that my department will be assisting growers who want to diversify, even it means support for a period of time to enable these sorts of projects to get off the ground.

I have had inquiries from Kangaroo Island as well, as a result of a recent visit there, and a Kangaroo Island group wants to deal with diversification of that nature on Kangaroo Island.

**Mr HOLLOWAY:** The South-East Horticultural Development Group has been operating for more than three years. What progress has been made in horticultural development in the South-East?

**The Hon. T.R. Groom:** The South-East is a particularly important area of South Australia. It has enormous potential not only in horticulture but also in forestry, and one of the reasons I opened applications from that \$5 million diversification fund was to enable applications to come in from the South-East, and they have been received.

As to horticulture, this group has made considerable progress. Commercial trials of the introduction of navy beans appear to have been successful. The program has been run in conjunction with the Queensland Navy Bean Board and a group of farmers in the South-East. The region has the potential to produce crops to replace imports, in this instance mainly from the United States, of navy beans used by processors for canned baked beans. There has been a rapid expansion of apple plantations in the region through a unique land leasing system based on—I am not sure what the model is—the Vecon model in Tasmania. Trials of lemons and stone fruit species are also under way.

The development group is currently developing a five year strategy centred around grower clusters. It is also worth noting that the department in conjunction with McCains, the Horticultural Research and Development Corporation and the South-East Potato Growers Association has launched a new

potato crop monitoring service to enhance the international competitiveness of the french fries industry. Again, that is based in the South-East. So, the South-East Horticulture Development Group has operated for more than three years, is proving successful and is making steady progress.

**Mr D.S. BAKER:** The Barley Bill went through the House in March and April. Part of the Minister's procrastination has been in getting a Chairman for the Barley Board. When will he announce the name of the Chairman of the Barley Board, as it is severely affecting barley sales from South Australia overseas?

**The Hon. T.R. Groom:** The member for Victoria said this morning—

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** He repeated that question and said:

The Victorian Minister has agreed to what should happen. He is trying to push. In fact, his officers are ringing officers in South Australia and saying, 'For God's sake, get your Minister to do something.'—

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** That is not factual. He continued:

So far nothing has been done about getting a Chairman for the Barley Board and we are losing overseas sales because of this procrastination.

None of that—

*Mr D.S. Baker interjecting:*

**The ACTING CHAIRMAN:** Order! I call the member for Victoria to order.

**The Hon. T.R. Groom:** None of that is true. The position of Chair is particularly important. We had to have a poll of South Australian barley growers to elect two members, and the member for Goyder and other Liberal members asked me during the debate on the Barley Bill to hold off on our ministerial appointments because of concerned barley groups and, indeed, because of the member for Goyder's support for a grower majority on the board, so that we could see what sort of mix came up through the selection process and what the result was of the election of two members.

I did that because the poll of South Australian barley growers to elect two members closed on Wednesday 18 August, which was less than a month ago. Four candidates stood for election and the successful candidates were Ashman and Honnor, both of whom are current members of the Australian Barley Board.

*Members interjecting:*

**The Hon. T.R. Groom:** The poll was to elect two members and we have two successful candidates, Ashman and Honnor. That is obvious, because I have received the declaration from the Electoral Commissioner. The Victorian Minister also has to make his appointments. The role of the selection committee was to choose four Barley Board members, and I understand that that has been done. Now we have a situation involving the electing of the Chairman. I have a ministerial nominee and so does the Victorian Minister. One of those ministerial nominees becomes Chair of the board. Following this process of election and selection, it has come down to ministerial appointments, and this process has been completed only in the past few weeks.

We then asked industry groups to give advice about who should be Chair. At one stage the Victorian Minister had a position that he put to me that I was willing to accept, but that was changed. It is not a question of who rings whom. It is true that we did seek written confirmation from Victoria about its position, but that had changed.



The Victorian Minister explained to me the reasons for his change of stance, I accept that and I will support his ministerial nominee. Regarding my nominee, I have been through quite a process over the past couple of weeks. There has been no procrastination. I asked the Farmers Federation to give me some nominations; I asked the concerned barley group and it gave me one nomination. I consulted with some Liberal Party members, whom I will not name, but I did ask the member for Victoria to cast his eye over a few names and he passed on his thoughts. In that context I then had further discussions with the Victorian Minister and agreement was reached last Friday on a Chair for the Barley Board. It has to be approved by Cabinets of both Victoria and South Australia.

The fact is that the board still functions. The board is not encountering any problems. Of course, there is a desire to have the new board in place but the board is still functioning without any difficulty. There is no crisis from Victoria's point of view and that is the information I have had from the Victorian Minister. I will accept what the Victorian Minister says because he is a person of considerable credibility in my view and someone who can be relied on. As far as those assertions that the Victorian Minister has agreed to what should happen, if you are talking about last Friday, yes, but before that, no, that is not a correct assertion.

The Victorian Minister informed me of his nominee on Monday of this week. Before that he had changed position from what he had earlier put to me, but I would not make any announcement until all of the election and selection had taken place to make sure I could meet agendas, if possible. The assertion that he is trying to push is just not true. We recognise that this appointment is a significant one and is very delicate. His officers are not ringing my officers and saying, 'For God's sake, get your Minister to do something.' That is just not true; that is plainly and demonstrably not true and would not be accepted as a truthful statement by Bill McGrath, the Victorian Minister.

Although we are of different political persuasions I have no hesitation in saying that we have worked closely and consulted widely together and we have reached agreement on a Chair. A Cabinet submission has been prepared and will go to Cabinet on Monday. Likewise, Bill McGrath will put a submission to his Cabinet. It is well in hand. I have not had any demands; the Barley Board has not been to see me saying, 'All is not well.' Quite the reverse. Parliament has provided for this and the Barley Board continues in existence until the new board is appointed. I have tried to meet the agendas of different people and interest groups, and I have consulted with some Liberal Party members who have given me some very valuable input.

**Mr D.S. BAKER:** Supplementary to that. When will the Minister make a decision and announce it? When?

**The Hon. T.R. Groom:** If the honourable member for Victoria reads the Act—

**Mr D.S. BAKER:** Just say when.

**The Hon. T.R. Groom:** It is a joint decision of the Victorian Executive Council and the South Australian Executive Council. A submission has been prepared and will go to our Cabinet on Monday. I expect, therefore, to be able to announce it in a week's time, after Executive Council. But I will not do that unless the Victorian Minister has likewise been able to synchronise because it is a joint announcement. You are looking at a week.

**Mr D.S. BAKER:** Give us an approximate date. Perhaps one of the Minister's officers would care to answer this question?

**The ACTING CHAIRMAN:** The question must but be directed to the Minister.

**Mr D.S. BAKER:** Given that a significant proportion of the State's agricultural commodities are marketed through statutory authorities or the established auction system, which we all agree with, can the Minister or his officers tell this Committee what role the Marketing and Development Branch will play in marketing produce? How does the branch propose to work with industry, which is very important, and what is the proposed budget for the branch?

**The Hon. T.R. Groom:** I will accede to that request and relieve the honourable member of his tensions and ask the General Manager of Marketing to answer that. I could answer it but I have decided to relieve the honourable member's tension and pressure.

**Mr McClelland:** Some 74 per cent of this State's exports are in three commodities: cereals, wool and meat. As the member would be aware, in most of those industries statutory marketing authorities are involved. In South Australia, as in other States, of course the Wheat Board has a monopoly in the marketing of wheat. Marketing of other products is undertaken by the private sector in conjunction with the statutory marketing authorities: the Australian Meat and Livestock Corporation, the Australian Barley Board, and so on.

With the restructuring of the department the former system of creating a network within the department in development and marketing is expected to be enhanced through the industry development plans which our colleagues, the other general managers, are developing. It is also proposed that within the restructured organisation there will be a small cell under the General Manager, Development and Marketing, which will serve as an advisory cell to the general managers on a commodity by commodity basis.

**Mr D.S. BAKER:** What is the proposed budget for the branch?

**The Hon. T.R. Groom:** I will ask Mr Hugh McClelland. There is definitely \$500 000 that I have approved.

**Mr McClelland:** The Minister has approved \$500 000 expenditure for the dedicated service within the department in development and marketing. To be added to that, of course, are the various production general manager groups, which will also be developing development marketing areas within their own specific areas. To answer the question, \$500 000 has been approved by the Minister for this financial year.

**Mr D.S. BAKER:** I turn now to the Financial Statement 1993-94, section 2.46 under 'Repayment of Advances'. There is a sum of \$19 million in repayment of advances. What is that for?

Further down, under 'Sale of Land and Buildings', it says that most of the revenue is now credited to the deposit account of the relevant agencies. Under 'Repayment of Advances', what is the \$19 million for? Will any further sale of Northfield land be credited to the deposit account of the Department of Primary Industries as suggested on that page?

**The Hon. T.R. Groom:** There is nothing sinister about it, but I will take that on notice.

**Mrs HUTCHISON:** My three questions deal with field crops. There has been some coverage recently on local television about a possible locust plague in October-November this year. I am referring to the Mid-North and Upper North, about which the member for Custance will be

aware. I understand that planning is under way for a campaign to control a possible plague. What is the potential threat and what plans have been made to overcome it?

**The Hon. T.R. Groom:** I appreciate that question, because planning for the locust plague has been under way for many months. Contrary to the allegation made this morning that this department does nothing, following last year's locust plague, which threatened \$150 million of South Australian cereal crops, the areas where there were likely to be hatchings have been closely monitored by officers of the department and the Australian Plague Locust Commission. There is no question but that there is a threat of a further locust plague and we have to be properly equipped to deal with it. We have allocated \$1.75 million, which Cabinet approved some time ago. We have been carefully monitoring the situation, and we understand that this year's locust plague will be very different from locust plagues of previous years. In previous years the hatchings have taken place in pastoral areas and we have been able to aerial spray. This year the hatchings will also take place in horticultural and agricultural areas, which will make it extremely difficult because we cannot aerial spray in those areas. That means that we have to resort to ground spraying.

Jamestown will be the headquarters of the locust campaign, which will commence on 5 October. We have been monitoring areas in the Far North on Eyre Peninsula where the hatchings will take place—we know where they are—and the program will go into full swing. There is a far greater risk this year than there has been in previous years. However, the department has been gearing up for this. We have not waited for events to overtake us in any way, and the money has been allocated to meet the plague. I think that we will stop the locusts getting off the ground because we are extremely well organised.

A locust plague is very different from a mouse plague, because the mice spring up from the field whereas locust plagues generally come into agricultural areas and the Government's response is in that context. The normal putting down of pests in agricultural areas is the responsibility of the land owner, and controlling pests is about 3 per cent of overheads. As locusts generally come in from the Far North pastoral areas, Governments have taken the responsibility for aerial spraying. I stress that we shall have to monitor the program this year in a very cautious way. We will have to review it at each stage because the potential is far worse than in previous years as the hatchings will take place in agricultural and horticultural areas. The importance of the campaign is that \$150 million in cereals would otherwise be at risk.

**Mrs HUTCHISON:** My second question relates to the right rotations program. I believe it has unanimously been agreed that this is a very successful program. What is this program and what contribution does the Department of Primary Industries make to that program?

**The Hon. T.R. Groom:** Contrary to the assertion this morning in the outbursts of the member for Victoria, extension activities are flourishing in the Department of Primary Industries and are being fully supported. The right rotations project is an initiative of the Advisory Board of Agriculture and has been funded by the Grains Research and Development Corporation in the past three years to the extent of \$50 000, \$55 000 and \$55 000 respectively—a very considerable amount of money. Technical input is made into this program from departmental district agronomists, soils officers, land care officers and specialists. I think in this

context there has been some concern with regard to district agronomists because two leading district agronomists involved in this program took TSPs.

In 1993-94 the Advisory Board of Agriculture successfully obtained additional funding of another \$47 000 from the national land care program for a coordinator to support the running of the program. The right rotations project has involved 2 000 farmers through bureau branches in workshops that focused on cereal root diseases, time of sowing, weed and stubble management and soil and plant nutrition. These activities are sponsored by the Advisory Board of Agriculture branches with organisational support by Jon Lamb Communications. I think that the Advisory Board of Agriculture would be very hurt and disappointed to hear the Opposition describing programs of this nature as a load of rubbish.

The technical components have been organised and provided by the department's district staff, supported by specialists including pathologists from the South Australian Research and Development Institute. The program has gained great credibility with the farmers in the industry and the Grains Research and Development Corporation. Its strength is in the effective technology transfer being in the control of the users—the farmers.

The Advisory Board of Agriculture now wishes to expand the program to include workshops on sustainability index, soil fertility, soil biological activity, water use and so on. The Advisory Board of Agriculture has firm intentions of continuing the Grain Research and Development Corporation or national land care program funded projects in the future which will be \$75 000 and \$62 000 in 1994-95. Here is another example of a department, in conjunction with industry groups, delivering benefits to rural South Australia by maintaining and improving extension programs.

**Mrs HUTCHISON:** My last question relates to the overall harvest prospects for this year. What are the prospects for the current harvest and what effect will the lack of rain have on those prospects in some areas?

**The Hon. T.R. Groom:** The recent rains have been a welcome relief. In the past 12 months, since I have been Minister, I must say that I have been looking more closely at the weather charts than ever before. As a result of this very rewarding portfolio, I have gained a better appreciation and understanding of these important factors in rural areas. In the metropolitan area we take it one way or the other: it is either raining or the sun is shining. As I said, these factors are important in rural areas and we have had little rain during the past year, so the recent rain has been a welcome relief. Even with the mouse plague, the damage has been held and is likely to contract because we have been able to re-sow.

Despite all the problems and all the unseasonal factors that the South Australian rural community has had to endure in the past 12 months, the underlying strength is again reflected. Wheat, barley, grain legumes, the total for all those is 3.86 million tonnes. So, the good general rains in the past few weeks have consolidated prospects for a near average South Australian harvest. In general, these rains have been normal for this time of year. The 1993 season commenced four to six weeks late and winter rains have been average at best, with the western part of Eyre, most of Yorke Peninsula and the smaller areas being well below average. Some wind storms in August blew out severely damaged crops, and that caused great concern in the upper Eyre, coastal Eyre, northern Yorke Peninsula and part of the Mallee.

Poor germination of crops, weeds, mice, as I mentioned, and above average temperatures coupled with a dry spell in August have reduced prospects. Stripe rust has broken out in the northern districts and the Mallee this week. With the late season, the field crops remain vulnerable to low rainfalls and hot winds. In general, it has not been a good pasture year to this stage. But international grain market prices are relatively static and, depending on the seasonal conditions between now and harvest, farm profitability for grains may not be as good as we hope, which could result in the need for additional assistance.

At this stage, it is a bit too early to say. We can only speculate on the fact that we have not had adequate rains to date but that the rains over the past couple of weeks have been more than welcome. If this continues, I expect our grain harvest to improve even further. But it has been a difficult year, like last year. Again, production does reflect the underlying strength of primary industry.

**Mr VENNING:** In relation to the RIADF, on page 530 of the Program Estimates, early this month the Minister in reply to a question from me advised that the six applicants had been granted a total of \$225 000 from this fund, which we all knew was \$5 million. Why, when \$5 million was allocated was only one twentieth of that approved? How many applicants were there and were these six successful applicants the only worthy applicants? It is my belief that a number of applicants were knocked back. How many applications have been received from the call, which closed on 31 August, and is the Minister's intention to allocate the remainder of the \$5 million?

**The Hon. T.R. Groom:** This fund is quite unique to South Australia and has not been undertaken before. It arose from the unseasonal rains, when I had discussions with the officers as to whether more could be done with regard to the utilisation of rural finance funds. I requested a paper be given to me to see whether we could implement farm diversification, whether we had a safety margin in our own accounts that I could put this way. To help farmers diversify and value add, you need a measure of grants. Of that \$5 million, \$1 million will be straight-out grants and \$4 million in loans of various descriptions.

We then advertised and attracted something like 159 applications, which were being worked through. During that process I met with industry based groups. Because this would be the only fund for this year, industry based groups wanted to play a stronger role. Many of the applications, while being of high quality, needed further work and refinement, because at the end of the day you are dealing with public moneys. But the industry based groups urged me to extend the time for the consideration of these applications, and I did that and acceded to industry.

I could have gone ahead and announced some very significant amounts from that fund, but I knew that there would not be another fund of this kind probably until next year. We wrote the whole \$5 million off in the accounts as if it were a loss. We do not expect to lose anything: \$1 million of course will go in grants but, as the money is lent out and properly secured, the other \$4 million will reappear and then, provided they are reasonably secure, I will have the ability to produce another fund next year. Contemporaneously with this process I was visiting regions and talking to the Economic Development Board, and I was concerned that not enough applications were actually backed by development boards or industry based groups in particular regions, so I reopened, and they closed on 31 August.

We received a further 50 applications for a mixture of loans and grants. I think I rejected only a few and had a couple deferred in that process simply for further consideration. Some applications were for very substantial amounts of money. Half a dozen would have taken up the whole fund, but I intended to act responsibly and ensure that we do not just dish out money; that it does the job properly. We did give grants to the Kangaroo Island Trading Company, to D. Blessing, to the quality assurance program, \$120 000 to a yabby farm, and to Ben McNamara, who was Young Achiever of the Year.

There were difficulties with the McNamaras, as the member for Flinders is well aware. I took a personal involvement to enable Ben to have a grant and a low interest loan for quandong farming. I believed that I should properly support young farmers, particularly those who have set examples. A parcel of land had been split off from the parents' farm and, as has been reported in the *Advertiser*, they were in difficulty. I got behind and supported the young farmer because he has the skills, and we were able to negotiate with the receivers and the bank to ensure that that parcel of land was protected so that I could then give \$20 000 to Ben by way of a straight-out grant, and \$20 000 in a low interest loan. That is the basis of a field day at Tumby Bay tomorrow.

The South Australian Farmers Federation was the recipient of \$5 000 for the wool trade mission, which also came out of the fund. That was by way of grant. Probably there was a bit of discretion on my part with regard to that grant, but my view is that if an industry based group wants to promote its marketing it is quite proper for me to give \$5 000 to enable it to go to Los Angeles. Other grants and loans approved in 1992-93 have been the \$500 000 we noted for a marketing and development program, University of Adelaide; Waite Institute, \$20 000; and there has also been a series of loans. These loans are outside the \$5 million.

We run, contemporaneously, a number of funds. I want to put the whole thing, because those other grants and loans that I have just mentioned, the \$500 000, \$6 000, \$20 000, \$6 000 and \$5 000, are also part of the overall funds that I administer. In relation to the loans, I will not mention the industries but I am quite happy to provide details to the Opposition. We provided a \$200 000 loan; we provided a \$1 million loan for—

**Mr VENNING:** This is not part of the \$5 million is it?

**The Hon. T.R. Groom:** But I want to put it in context, because what you are going to do is go and bag us and say that we are only giving a small amount to the rural community. I want to make sure that you have the wider perspective; that, for example we have also given \$1 million for grape planting, and I have mentioned that other loan.

**Mr VENNING:** You don't talk the truth.

**The Hon. T.R. Groom:** You do not want to hear what is going on in the broader picture and you are going to isolate the quarter of a million or so and say that that is all we are giving. I want to make it quite plain that you understand—

**The ACTING CHAIRMAN:** Minister, you must not use the second person singular; remarks must be addressed through the Chair.

**The Hon. T.R. Groom:** I apologise for that. I have accepted a position put to me by industry-based groups—and I think that is proper; it is time well spent, even though it means a bit of a delay in relation to this fund. As I have said, we have had a further 50 applications which we are now working through and we will be able to make some announcements very shortly. There are a couple of prospects on

Kangaroo Island which I mentioned that came in as a result of that further call. One was for a poultry processing plant. I have indicated to the Kangaroo Island Economic Development Board that I will help them get a slaughterhouse off the ground, provided it is complementary to the existing abattoir on Kangaroo Island, so that they do not undermine one another. There is a further application on Kangaroo Island for a marron farm. I would also like to say that, had I not re-opened the applications, I would not have received further applications from the South-East. We would not have received them from Eyre Peninsula, which is a target area.

As a result, we have a far better spread of applications. On Eyre Peninsula there is a Ginseng project, which I understand is a viable alternative cash crop with a big demand in Australia and a huge demand in China. That application has been put to me from Tumby Bay. I have done this to help regions and to make sure that the money is well spread throughout South Australia. There is the tourist farm at Wudinna; there is the development of an emu farm at Smoky Bay; there is a project to change from marinos to first-cross lambs at Smoky Bay; there is land for cropping grains and legumes in Whyalla; there is a southern blue fin tuna farming request at Port Lincoln; and for Cowell there is an alpaca breeding application. For other areas, there is a marino wool project; there is a fruit snack and dessert project which is in the Riverland; and there is yabbie farming in the Adelaide Hills. I have mentioned the tourist farm; there is marketing of leather clothing; there is a free range eggs project; there is the development of a feedlot for beef export; and there is a boning room complex, and so on. In the northern Adelaide Plains area there is an extremely good project that has been put to me by the Northern Adelaide Developmental Board, and so on.

As a result, a number of projects are well advanced. We have obviously processed the first call of 159 applications. We are well advanced in processing, but some top projects have come in, some of which are supported by industry-based groups. I will try to accommodate the requests from the Opposition and make some further announcements. We are well advanced, but I want to ensure that all regions get a fair go. I will try and do this very quickly, some time in October or November.

**Mr VENNING:** My big problem, and that of my constituents, concerns the false expectation given by the Minister's initial press release on the matter about the \$5 million and then having just six cases—and if we take out Primary Industries itself and the Farmers Federation we have only four private people who were successful. On looking at the original press releases one would have thought that this was a widespread thing for everyone to get involved in. People have contacted me and informed me that they have been told not to bother because it was a very exclusive thing. Two or three people who did apply came back to me when they were knocked back. However, from listening to the Minister, I hope that that perception has been rectified and that people who apply can now feel that they have some hope of being successful.

**The Hon. T.R. Groom:** Can I just say that I did not back a lot of consultancies. I am not going to reward the professional or semi-professional classes with consultancies, because if you have to come to me for a consultancy then you are not going to be able to get your project off the ground. Money would have been diverted to professional and semi-professional groups for consultancies—accountants and other professional groups—and would not have gone to farmers

and growers. Hence, I did not back a number of consultancies. There are other means by which my department and other departments can assist with consultancies. At the end of the day it is only a collection of information which is available from a variety of sources. I am not going to pay accountants \$5 000 or \$10 000 simply to collect the material that is already available, because the decisions about a business venture really have to be made by the proponents, by the proposed proprietors.

I will back rural skills. My objective is to use this fund to keep rural skills. There are people who have good rural skills and it is true that our advertising has sparked renewed interest. At the first call I think there probably was a bit of scepticism, but this is not the time for cynicism or anything like that. I am determined not to waste this fund. I want to ensure that it benefits farmers and growers, that it goes directly to those people. The honourable member might have had grizzles from consultancies that I have rejected.

**Mr VENNING:** My next question relates to a matter that is very close to my heart, and I refer to the Program Estimates (page 534) and support for ancillary bodies. This State's support services to the Advisory Board of Agriculture and agricultural bureaus, to the Women's Agricultural Bureau, to Rural Youth and to the South Australian Rural Advisory Council—which was a Labor Government have been maintained. It is difficult or impossible to work out the level of this maintained support by examination of the accounts and the estimates. I can only say that they have been maintained at an absolutely niggardly low level. I am also concerned that there appears to be no mention of this support in the new primary industries program structure. What is the extent of support for these agencies? Is the Minister aware that, in particular, Rural Youth membership has fallen to its lowest level of about 150. That has fallen from 6 000 just over 15 years ago. This has happened in the wake of reduced support over a decade of this Government. It cannot be argued that falling membership has prompted reduced support. The Rural Youth staff level in the Rural Affairs Unit has gone from six down to a half of one. It makes me very cross indeed. Rural Youth needs competent, appropriate staff to encourage it back to its former status to train the young farmers of the future. Does the Minister intend to let this valuable organisation wither on the vine and what will be the extent of support for all these agencies?

**The Hon. T.R. Groom:** With regard to rural groups, we do provide .5 full-time equivalent of support to Rural Youth. The membership has declined to 350 active members. That is still significant, but there is no question there has been a bit of a decline in that area. The department is obviously concerned about this matter and is giving it consideration.

We provide a range of non-technical services to rural people on farms and in rural communities through the network of the three organisations that we service, namely, the Agricultural Bureau, the Women's Agricultural Bureau and Rural Youth. There are about 275 of these organisations in this State, with over 5 500 members, so it has to be put in its proper context. As Minister I provide \$81 000 for fees and travel costs for these three organisations and for the South Australian Rural Advisory Committee. The rural affairs unit provides executive and administrative support plus \$17 000 for postage, printing, etc. There are other unquantified inputs of time from regional and divisional staff.

The Rural Affairs Unit itself is client focused in addressing the economic, social and adjustment needs and, while the final report of the ODR emphasises that the primary mission

of the department should be to maximise the economic value to agriculture, the honourable member is quite right: he has identified something that we also have to address, namely, the human and financial resources of the agricultural sector.

We expect this to be achieved through a number of programs aimed specifically at the human resources area of agriculture and adjustment issues facing farm managers and farm families. These include rural education and training, rural adjustment coordination services, the Rural Women's Information Service, the counselling service, the social research group services and any counter-disaster operation.

The formation of the Rural Affairs Unit goes as far back as 1987 and it addresses the broader issues facing farmers, their families and rural communities since its inception. With regard to rural youth, there is no question: we have to be oriented towards keeping people on their land and securing employment in regional areas, and that is why diversification is so important, because it is given a new lease of life in terms of career opportunities. The things that are taking place in diversification around South Australia will hold young people in the regional areas. It will not be a quick process. I have had 12 months in this portfolio. I am very sensitive to these issues, and that is why some of the things I am targeting, particularly with that fund, are designed to provide job opportunities in regional areas and to keep young people there, because young people want jobs. If you cannot get jobs in the country you will come to the city, and that process has, regrettably, been going on for many decades.

However, we are focusing attention and devoting resources. The South-East is a classic example; that new factory and the things we are doing in the South-East will hold jobs in the South-East.

**Mr VENNING:** As a supplementary question, as the Minister said, the Agriculture Bureau is probably one of Australia's success stories in an agricultural bureau situation; it is the outreach of the Department of Agriculture. The advisory board of agriculture not only runs the bureau but also advises the Minister. Has the funding for the individuals on that board (of whom I was one) really increased in 10 years? I know that the travelling those individuals do to meet at least four times a year is the same as it was when I was on the board. Those members, led very capably by Mr Greg Schultz, a very fine agricultural person, are actually subsidising the board by meeting a large percentage of those costs themselves, and the Minister ought to look at those figures. If you pay peanuts for these positions you will not get people to fill them. As the Minister knows, we have lost quite a few board members recently, because patently some of them just cannot afford to be on the board. The board has been of tremendous value, particularly to Labor Ministers.

**The ACTING CHAIRMAN:** You are making this a rather long supplementary question.

**Mr VENNING:** As the Minister would know, Rural Youth has been a fantastic organisation. I think a minimum situation there would be one officer in the office and one field officer. Obviously, the Minister agrees with the priority; can he see an area in the budget where these demands can be met?

**The Hon. T.R. Groom:** I will take advice on this matter from the Advisory Bureau of Agriculture. We do provide support other than the full-time equivalents: fax machines, phone conferences, and the general managers actually go out and meet board members in their home. There is no majesty in increasing the administrative costs of the department if you can do it a better way, keep the administration costs down and deliver actual services. Rural Youth is a particularly import-

ant area, and one of the first things I did as Minister was ask the Advisory Board of Agriculture to review some of the educational courses in country areas, because I was concerned from complaints I had that maybe there were some deficiencies in that regard.

I have also sought to encourage schools in both the metropolitan and country areas to foster interest in primary industries for job and career opportunities, because I think that great job and career opportunities will be available in the next time frame in agrifoods and agribusiness. That is one of the reasons why the Advisory Board of Agriculture has prepared a report to me with regard to education and things that can be done in this regard.

I went to Snowtown with regard to a parcel of land that it acquired for agricultural courses. I was at Lucindale a fortnight ago, and they have aquaculture. They have done great things at Lucindale Area School with regard to aquaculture, and they have applied for a grant to further their aquaculture courses and become a focal point for fish farming in that region of the South-East.

With Rural Youth we have to ensure that the quality of education is available in the schools, that the course component is there and that the moneys we have available are targeted for administrative support, because that is necessary. At the end of the day, however, people want jobs wherever you live, whether it is in the country or metropolitan area.

The programs on which I have been focusing involve the delivery of jobs to young people in country areas and supporting country areas in that way. It is not a matter that will take place overnight. Because I am dealing with the subject matter of the honourable member's question, I would like to take my advice from the Bureau of Agriculture before committing myself simply to providing further administrative support, when young people want jobs.

Even in metropolitan schools I have been encouraging the schools. As a community (and I do not mean this at political Party level or Government level) we have largely lost sight of the fact that we are very largely a rural State and that there are great opportunities. Many parents, when thinking about career opportunities for their young people, look to secondary and not primary industry, and in the schools, particularly metropolitan schools, very rarely do you see the old agricultural plots that we had in the 1940s and 1950s where you learnt as children how crops grow, how to care for crops and how you value added. I have been encouraging metropolitan as well as country schools to ensure that they are properly focused. The Advisory Board of Agriculture is therefore giving advice.

I want to remind the honourable member that there are 160 schools around the State involved in the Kids for Land Care program, which involves cross-curriculum studies. For Rural Youth it is a matter of concern. My objective is not to increase unnecessarily the administrative costs or the bureaucratic positions but rather to look at how we can keep young people and their parents on the land in rural areas and create jobs for them, because that is what will hold young people in rural areas.

**Mr VENNING:** I wish to read my questions on notice. The first is in relation to rural assistance in the Program Estimates and Information on page 530; the subject area is mouse baiting. Mention is made here of exceptional circumstances assistance. Will the Government move to have the losses from devastation by mouse infestations and the huge cost of baiting declared as exceptional circumstances, as has already been done in Victoria? As we have discussed earlier,

that is apparently not the case. If it is not the case, can the Minister investigate that matter?

**The Hon. T.R. Groom:** I will take that question now; it is too important to take on notice.

**The ACTING CHAIRMAN:** Take a note of it. We will run through the list and then I will give you an opportunity to come in with whatever you like.

**Mr VENNING:** In relation to Program Estimates and Information, page 530, and the agricultural industries policy and rural finance and development program, do the targets for 1992-93 shown on page 530 include production of a green paper proposing new legislation for agricultural chemicals reflecting the introduction of national regulations and upgrading current controls on spray dips and residues? What progress has been made in implementing the national regulations in South Australia, and when will new regulations be finalised? Are all regulations being introduced with proper consultation with the people who use the chemicals concerned?

As to land care and amalgamating boards, I notice on page 2 of the Minister's paper that he referred to the amalgamation of boards. This subject has always been close to my heart and I have been involved with it for 10 years. I agree with the basic line the Government is taking, but I ask the Minister to respond to these questions. Concern has been expressed about the funding of the amalgamated body. Can the Minister guarantee that present funding through both Federal and State Governments will continue?

We realise that the boundaries of the two organisations are different, but can the Minister give all board members an assurance that boundaries will be rationalised to a level that they can all agree with? As to staff training, there is a need for further multi-skilling. I hope the Minister appreciates that.

When drawing up the green paper, will the Minister consider a phase-in period of at least three years? In the first phase, will the Minister consider not making it compulsory? Will the Minister undertake to give full and adequate consultation, although I have great faith that he will do that?

I now refer to page 34 of the capital works program because of confusion that exists. The first column contains zeros. How much of the money that originated from the sale of Northfield has been spent on relocation to the Waite Institute? Is SARDI working? I refer to last week's field day which the Minister was unable to attend. Although it was very successful for those who could attend, I have some difficulty with SARDI being set up independently and as a different body from agricultural extension. SARDI comes on tonight, but SARDI's presence was not obvious at the field day.

**The Hon. T.R. Groom:** It is an important question.

**Mr VENNING:** It is a relevant question. SARDI was mentioned during the day. It seems to be a foreign body, but it should never be that way. As to the relocation of the field crop unit and the appointment of the manager to which the Minister referred earlier today, what he said about my input was correct, and I appreciate the Minister's cooperation. When will the next announcement be made about the final plans and when will he announce the appointment of the manager?

As to Dynamice, is the Minister aware that people selling poison are not permitted to sell poison in containers smaller than five kilograms? Many people wish to sell Dynamice in two kilogram containers but are told by the industry or others in control that they are not allowed to sell the product in

containers smaller than five kilograms, which is a large container.

As to departmental publications, having been involved with the department for many years I know that publications in South Australia have been Australia's best, particularly in the old days with the *Journal of Agriculture*. What we see today is a mere shadow of what we used to have. Is the Minister happy with the present level of departmental publications?

**The Hon. T.R. Groom:** I will take those questions on notice, but I will deal with the question of the mouse plague and Dynamice now. As to the mouse plague and the exceptional circumstances, assistance and Dynamice, I point out that Dynamice contains strychnine. This is what the member for Victoria said this morning:

As regards the mouse plague, if it had not been for some push and shove, the Minister would have waited until now to get something done—

*Mr Venning interjecting:*

**The ACTING CHAIRMAN:** Order! The honourable member had an extraordinarily long time in which to ask his questions. I ask him to remain silent while the Minister responds.

**The Hon. T.R. Groom:** The member for Victoria said:

Strychnine has been used in rural areas of Australia for many years, but we could not get a couple of departmental officers to make decisions because the Minister was not pushing. I shall name a couple of those officers later. It shows no direction from the top and nothing happening.

Frankly, that is an untruthful statement: it is demonstrably untruthful. Our response to the use of strychnine in the mouse plague has been the best of any State. The use of strychnine is not to be trifled with or taken lightly. Departmental officers were monitoring the mouse plague throughout May and June, and obviously there was a point where, if we did not get a cold snap and plenty of rain in May and June, we considered that we would have to take extraordinary measures. Obviously, the use of strychnine was a last resort, because it is highly dangerous. It is poisonous, and someone could die from strychnine. There was discussion with Victoria but, once it became apparent by the end of June that we were not getting the necessary rains or cold snap that in previous years would just wipe out the numbers, because they would have suffered from disease and drowned in burrows, and so on, and there would be no other remedy, I authorised the use of strychnine and had discussions with the Minister of Health and the Minister of Environment and Land Management. That decision was made with great rapidity. No-one pushed or shoved or—

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** I know you put out material about this, but you know it was not true—not you, Mr Chairman.

**The ACTING CHAIRMAN:** I hope the Minister will direct his remarks through the Chair.

**The Hon. T.R. Groom:** I am sorry, Mr Acting Chairman, I responded to an interjection. The fact is that I set up a task force to advise me because we had to ensure that we protected wildlife and people. Dynamice has strychnine in it, is not approved for field use but is approved for use around buildings. We faced the risk of an uncoordinated and unfortunate occurrence if controls were not put in place.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** You might think it is a joke and a load of rubbish but, had it not been for the strychnine

baiting program, South Australia would have been devastated throughout July and August. That is the truth of the matter. The Liberal Government in Victoria was one month behind us and, if anyone took their time in making decisions, it was the Victorian Liberal Government because we were one month in advance. I had no difficulty and simply accepted the scientific data once I could be assured that the danger to human life and off-target losses could be counteracted. I had no difficulty authorising the use of strychnine and taking that submission to Cabinet. Make no mistake about it: it was described as a forthright and strong decision, and I had no hesitation in making it. Victoria expected it, too, and it rang seeking our advice on how to combat the mouse plague. When I met with Bill McGrath he said, 'You have set a cracking pace in South Australia that we have had to keep up with.'

*Members interjecting:*

**The Hon. T.R. Groom:** Well, that is a fact. The use of strychnine is a serious matter and we were one month ahead of the Victorian Liberal Government, which wanted to wait and see the success of our program, but we commenced that action.

Had it not been for strychnine baiting it would have been devastating for South Australia because we did not get the cold weather or the rain in July or, indeed, in August. I want to put that on the record. The honourable member should read the *Stock Journal* because it did an analysis on the way in which the decision was arrived at. There is no truth in the assertions made by the member for Victoria, and he darn well knows it, because my decision was supported by Cabinet. The press secretary for the member for Custance, who writes his material—

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** Well, you do. You pay 50 per cent of your electoral allowance for press.

**The ACTING CHAIRMAN:** Order! I ask the Minister to come back to the subject.

**The Hon. T.R. Groom:** I commend the member for Custance for doing it. He does not need to hide from the fact that he hires a press secretary from his electoral allowance; I think that is great. The problem is that he puts out material that is demonstrably not true. Of course it is easy to say, 'Why did you not commence it in May?' or something of that nature. 'Why did you not commence it in December or March?' The fact is that I relied on the task force and very responsible officers to advise me when the danger point would be reached. That, of course, was dependent upon what nature would do. A Liberal Government in Victoria took one more month to make up its mind because—

**Mr VENNING:** They did not have the mice.

**The Hon. T.R. Groom:** If the honourable member does not think they had the mice he should go to Pinnaroo and go across the border, because while we were strychnine baiting to the border Victoria dithered and mucked around with the use of strychnine. The mice were coming in from Victoria, infesting the paddocks of our farmers who lived along the border. That is what precipitated Victoria's taking action, because their mice numbers built up, and they had no choice but to do it. In fairness they did want to see the success of our program.

The mice program has been extremely successful. We kept our costs well below Victoria's. Despite all the protestations of members opposite we kept our costs down. We were not prepared to give it away. It is very easy in Opposition to say, 'Give it away.' This is part of the ordinary pest control

measures that farmers take. If you gave it away a precedent is then established, but we have given a number of subsidies. I should say that the actual cost is something well in excess of \$600 000. There have been 73 State Government employees involved in various aspects of the campaign as well as 45 employees of the Animal Plant Control Commission boards. It has been an extremely extensive campaign, one in which a very large area of South Australia has been covered by strychnine baiting.

One of the reasons why the decision was not taken lightly was because you also have to look after your export markets and we will have to spend a considerable sum of money testing our grain to ensure that we do not get knocked out of international markets. It could not be done overnight; you had to consider the decision in the context of a number of factors. Nature did not deliver the blows in May and June but we were carefully monitoring the situation. But Victoria, even a month after us, still had not acted. If you direct any criticisms to my department or to me as Minister then they must be doubly so for your Liberal counterparts in Victoria. That is the fact of the matter.

With regard to questions of exceptional circumstances and natural disaster, of course it is a natural disaster in ordinary terms. It is a disaster of nature but it is not a natural disaster for the purposes of the agreement entered into between the Commonwealth and States of all political persuasions. I get letters and the Opposition peddle this material and say, 'Call it a natural disaster.' That will solve absolutely nothing. If you invoke the natural disaster legislation, even if it did fall within the criteria, you cannot get compensation; all you can get are loans and you are worse off than getting a loan under the Rural Assistance Scheme.

The only grants available are for local government and State Government instrumentalities for infrastructure. The natural disaster would have to be totally reworked between the States and the Commonwealth regardless of political persuasion. While in ordinary terms it is a disaster of nature, it is not a natural disaster for the purpose of that agreement, which requires a cataclysmic event such as a cyclone, bushfire, or earthquake. Our unseasonal rains also did not fall within that category; they fell within the exceptional circumstances category.

This category too is controlled by agreements between the Federal Government and the States with regard to what amounts to an exceptional circumstance. I have had claims for exceptional circumstances relief because the tide did not come in. People say, 'We lost so much because the tide did not come in and that is an exception. We expected the tide to come in.' This category is very tightly controlled by the States and the Commonwealth, that is true. But we have given an enormous amount of assistance to our farmers with regard to strychnine baiting. It has been heavily subsidised and I gave a further subsidy, which is extended to the 30 September. After that date we will not be able to use strychnine baiting because you have harvest coming on and it is just not viable; you cannot take the risk of the baited wheat being mixed with other.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** We are not abandoning anybody at all. The fact of the matter is that we are coming into harvest, and everyone knows that. Our program has been extremely successful. The fact is that Dynamice is not approved for use in fields. Our program with regard to strychnine baiting has been extremely successful. I think this is what gets up the nose of the Opposition. This is why the

opening remarks of the member for Victoria contained sour grapes because of the successful program. It has been widely acknowledged throughout South Australia, from all agricultural groups, as an extremely successful program.

No-one had to be pushed, shoved or anything else. The decision was made with a task force of very senior officers. It has been highly successful throughout South Australia and strongly supported by the Government. There has been a strong subsidy involved on the part of the Government, better than the Liberal Government in Victoria.

**Mr VENNING:** Can I ask something?

**The ACTING CHAIRMAN:** No.

**Mr HOLLOWAY:** Mr Acting Chairman, you were a former Chairman of the select committee on rural finance.

**The ACTING CHAIRMAN:** Yes, that was an excellent committee.

**Mr HOLLOWAY:** The member for Stuart and I were members of that committee. One of the issues raised during that select committee was the question of interest subsidies versus grants. The question I want to ask relates to the levels of farm debt that relate to the interest rates subsidies referred to in the Program Estimates. The interest subsidies estimated for the current financial year appear at page 198 and the interest subsidies for the previous financial year appear on page 194. What are the levels of farm debt that those interest subsidies relate to?

**The Hon. T.R. Groom:** First, there was a story: 'Imminent Collapse of Rural Industries'. That was fanciful in the extreme. The Stock Market operates on confidence and bankers also operate on confidence for loans. Many branch managers on the Eyre Peninsula, Yorke Peninsula and elsewhere have clients who need support and that sort of suggestion of an imminent collapse of rural South Australia was very damaging and so it had to be addressed.

Rural South Australia is not in danger of imminent collapse. There is an underlying strength that is shown in production figures, diversification and a whole range of areas. In round figures, the gross indebtedness for 1988-89 was \$1.2 billion; in 1989-90 it was \$1.3 billion; in 1990-91 it was \$1.4 billion; and in 1991-92 it was \$1.4 billion. I was concerned when in that context I saw reports that rural debt had reached \$2 billion. I am assured that is nonsense; it is not at that level. The ABARE farm survey report indicates that gross farm debt for broad acre industries and dairy calculates to about \$1.3 billion in South Australia. Even if we add the horticultural debt, we still come nowhere near \$2 billion. Until the new figures come in, we should not try to talk rural debt up, even though it is a serious problem. There is no question but that \$1.4 billion is a huge debt for the rural sector to bear as financial assets are about \$612 million. State and Federal Governments are supporting rural debt in various forms through lending and interest rate subsidies to the tune of \$550 million or \$600 million, so we are playing our part.

The tragic loss, because of the unseasonal rains last year—we were heading for a record harvest—was that \$300 million. Even though we still came in with probably the second highest grain harvest on record, we still lost \$300 million in downgrading and loss of value. That \$300 million would have gone to reduce rural debt and improve cash flow. Apart from anything else, one of the tragedies has been that rural debt has had to stay at the same level as in 1991-92, because that is what it is likely to be.

Both State and Federal Governments are playing their part. I am sure that, despite the member for Victoria this morning describing all this as a load of rubbish, if the

position were reversed the member for Victoria would support such programs because they are essential for rural South Australia. I will not repeat some figures that I gave this morning with regard to the break-up of that level of support.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** The member for Victoria went off the top and made a series of assertions, all of which are demonstrably untrue and all of which were designed to downgrade primary industries in South Australia. At no stage have there been any questions from the Opposition with the intention of substantiating those claims, so I will deal with them in the questions that I receive because they are demonstrably untruthful. You should never talk primary industries down. For a shadow Minister to talk primary industries down is very sad.

**Mr HOLLOWAY:** One of the other issues that was considered by the select committee on rural finance was commercial rural loans. What is the present position regarding the commercial rural loans scheme administered through the Department of Primary Industries and its acceptance by primary producers?

**The Hon. T.R. Groom:** With our lending we are in the marketplace in various ways. We are in the marketplace to compete with the private sector with regard to our commercial lending. By being in the marketplace, we keep interest rates down; we keep them competitive. We are also in the marketplace with regard to subsidised loans. As at 30 June we had settled 55 loans for a total of \$6.5 million. Following deregulation of the financial sector, it was concluded that commercial lending to the rural sector could be improved by establishing an effective reference rate for rural borrowing. This was one of the main reasons for Rural Finance and Development's entry into this market. The first loans were advanced in 1986-87, and loans to farmers at 30 June 1993 totalled \$51.5 million. Those are commercial loans. Our total capital lending for 1992-93 was \$150 million in round figures, and for 1993-94 it is estimated at \$170 million, so we have already built in the \$20 million. Originally it was to be \$15 million additional capital lending for this year. We are going into a margin of risk, but we have been able to increase that by an extra \$5 million because of the setbacks which have been suffered.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** The size of the commercial rural loans portfolio is negotiated between me, which means my responsible officers, and the Treasurer from time to time, and currently it stands at about \$75 million. These are commercial loans, not the full amount of loans. These are loans at the commercial rate. The scheme is funded by borrowing at commercial money market rates through the South Australian Government Financing Authority and has become steadily and successfully established in the rural credit market. Interest rates are advertised in rural newspapers. I should say that I do not accept the assertion by the member for Custance about the department's publications. They are of a high standard and I get them all. He obviously cannot have read them. However, I will answer that question on notice. The information that has been put out by the department is of an extremely high quality. For the honourable member to put a question about publications like that on notice indicates that he cannot possibly read the department's publications. I read every one, and they are of a particularly high standard.

As well as helping to establish a reference rate in the rural finance market and giving farmers some negotiating strength with their banks, commercial rural loans substantially widen



the spectrum of farmers dealt with by Rural Finance and Development and increase the variety of products that Rural Finance and Development can provide. The scheme has been and continues to be instrumental in encouraging the private banking system to be more competitive in setting interest rates in the rural lending market. In global terms, our capital lending for 1992-93 was \$150 million. Our capital lending for 1993-94 is estimated at \$170 million—that includes commercial and subsidised loans—so it is very significant.

**Mr HOLLOWAY:** One of the other issues that the select committee on rural finance dealt with was the Riverland where there were particular problems. What is the position with the criteria for re-establishment grants and their application in the Riverland?

**The Hon. T.R. Groom:** These re-establishment grants are particularly important. These are one of the services that the member for Victoria described as a load of rubbish, that they deliver nothing, are all promises and come about in the future.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** Of course. If you make—

**The ACTING CHAIRMAN:** Order! The Minister will address the Chair.

**The Hon. T.R. Groom:** Mr Chairman, I thought that the Opposition—

**The ACTING CHAIRMAN:** Order! We are now in our last 40 minutes before tea, and it is a bit like being at a cricket match with the last man in. I want all members to bear with me and finish off these 40 minutes in the way that we have been going throughout the rest of the day.

**The Hon. T.R. GROOM:** I expected the Opposition, having made that introductory contribution this morning, to start to justify it. I could justify everything that was in my opening statement, but I have not had from the Opposition one justification of that statement. In terms of the re-establishment grants, since 1 July 1993 five applications under the Rural Adjustment Act for re-establishment support from the Riverland have been approved and eight have been declined. There are transitional arrangements with regard to people who leave farming prior to 1 January 1993. They can apply under an amended agreement for re-establishment support for up to six months after leaving farming.

Of those eight that were declined, three related to properties that had been sold in 1992, where the application for re-establishment support was received after 1 July 1993; two had no equity on entry into farming and still had no equity on exit; and a further two showed that the farm income for the last two years was less than 50 per cent of total incomes. It is all right to say why do you not grant this and that: the fact of the matter is that there is an agreement between the Commonwealth and the States, Governments of all political persuasions, and if members of the Opposition want to change that they should get on to their interstate counterparts and make representations. If the position was substituted, frankly, they would do exactly the same as I have to do as Minister.

**Mr Broughton:** The figures I have in front me relate to the total number of re-establishment grants approved for the year ending 30 June 1993. This is to add some supplementary information to the information the Minister has just given. There were 94 re-establishment grants for the whole of this State for that financial year, of which 33 were given in the Murraylands area, which includes the Riverland. That gives some idea of the level of activity across the State and the level of activity in the Murraylands for re-establishment

grants last year, and to put some context behind the figures the Minister has just given for the year to date.

**Mr MEIER:** In the Premier's statement on 22 April, 'Meeting the challenge', he identified two new programs. The first was the Strategic Export Development Scheme, which was to apply to current exporters wishing to launch new exports or break into new markets, and the second was the New Exporters Challenge Scheme, which was for new exporters to be assisted to undertake market research, develop marketing plans and participate in trade fairs overseas.

Since we had from the Minister earlier the fact that the agricultural sector contributes approximately 50 per cent of this State's income, I presume that approximately 50 per cent of the participants in the Strategic Export Development Scheme and the New Exporters Challenge Scheme would come from the agricultural sector. How successful have these schemes been after six months in operation?

**The Hon. T.R. Groom:** I do not think it proper for me to do that, because that has nothing to do with the lines before us. It really is to do with the Economic Development Authority. I will refer it to the Minister of Business and Regional Development, who has responsibility for that, and I am sure we will be able to provide a reply, but I do not think I should speak outside my lines.

**Mr MEIER:** As a supplementary, how successful has the marketing and development program for the Department of Agriculture been as it relates to overseas sales in the past six months?

**The Hon. T.R. Groom:** I will ask Mr McClelland to outline some of the things we are doing overseas.

**Mr McClelland:** The department has in its previous guise and current guise been very active in a number of market areas in recent years, and I will touch on them very briefly. First, South Australia has considerably raised its profile in the Middle East in the past couple of years. Some 20 per cent of this State's exports go to the Middle East as against a national average of about 5 per cent. It is a very important market area for a range of commodities and increasingly for a range of manufactured products. In Turkey, as the Minister stated earlier today, there have been negotiations through his counterpart (the Minister of Agriculture of the Turkish Government) for a training and demonstration farm.

The Minister also referred to an agreement that we have through the University of Adelaide with the University of Cukurova. A number of companies has already shown signs of taking a higher interest in that market. We are selling grain silos into Turkey. At this stage there have been some minor sales of irrigation equipment into that market but through these activities I expect that, within the next year or two, larger sales will take place. A couple of other markets in the Middle East are of importance to us. Traditionally our largest market in the Middle East has been Iran. We have been active in the Iranian market through a number of missions, including a Federal Government mission. We are talking with the Iranians about the creation of an agricultural research institute in Tehran, and some 35 Iranian students are already studying here in South Australia.

The market there is very large, and traditionally it has been a market for our meat. A South Australian based company already has the lion's share of Australia's exports in meat into the Iranian market. In the United Arab Emirates, South Australia was successful a month or two ago with a \$400 000 contract for a feasibility study for a biosaline research centre. We have a team of departmental officers under the leadership of SAGRIC International in that market

at the moment, and reports in the past few days suggest that South Australia is well placed to sell several million dollars worth of consultancy services and water resource management and irrigation equipment into that market as a result of our efforts.

The Chairman of the Kuwaiti Public Authority for Agriculture and Fisheries was in South Australia at the end of last year and met the Minister. Some contacts were made here and, as a result, two companies (which are commercially in confidence at this stage) are negotiating in Kuwait for the sale of certain ranges of equipment and technology services. Very briefly on the China market, in 1986 South Australia signed a Friendly Relations Agreement with the province of Shandong and in 1988 signed an Agricultural Cooperation Agreement. That agreement was reviewed in November last year and, as a result of the visit of the Premier and the Minister of Primary Industries in May this year with a high level trade mission, five agreements were concluded under the umbrella of a consortium here in South Australia, for irrigation equipment and water resource management.

Similarly, teams are in Shandong at the moment fleshing out those agreements. The market in China is expanding considerably. It is one of the fastest growing economies in the world, growing at better than 10 per cent over the past five years, compound. The trading system is changing very rapidly and South Australian companies are well placed to move into that market, not only through straight exports but also through joint ventures. One other region that I might refer to very briefly is the former Soviet Union, the Commonwealth of Independent States, where as recently as last week a South Australian based company signed an agreement with some interests from Kazakhstan for the sale of sheep.

We have been asked by the Kazakhstan authorities to consider a memorandum of understanding for a broader range of trade and technology transfer. We are also looking at expanding an initiative that was taken late last year with the Ukraine for the training of young farmers, and the Minister has given his approval to negotiate an umbrella agreement to take more young farmers from the Ukraine and perhaps expand our interests into other areas. It is potentially a very big market area.

**Mr MEIER:** My second question relates to land care. I understand that there are revegetation officers in the Mallee, the Hills, Kangaroo Island, the northern agricultural district and the South-East. They are all funded through the Department of Primary Industries. I am also aware that there is a revegetation position that has been operating until recently on Eyre Peninsula and that there seems to have been some inordinate delay in re-appointing the person or filling the position and that this revegetation position is funded not by DPI but through the national land care program. What action has the Minister taken to seek either to have that person on Eyre Peninsula reinstated or to have the position filled? I believe the community wants that to occur. What is the Minister's thinking with respect to making that Eyre Peninsula appointment part of the DPI program as it applies to the rest of the State?

**The Hon. T.R. Groom:** I am not personally aware of all the on the ground details that the honourable member evidently is aware of. I can say that as a department we have just secured further funding to continue the earlier work begun on the West Coast and revegetation expertise will not be lost in this area. Commonwealth and State resources of \$325 000 over the next three years have been allocated. The project will focus on promoting revegetation practices, which

will provide the sustainable fodder sources when the current annual pastures fail due to lack of rain or affects from salinity or for protection of dunes from wind erosion. In addition, the project will provide landholders with the information to expand or protect existing areas of native vegetation. If the honourable member wants further information I will provide it by way of correspondence.

**Mr MEIER:** The Minister can see that the position should be substantiated as soon as possible so that all persons can get on with the work that they are supposed to be getting on with. My third question relates to the levies that are imposed on the sale of grain. Has the Minister made approaches to his Federal counterpart in relation to the effect that the levy on grain is having for commercial producers? I cite the case of pig farmers who grow their own grain. Let us take the case of them growing barley. Prior to 1992 it is my understanding that those farmers were able to grow their own barley and use that to feed their pigs. The situation now is that they are still allowed to grow it but they have to pay a levy of \$1.10 per tonne if they want to use it themselves. It is fair to say that that applies to other industries such as horse breeders and so on. It does not apply to barley. The year before, a levy of 3 per cent of sale value came in for wheat, and one or two years earlier there was a levy for triticale. It seems to me that people in South Australia are suffering unnecessarily at a time when we are trying to promote new industries. Why should farmers who have sufficient initiative to grow their own grain be slugged with a levy? I know that in one case, because a farmer uses some 1 000 tonnes plus, it is costing him some \$2 000 to \$3 000, a cost that he can ill afford in the current rural recession. I ask the Minister: what action has he taken or does he propose to take to seek to get exemption for commercial producers who wish to grow their own grain from having to pay the levy?

**Mr Gibson:** What happens with the sale of grain is that for every tonne of grain produced, either grain legumes or wheat or barley, a levy is placed on the sale of that grain by the Commonwealth Government. That levy is used for research purposes and is allocated across the States for research programs and for extension programs. So that is a Commonwealth levy placed on the sale of grain and it is used for those programs. I think the question is: if that grain is used by the farmer back on the farm should he still pay the levy? I do not know what action is being taken in regard to that aspect at this stage.

**Mr MEIER:** A concern that has been put to me is that many farmers are not paying this levy and that the policing is very erratic, if at all. If the majority of farmers are not paying it, then maybe it is a simpler proposition, rather than to penalise some, to seek an exemption for those farmers if they are using it entirely for their own commercial production.

**The Hon. T.R. Groom:** I am not sure whether there is any more we can add to that. It may be a matter that could properly be addressed by the Barley Board. I will take it on notice because I am advised that essentially it is a policy matter, and, irrespective of the Barley Board, we might need to take it up with the Federal Government.

**Mrs HUTCHISON:** My first question is a general question and it relates to the Financial Forum which the Minister recently convened. In terms of the continued Government initiatives for the rural sector, can the Minister advise the Committee of the outcomes of that Financial Forum?

**The Hon. T.R. Groom:** The Financial Forum was an initiative that essentially stemmed from me as Minister, an initiative that I picked up in visiting people and holding meetings in rural South Australia and listening to their points of view and their problems. As a result, I felt that there was more that I could do as Minister and with the significant resources that are available to me through rural assistance and rural finance funds. I felt that too often we would hear that farmers were doing okay and then all of a sudden we would read in the print media or hear on the electronic media that farmers were being evicted from their land, and that the process as to what is in between is particularly important. Too often in the past 12 months people would come to me as Minister when they had slid into debt to such an extent that their position was not able to be rescued. In relation to those people there have been a number of evictions, and I think they are the most traumatic thing, no matter what the causes are, for people to actually see, whether you are a Minister and politician or not.

To see people being evicted from their land, often probably initially due to no fault of their own, is very difficult. After listening to input from people, I thought there was the capacity for me to do more as Minister and to intervene at an early stage. The funds that are available to me through rural assistance and rural finance and the farm diversification fund I think are probably a far more economic option rather than simply giving interest rate subsidies year after year. There may be a far more economic option to harness the funds so as to bring about farm diversification—along with the traditional activities—and maybe assist people with grants at an appropriate stage. But you cannot do that when the banks have exhausted their procedures and have moved to liquidate and sell the property, when the debt is simply far too great.

My view was that at very early stages the banks and financial institutions must be aware of people sliding into debt; they must have early warning signals. I want a closer relationship between my department and the banks and financial institutions to accomplish this, to enable me to intervene at a much earlier stage and to identify those farmers who have rural skills and who should be kept on their land. However, it might need a different form of assistance from the Government. It might mean some grants and low interest loans. As a department we need a closer relationship to intervene at an early stage.

The banks have a great responsibility in this area. I have visited people with the member for Goyder on Yorke Peninsula, and it is quite clear that the banks (and I am generalising) lent at 100 per cent. When people wanted to acquire their neighbour's farm they were permitted to purchase their neighbour's farm with a 100 per cent loan and at a value that the commodity market could not sustain. Even in the best of times it would have been extremely difficult to service loans of that magnitude. When there is a downturn and a recession it is absolutely impossible. With the member for Goyder, I visited people whose properties had been devalued by half from \$1 million, resulting in a huge debt being left.

The banks have a great responsibility in this area. In the 1980s, when they advanced this money (and I know as a legal practitioner the banks would ring up and ask whether I knew of clients to whom they could lend, because 100 per cent was not a problem), they did not impose the proper restraints and must have known that it would be extremely difficult for people to service those loans.

People purchased their neighbour's farm when it came onto the market at a price which the commodity market simply could not sustain. You do not look at the good years—the peak years—because in farming you look at the average years.

So, I think the banks have a far greater responsibility. I want a series of protocols, steps or procedures to be put in place that are consistently applied by the banks and financial institutions, with the object of reviewing each stage and seeing whether with a closer relationship my department can have an early warning system and early notification before people slide into debt. It is impossible for me as Minister to step in when the sword of Damocles is held over people's head and they are going to be evicted because the debt is at such huge proportions. You simply cannot do that.

In some of the case studies I have seen, with a better, early warning system in place, as Minister you can take a calculated risk with public funds for people with rural skills. When people are evicted these rural skills are being lost.

We wrote to all the banks and financial institutions. I was extremely disappointed that the National Bank did not send a representative to this forum. This is not a time for cynicism; this is a time for cooperation. All the other banks sent representatives, along with representatives from local government, rural counsellors, officers of my department and the Farmers Federation, and it was an extremely productive meeting. It was a very frank meeting, and for the first time as a group (because normally they have interests to protect, as they are in competition with one another), all those major banks attended, with the exception of the National Bank.

I had my department ring the National Bank. There was a new General Manager of the bank, and it had previously participated. I was extremely disappointed, because my office made two personal calls to the National Bank and it was the only bank that did not participate in this forum. I am sure its customers would want to know why it did not do so. Previously it had been very cooperative, so I am extremely disappointed. From the cooperation which was displayed, and the frankness with which the banks were prepared to outline the problems and difficulties that their customers were experiencing, one could see that more could be done with a far greater cooperative effort.

With respect to that financial forum, again I want to pay credit properly on the record to those banks that attended, because they have a genuine desire to cooperate, and none of them wants to see people evicted from their land.

My position as Minister is that if you borrow money, whether from a bank, financial institution, relative, friend or whoever, you have an obligation to repay. I will not interfere with the commercial world with respect to the way in which it secures or treats that debt at the end of the day. That is a decision that the commercial world needs to make as individual institutions. We have Federal bankruptcy laws that I cannot interfere with, anyway, so it is folly to go down that path. If the banks or financial institutions want to write off debt, that is an individual judgment on their part.

From my point of view, there are occasions when the banks have connived in the plight and predicament of rural South Australia in a way which was illustrated when the member for Goyder and I went to Yorke Peninsula and visited farms. The member for Goyder was very good, because he ensured that I saw a number of people who he felt were particularly instructive for me as Minister. I have harnessed all that information with the members for Flinders

and Victoria, and we have had plenty of opportunity to discuss this sort of situation.

I have taken input from the member for Culance as well as other members of the Opposition who represent rural constituencies. During my time as Minister I have come into contact with several thousand people as a result of holding meetings, listening to people and finding out what they want. There comes a time when you can properly harness that.

As a result of that forum, which was a very great step forward, a small expert group has been formed to provide a report, and it will provide a working document. There is cross-representation on that expert group. It will provide a draft which I expect to have within a month and which will address some of those matters that I have outlined. This is a real step forward and, if we can get an agreement on a uniform set of procedures and an early warning system in place, I have considerable funds available to me as Minister to intervene at a far earlier stage, provided that we have that close relationship and those early warnings. I am thinking particularly of farm diversification as well as supporting traditional farming activities.

Many things are happening overseas with people wanting to enter into joint ventures with us and also, as a result of the way in which the department has been restructured, we are now able to match people who have skills in aquaculture and fisheries with people who have rural skills. What the people in fisheries lack is land, and that is available through the agricultural portfolio. I want to match up those skills and assist those groups that want to go into joint ventures with one another and cross-match and diversify in that way. There is more that I can do as Minister, provided that the department has that very close relationship with the banks and that we have that early warning system in place.

The financial forum was extremely successful. I am attending another forum at Lucindale with the member for Victoria. The Lucindale financial forum organisers have contacted me to say how pleased they are that this initiative was taken. It is not a load of rubbish, as it was regrettably introduced this morning by the member for Victoria. I have not sat idle as Minister: I have tackled a fundamental problem and I know that I can bring about changes that will strengthen rural South Australia.

These sorts of initiatives are not a load of rubbish: they are positive initiatives that have been taken in consultation with people on the ground. I have gone around and people have told me what they would like done. In the next month we will come out with a package or agreement involving banks and financial institutions through the working party and we will have a better system in place.

**Mrs HUTCHISON:** Will the Minister consider evidence given through the Select Committee on Rural Finance? Much of the evidence related to the problems between the farming community and banks.

**The Hon. T.R. Groom:** The report of the Select Committee on Rural Finance has been taken into consideration. The Opposition seemed to forget it existed because earlier in the year the Opposition called for an inquiry into the level of rural debt in South Australia. I had to point out on a radio interview that it was already undertaken in October 1992 by a select committee which comprised Government and Opposition representatives. Everyone now is aware of that report, and it confirms figures that I have already given. It also confirms that rural debt is at an extremely high level and we have to do things to assist primary producers during these times.

**Mrs HUTCHISON:** My next question relates to meat hygiene. How many abattoirs in South Australia are permitted to trade interstate?

**The Hon. T.R. Groom:** As to the number of abattoirs that are permitted to trade interstate, of the 17 abattoirs licensed by the authority, 12 comply with the Australian code of practice for the construction and equipment of abattoirs and have been approved to trade interstate or overseas. Four domestic abattoirs are permitted to trade only within South Australia and another is recognised for interstate trade.

**Mrs HUTCHISON:** Which four are permitted to trade?

**The Hon. T.R. Groom:** I will take that question on notice, because I do not want to provide those names publicly.

**Mrs HUTCHISON:** How many applications for slaughterhouse outlets has the authority considered since 1 July?

**The Hon. T.R. Groom:** When travelling as Minister throughout rural South Australia, I have noticed the absurd situation of country people having to bring meat to the city to have it slaughtered and for it then to be sent back to the same area when there is a slaughterhouse nearby. That situation is not sustainable. Vested interests are involved in protecting that area, but that situation is not sustainable. I know that the member for Stuart has taken a keen interest in this matter, because she has that exact recipe in her district.

I have encountered a bit of resistance to this matter, but there is no question that change will be implemented. Slaughterhouses wanting to trade across council boundaries and also deal with local butchers will have to meet a quality assurance program. That is the first thing. We are not going to have the old farmer Jones' vans without refrigeration taking meat across council boundaries, and so on. At the same time, I am not going to have the licensing done by local government directly, because that would introduce into the system a slaughterhouse perhaps having to deal with three or four councils which might all impose different policies.

The actual licensing for slaughterhouses in that context is to be done by the Meat Hygiene Authority. At the same time, I want to keep costs down and use agencies that are there. Local government can play a valuable role in this context because it does have appropriately qualified officers who can do inspections to make sure that the quality assurance program is being adhered to. I want to have provisions in place to enable the authority to use local government officials and local government has agreed with that.

Of course, there has to be some charge for the service and, because of the challenges we have had where some charges in the Riverland were knocked out because of looseness in the way they were applied, I want to make sure that there is express power for that to take place. We must have positives and negatives running at the same time, but there has to be a charge.

This move is being welcomed by local government as a step in the right direction. It need not adversely affect established abattoirs. They will work harmoniously with one another and the market will sort out many of the problems. That legislation has been approved and drafting instructions have gone to Parliamentary Counsel. I hope to introduce that legislation and other reforms in this area when we resume.

As to applications for slaughterhouse outlets, from 1 July 1992 to 31 August 1993 the authority considered 25 applications from butcher shops, delicatessens, general stores and supermarkets seeking approval to obtain meat from a slaughterhouse. Of the requests, 13 were approved because the outlet had traditionally drawn meat from a slaughterhouse

and the owner wished to change his/her supply from one slaughterhouse to another.

Further, 12 applications were declined because the requests contravened the authority's policy that a butcher shop that has been obtaining meat from an abattoir that is subject to both ante mortem and post mortem inspection should not change to uninspected meat from a slaughterhouse, unless there is a compelling community need. The authority's policy relating to slaughterhouses is based on the recommendation of the 1990 legislation that slaughterhouses be licensed to trade in restricted country areas and to supply their own retail outlets.

It was the opinion of the then joint committee at that time that this was the way in which things should be done. There is a new timeframe and that situation will be changed. It cannot be changed until a quality assurance program is in place. As to those slaughterhouses which want to continue with their businesses in the way in which they have conducted them in the past, it also means lifting the 8 000 units a year limit in exchange for a quality assurance program; being able to trade across country boundaries in the way I have said; and being able to use local government people where local government agrees to act as a delegate of the authority for the purposes of inspection.

The slaughterhouses not wanting to comply with the quality assurance program can continue with their traditional activities. They do not have to meet the quality assurance program. I know the change is welcomed. I have met some resistance because there are obviously some vested interests. I have taken on this legislation as an initiative since I have been the Minister.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** The member for Victoria interjects, but this is not a load of rubbish. This initiative came as a result of visits to country areas. I listened to what people wanted and what they had to say, and Opposition members were with me during those visits. This change will be welcomed in country areas. It is not a load of rubbish but is a fundamental change that will benefit country people.

*[Sitting suspended from 6 to 7.30 p.m.]*

#### **Additional Departmental Advisers:**

Mr D. Hall, General Manager, Fisheries.

Mr J. Jefferson, Director of Policy, Fisheries.

**Mr D.S. BAKER:** An incident happened off Port Lincoln to an abalone diver whose vessel was boarded by fisheries inspectors and some physical damage was done to the diver who has not dived since. I have statutory declarations that a video was taken of that incident by one of those fishery inspectors. There is a claim made by those officers that a video was not taken. Is the Minister prepared to assure me that a video was not taken of that incident?

**The Hon. T.R. Groom:** Could I ask for clarification to identify when, where and whom?

**Mr D.S. BAKER:** The diver concerned was D.J. Edmonds, Western abalone licence number W10. The inspectors were Whibley and Henning and the incident is well known to the members of the Fisheries Department, John Johnson and David Hall.

**The Hon. T.R. Groom:** When did it occur?

**Mr D.S. BAKER:** On Saturday, 24 July 1992.

**The Hon. T.R. Groom:** I have no personal knowledge.

**Mr D.S. BAKER:** I want to make this quite clear. I do not want this nonsense going on this evening. The incident is well known to the officers of your department. I do not want you sliding out of this by having the wrong date. I am quoting from letters given to me by the people. I will rephrase the question. Do the Minister's officers recall the incident involving the diver D.J. Edmonds, licence number W10?

**The Hon. T.R. Groom:** I have no knowledge of it. I will have to ask the officers if they know anything about it. We will have to take that on notice. It is just not possible for the officers to have that level of intimate knowledge. I will give the honourable member a proper reply.

**Mr D.S. BAKER:** Is officer David Hall here?

**Mr Hall:** Yes, I am here.

**The ACTING CHAIRMAN:** Order! The question will go to me and then it will go to the Minister, and the Minister will decide whether his officers will answer or not.

**The Hon. T.R. Groom:** There is nothing sinister in these incidents. If someone has a complaint against the department or officers, of course, I want to hear about it. I think the issue should be identified. On the scratchy information we have it is not possible to answer. We will have to take it on notice. If the honourable member wants to put a proper question the officers might be able to identify the particular incident.

**Mr D.S. BAKER:** If the Minister is not prepared to answer it and is taking it on notice I will present them with the documentation I have, or photocopies of it. I will not let the originals out of my possession. This includes letters from solicitors and affidavits to refresh the Minister's officers' memories. The matter is not before the court.

**The Hon. T.R. Groom:** Mr Hall has been General Manager of Fisheries for only two months. As I understand it this incident occurred on 24 July 1992. I am happy to take it on notice. If there is a complaint against departmental officers, that is a proper and legitimate matter for the honourable member to raise; I will have it investigated. This is the first time I have heard of it.

**The ACTING CHAIRMAN:** The member for Victoria has made an offer to give the Minister his documents. Perhaps we can go ahead with that and maybe complete it before we adjourn tonight.

**Mr D.S. BAKER:** Is officer Johnson here?

**The Hon. T.R. Groom:** No.

**Mrs HUTCHISON:** Is the Minister aware of the experimental licence issued for the taking of callop from the Cooper Creek area and, if so, what arrangements have been made regarding the future of that licence?

**The Hon. T.R. Groom:** On 9 March 1992 a developmental commercial fishing licence was issued to the leaseholder of Mulka Station for waters contained on the property. It should be noted that whilst the particular waters are generally referred to as the Cooper Creek system they are not part of the broader Cooper Creek system. Following considerable consultation with commercial and recreational fishing groups and other interested agencies a licence was authorised by the then Minister of Fisheries pursuant to a number of conditions:

Access was provided under a licence issued under the Fisheries Act and scheme of management: the licence only applies to waters contained in the person's lease property; the waters have dried sufficiently to separate from the rest of the system; the waters have deteriorated in quality to the point where the fish in them would most likely perish within the following 12 months; nets and other equipment to take fish have not been used in other river systems or waters; recreational fishing of such waters is not directly or indirectly

discouraged; the fish taken are properly handled to maintain hygiene and proper quality standards; prior approval has been obtained from the Pastoral Board; access arrangements are subject to review and variation at any time. They are the conditions that attach.

This access does not seek to harvest residual fish stocks but a fraction of those which have little or no chance to survive and contribute to the future population. My department, the Fisheries agencies and SARDI, have endeavoured to monitor the activities of the licence-holder where possible. One of the requirements of licence is that monthly catch returns be submitted. I understand that, when the licence was issued, numerous agencies and individuals expressed objections to such commercial fishing activity being permitted in an ecologically sensitive area.

The licence expires on 31 October 1993 and I will undertake, because there have been a few representations in relation to this matter, an assessment of the operation prior to consideration of renewal. That assessment will include examination of a report resulting from recent research activity in the area. Furthermore, the assessment will take into account whether or not the conditions that applied to the issue of the licence are still valid.

**Mrs HUTCHISON:** My next question relates to the West Coast prawn fishery licence holders. What arrangements have been made to provide financial relief to the three West Coast prawn fishery licence holders? I understand that the fishery has been closed because of declining prawn stocks. What is being done to alleviate that position?

**The Hon. T.R. Groom:** It is a good example of a management committee in fisheries that is working extremely well, because it made the approaches to me. There are three licence holders in the West Coast prawn fishery. Average annual production for the three years from 1988 to 1990 was 140 tonnes valued at about \$1.6 million. During mid-1991 there was a marked decline in the abundance of prawns on the fishing grounds along the West Coast. This decline is not attributed to over-fishing, as the operators left significant quantities of prawns on the grounds. It is postulated that the natural decline is associated with oceanographic pulses along the Great Australian Bight which influence the average sea level and in that way impact on the transportation of prawns and the survival of the larvae. Fishing was restricted for the remainder of 1991, and during the 1992 spawning period, from November 1991 to February 1992, little or no trawling took place in order to protect the spawning stock.

The SARDI senior prawn fisheries scientist, with the cooperation of the West Coast prawn fisheries, monitored the abundance of adult prawns and the recruitment of juvenile prawns on to the fishing grounds during 1992. There was poor recruitment of prawns on to the fishing grounds. With the assistance of the Spencer Gulf and West Coast Prawn Fishermen's Association, the SARDI senior prawn fisheries scientist monitored the settlement of post-larval prawns on to the nursery grounds in Venus Bay. Very low numbers of post-larvae were recorded. Monitoring of prawn numbers on the fishing grounds shows that little or no recruitment has occurred and the prawn stocks are low. Consequently, the prognosis for the 1993-94 prawn fishing season is not encouraging.

The situation facing the West Coast licence holders is similar to a drought on land. There is little or no produce available for the fishers to have a cash flow. Consequently, I was approached in a most responsible way by the management committee and the relevant parties involved with regard

to the overall situation. Clearly I recognised, and it obviously had some impact on the fisheries budget, that a responsible group acting in this way and wishing to preserve and support their traditional activities needed to be supported. In this regard, I waived the final two instalments of the 1992-93 licence fee, and this amounted to a saving of about \$9 700 per licence holder. The overall relief for the three fishers is about \$78 500 in licence fee payments for 1992-93 and 1993-94, which is a very significant saving. In addition, I have agreed with the industry to look at ways and means of spending a considerable amount of money on research in the area, and that is being examined at the present time.

**Mrs HUTCHISON:** When is a decision likely to be made on that?

**The Hon. T.R. Groom:** An application for a research grant was lodged with the South Australian Fisheries and Research Development Pro-Active Grant Scheme. The application has obviously been strongly supported by me, as Minister, and is to be forwarded to the Commonwealth Fisheries and Research Development Corporation for final approval and funding support, so that should be in the not too distant future. I stress that it is a good example of an industry self-regulating, taking matters into their own hands, and properly approaching the Government for relief and me, as Minister, recognising that need.

**Mrs HUTCHISON:** Staying with the prawn fishery, and as a member of the Select Committee on the Gulf St Vincent Prawn Fishery and having a fair bit of background knowledge about it, I ask whether the Minister is able to advise the Committee whether the Gulf St Vincent Prawn Fishery Management Committee has made any recommendations regarding future management of the fishery, particularly the opening of the fishery in November 1993 following the two-year closure, as recommended by the select committee. Further, what arrangements have been made regarding payment of the \$3.4 million owing to the South Australian Government Financing Authority which was borrowed to buy out licence holders?

**The Hon. T.R. Groom:** Members will recall that I sought to introduce legislation, which passed the Lower House but did not pass the Upper House and failed at a joint conference, which was a great setback for this gulf. The report of the select committee of the House of Assembly into the Gulf St Vincent fishery was released in October 1991, which predated me. The main issues addressed in that report were sustainable stock levels and harvests, the licence rationalisation program and optimum fleet size.

The most immediate application of this endorsement was the closure of the fishery for two years until November 1993. Ted Chapman, the former member for Alexandra, is the independent Chairperson of the committee and is overseeing the future management of the fishery in accordance with the Act. SARDI, with the cooperation of industry, has been undertaking research and monitoring of prawn populations during the two-year closure. The timing of the opening of the fishery is still to be determined. A report has been prepared by Mr Chapman which has been forwarded to me and which I am happy to release now and will do so formally tomorrow. I shall have some further discussions, but I do not hold out much hope with regard to an early opening of the fishery. Some early signs were promising in certain parts of the gulf, but the later signs have not come up to scratch.

With regard to the servicing of the \$3.4 million debt, I shall have to review that. In order to meet that sort of commitment, options that may need to be considered include

curtailed expenditure from areas of the fisheries portfolio. As the loss of licence fees will have an impact on the fisheries budget, we might have to look at the repayment commitment from within the Department of Primary Industries and possibly seek SAFA's approval to capitalise the debt again, which would result in the situation repeating itself. We could put a special case to Treasury, seeking assistance for further deferral of the loan repayment without the interest being capitalised, and other options are available.

If the fishery opened, obviously that would be a charge set against the licences and would be used to repay the SAFA loan. However, on the report that the Hon. Ted Chapman has provided to me, which I will make available, I do not hold out a strong hope of an early opening. I am reviewing that with Mr Chapman and will make a definitive decision following representations after the release of the report.

**Mrs HUTCHISON:** As a brief supplementary, Mr Acting Chairman, in which I am sure you would be interested, when was the latest survey undertaken, was there any increase in recruitment, or was it basically static?

**Mr Hall:** The last survey was held in June and I understand that another survey is planned for November.

**Mrs HUTCHISON:** Was the result an increase or was it fairly static?

**Mr Hall:** The recruitment levels are not what we would have hoped. Much depends on the survey in November, but they are not at levels we would have hoped in terms of a robust sustainable fishery.

**Mr D.S. BAKER:** If the fishery is not to open in November, which is when the two years are up, when might the fishery open?

**The Hon. T.R. Groom:** I intend to rely on advice from the committee principally, which will come to me through Mr Chapman. Following the release of the report, I will allow various groups to make their positions known to me. In the context of a further survey to be undertaken, a decision will be made at the end of the year. Principally, I shall be relying on advice from the management committee.

**Mr D.S. BAKER:** So that we can get it on the record, an undertaking has been given to the fishermen by the Minister that until the fishery opens the debt remains static at \$3.4 million, does not accrue interest and interest does not start to accrue until the fishery opens. Will the Minister confirm that, because it sounds as though the threats that he made earlier about the options that were open to him included breaking that commitment?

**The Hon. T.R. Groom:** The honourable member had better identify the commitment that was made. I do not recall any such commitment.

**Mr D.S. BAKER:** The commitment was clearly made to the fishermen.

**The Hon. T.R. Groom:** I have not made any commitment. You identify where and when the commitment was made.

**Mr D.S. BAKER:** I will put it another way. When will interest start accruing on the \$3.4 million debt to the Gulf St Vincent prawn fishermen?

**The Hon. T.R. Groom:** No commitment or undertaking has been given by me to the fishermen, and the fact is that the legislation that would have allowed the management plans and would have allowed people to transfer their licences was defeated, quite frankly, by the Upper House. Whatever occurred in the context of that legislation was lost. I have made no undertaking to any of the fishermen or anyone else, for that matter. It all had to be looked at in the framework of

whether the fishery will open in November. At this stage it does not look as though it will open in November, and I will rely on the advice given to me by the management committee. With regard to the options, quite clearly I have to look at other options.

**Mr D.S. BAKER:** Is interest accruing on the \$3.4 million debt to the Gulf St Vincent prawn fishery at this time?

**The Hon. T.R. Groom:** As I understand, all those charges were suspended following the select committee's investigation, and those decisions must be made at the end of this year in November. So at the moment, no, it is not accruing.

**Mr D.S. BAKER:** Having established that in a select committee which comprised many members here it was frozen at \$3.4 million and it is not accruing interest until the review in November, will the Minister give an assurance to this Committee that it will not start accruing interest until the fishery opens?

**The Hon. T.R. Groom:** First, legislation has been introduced with regard to the management of this fishery. The honourable member has heard that a further survey is to be done in November. I foreshadow that at this time it is not policy with regard to an opening in November. Those decisions will be made at the one time and, until that time is reached, I am not giving any assurances at all. The *status quo* stands until I have had advice from Mr Chapman as Chairperson of the Management Committee.

**Mr D.S. BAKER:** Therefore, I am confirming that the Minister will not give an assurance to this Committee that interest will not start accruing on the debt even though the fishery is not opened?

**The Hon. T.R. Groom:** All I am saying is that the *status quo*—

**Mr D.S. BAKER:** Yes or no?

**The Hon. T.R. Groom:** The *status quo* stays until that point of time is reached. When that point is reached, I will take advice from the Management Committee, and I will communicate a decision at that time. The management of this fishery is particularly important, and the fishery expects another survey to be undertaken, so I will not make policy on the run. I will make policy at the time all the facts are known, and that is the proper way to do it: when all the facts and scientific evidence are known. I will make those sorts of decisions in the context of a final position in relation to the opening or otherwise of this fishery. I cannot give any assurance at this stage at all. The answer is as it is.

**Mr HOLLOWAY:** What is the status of the blue crab fishery report, which was referred to at page 549 of the Program Estimates?

**The Hon. T.R. Groom:** In 1988 the experimental crab fishery regulations were implemented for a three year period to 30 June 1991 to assess the viability of commercial trapping of crabs by using specialised pots. The experimental fishery was twice extended, to 30 June 1992 and to 30 June 1993. During the operation of the experimental fishery the Department of Primary Industries, the fisheries agency, has been collecting catch and effort data from the participants, and in order to make a decision on whether or not the fishery can sustain long-term effort, that is, the change in status from short-term experimental fishery to a managed fishery in its own right, the department needs to collate and analyse the data received from the licensees.

To date the department has not been in a position to make recommendations on future management arrangements other than that the fishery can sustain further limited effort. A draft report on the status of the fishery has been prepared using the

latest information collected, which will form the basis for consultation with the fishing industry. Given that the fishery can sustain further limited effort, existing licensees have been authorised to continue their operations until March 1994. This will allow enough time for the department to consult fully with industry and present details to the Government. I will expect to have a copy of the report shortly.

**Mr HOLLOWAY:** Has the Minister made any arrangements regarding the development of the king crab fishery?

**The Hon. T.R. Groom:** The king crab is a slow growing, deep water species considered to be highly vulnerable to over-fishing. As such it is essential that any development of the fishery be undertaken with caution. Under existing management arrangements licence holders in the northern and southern zone rock lobster fisheries have access to king crab in State waters principally as a by-catch during rock lobster potting operations, and some licence holders do target the species. However, as most king crab stocks occur in Commonwealth waters, the fishery comes under the jurisdiction of the Commonwealth, and this means that a State operator must have a Commonwealth permit to take king crab from Commonwealth waters.

Nevertheless, South Australia is negotiating with the Commonwealth with a view to having control of the fishery under the offshore constitutional settlement arrangements. It is hoped that these arrangements will be finalised by the end of the year. Given the concern that king crabs may be over-exploited in this State as happened in Victoria, there is a need to implement management controls such as a legal minimum length and a prohibition on taking berried females. These matters are being addressed by the Rock Lobster Management Committee and supplemented by a Commonwealth funded research program under way in the waters of South Australia.

**Mr HOLLOWAY:** What progress has been made in setting up integrated industry committees to manage the State's fisheries? The Minister referred to one of those earlier.

**The Hon. T.R. Groom:** In South Australia what we have done is unique. Far from standing still, the South Australian fishing agency has been leading the way with regard to the rest of Australia. What has occurred in the past, and I know that this still happens in other States, is that Ministers tend to make the decision at a political level after receiving representations from various industry groups. That is really not the way to go in the next time frame. As a result, in South Australia we have legislation passed by this Parliament to set up integrated management committees that combine industry expertise with Government expertise, and the industry itself is intended to self regulate.

Industry sectors have sought greater involvement in the management of fisheries, and this has assisted in increasing quantity and quality of research data analysis, and we are making this available to all interested parties. These developments have occurred within the framework of fisheries stock being acknowledged as a community resource with the Government of the day having responsibility as custodian. As I indicated, in June 1993 amendments to the Fisheries Act provided for the establishment of a number of management committees with Government-industry representation.

The management committees are responsible for the operational management of specific fisheries, namely abalone, northern zone rock lobster, southern zone rock lobster, Spencer Gulf and West Coast prawn fisheries and scale fish. The Gulf St Vincent prawn fishery is managed by

a committee, as I have indicated, which resulted from a select committee of Parliament, and traditional consultative and liaison networks would be retained for intersectorial and non-specific fishery issues.

Since their inauguration the committees have addressed wide ranging issues relating to fisheries. There has been a number of teething problems, as you would expect. Generally speaking, the committees are coming to terms with their responsibilities.

Overall, except for one area where there are ongoing problems, the consultative management process has been enhanced and is working well. With regard to these management committees, the difficulty that some sectors of the industry have had is the change they experience. When they serve on these committees they become representatives of industry; they have the responsibility of managing the fishery as an industry and tend to lose the responsibility to a particular sector interest or to other vested interests. They have this wider brief to manage the fishery generally. Most of the management committees are having no difficulty coming to grips with this problem. I acknowledge that there are a few difficulties, particularly when you have to contract effort, where a fishery has some danger spots and where you have to take measures. That does require a great deal of commitment from a fishery, because the natural tendency is to go out and fish today and grab what there is and forget about tomorrow. That is the difficulty that management committees face. They have to come to grips with this fact and most have: that they are fisheries managers; that they manage the industry; and that they seek to maintain the industry as a viable industry, not only for themselves but for future generations. That means that sometimes some short term vested interests have to be sacrificed for the wider good of the industry. Overall, the management committees are working very well. They are a model in South Australia and I think they will be adopted more widely in South Australia.

**Mr D.S. BAKER:** The first matter I think I should clarify is, on reviewing the document that I said I was going to hand to the Minister, some of them are very private and confidential from the people involved, and I think it better that I state to the Committee that I would not be handing all those documents over. However, I will hand over anything that is allowed to be handed over, with the permission of the people involved. The honourable member asked the Minister a question on king crab licences and I shall take up this matter with the Committee. I think the prepared answer was given. I ask the Minister: is that in the case of the king crab licence issued to Mr K.J. Mathison, 9 Brook Street, Millicent? Has Mr Mathison been given a licence to fish for king crab pending the handing back to South Australian Fisheries the management of that fishery?

**The Hon. T.R. Groom:** Following that meeting I think he had to lodge an appeal to the Commonwealth and I do not know whether or not he has done that. Perhaps the honourable member might know, because that was the key to resolving that matter. I had a considerable degree of sympathy for that. That was the proper path. I do not know whether he has done that or not.

**Mr D. S. BAKER:** I have in my possession a copy of a letter from Mr Venslovas, who is the Manager of Operations, AFMA, which says that he will be prosecuted under the Commonwealth jurisdiction, under the Fisheries Act, and I forwarded a copy of this letter to South Australian Fisheries for its information; and this was sent on 7 September. I ask the question again: is the Minister prepared to grant a licence



to Mr Mathison? The Minister knows full well the circumstances under which he allegedly lost endorsement on that licence. Is the Minister prepared to issue a licence whilst this matter is cleared up?

**The Hon. T.R. Groom:** I answered this in the Parliament; I cannot. I do not have the legal ability to do that. What he had to do was lodge an appeal to the Commonwealth. I will ask Mr David Hall to fill you in on the details. We have canvassed this extensively, and the correct vehicle—

**Mr D.S. BAKER:** But you've done nothing.

**The Hon. T.R. Groom:** I do not have any legal ability to do it.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** This was asked in the Parliament and I am very sympathetic to the situation, but it does not have any impact legally whatsoever. This is a constitutional matter which is the province of the Commonwealth and the correct vehicle is to lodge an appeal to the Commonwealth and then I undertook to have a speedy resolution of it, and I would have used my good offices to ensure that it was speedily dealt with, because the Commonwealth I think has the key to a speedy resolution of this matter.

**Mr Hall:** The Commonwealth is the manager of that fishery. There is no offshore constitutional settlement arrangement with respect to that fishery and therefore as the fishery occurs well outside of State waters it is only the Commonwealth, through the Australian Fisheries Management Authority, that can issue that licence. They have issued a direction that it should really only be issued to State licensed rock lobster fishermen. We have, through the proper consultative process, been to the Southern Zone Rock Lobster Fishery Integrated Management Committee. They supported the issue of two development licences for that fishery. However, this was opposed by the northern zone rock lobster fishermen. It is up to the Commonwealth, through AFMA, to make a decision on the matter.

**Mr D.S. BAKER:** This letter states quite clearly:

This follows the advice received from Mr Meere which stated the review of your application to obtain a fishing concession to engage in king crab fishing in Commonwealth waters off South Australia was unsuccessful.

The Minister and his officers, I might say, have procrastinated on this matter for quite a few months now. Is the Minister prepared to issue to this gentlemen—because if it is not issued he will be bankrupted, and he had a legal licence up until February this year—an experimental licence whilst the transfer of the management of the king crab fishery from Commonwealth to State jurisdiction takes place?

**The Hon. T.R. Groom:** If I have the legal power to issue a licence which will be effective and if the honourable member likes to make a proper submission to me to show me that I have got that power, that it will be legally effective, of course, I would very sympathetically consider this. But we had meetings in relation to this matter. I have expressed sympathy for the situation. All it required was an appeal to the Commonwealth, as being the correct vehicle.

**Mr D.S. BAKER:** Yes, but unsuccessfully.

**The Hon. T.R. Groom:** If the honourable member knows that he has appealed, I just wish the honourable member would advance that information, because it was left on the last occasion that he had to lodge an appeal. I will ask Mr Hall to complete this answer because it is a matter of mechanics, nuts and bolts that I do not have.

**Mr Hall:** The fact of the matter is that it is the Commonwealth that manages that fishery. The Minister is not able to

issue a licence to Mr Mathison. It is up to the Federal Minister for Primary Industries to do that through the Australian Fisheries Management Authority. Their position on the matter in relation to all the southern mainland States in this fishery is that it should be tied to the State licensed rock lobster fishery, and in regard to that, as I have mentioned, the northern zone fishermen in South Australia are opposed to the issuing of any specialised deep sea crab or king crab trapping licences, and certainly AFMA has this information before them at the moment and it is up to them, and only them, to make the decision.

**Mr D.S. BAKER:** There seems to be some conflicts there. I will read the last sentence of this letter, dated 7 September 1993, which states:

I am forwarding a copy of this letter to SA Fisheries for their information. The contact officer in this matter is Bill Anderson, telephone contact. . .

And a number is given. So the Fisheries Department in South Australia does have a copy of this letter. It has been sent to them. This letter states that. The Minister is claiming that he cannot issue a licence. However, it has been claimed that the northern rock lobster people are the ones who are stopping him issuing that licence. That is contrary to the meeting that I had with those people when I was in Port Lincoln a fortnight or three weeks ago. Because of the bureaucratic bungling in this matter and the assurances given to Mr Mathison by a previous Fisheries Director, Mr Mathison will be bankrupted whilst bureaucracy grinds to a halt. The Minister says he is sympathetic to it; will he undertake to investigate this matter and do something about it before Mr Mathison is bankrupt?

**The Hon. T.R. Groom:** People can be the authors of their own predicament. We have canvassed this matter and the honourable member still has not told me whether Mr Mathison has appealed. To my knowledge we have not been notified of any appeal being lodged. I was following that appeal to the Commonwealth because it is a jurisdictional matter. I have no power to issue a licence that would in any way be effective. The letter does not overcome—

**Mr D.S. BAKER:** It says quite clearly that the appeal was unsuccessful.

**The ACTING CHAIRMAN:** Order! I will allow the honourable member another supplementary question after this one.

**The Hon. T.R. Groom:** The letter does not overcome the constitutional problem that is involved. This letter does not state that he has actually lodged an appeal. That was the problem: after the refusal took place he did not do anything other than see the member for Victoria when, in retrospect, he may have been wiser to lodge an appeal. All this says is that there has been a review, which obviously has taken place in correspondence. If he has lodged an appeal we should be properly told. The fact is that it is a matter under the jurisdiction of the Commonwealth, and it is no good trying to call it bureaucratic bungling or anything else.

Whenever it comes to changing the Constitution, members opposite are always opposed to it; they like the Federal-State system in this context, and it does produce jurisdictional problems. We must deal with things as they are. If he has lodged an appeal we ought to be told quite clearly. This letter reads like a Social Security type review: someone has reviewed the situation. People can be the author of their own predicament. I am very sympathetic to Mr Mathison's situation, as I have previously indicated, but on the advice I have received I do not have the jurisdictional or constitutional

ability to issue a licence; only the Commonwealth can do that. Following the lodging of an appeal, as I have previously indicated, we would immediately hold talks with the Commonwealth.

**Mr D.S. BAKER:** As a supplementary question, all he can do is pray for an early election and a speedy resolution of the problem.

**The ACTING CHAIRMAN:** That is hardly a supplementary question.

**Mrs HUTCHISON:** My question relates to the southern zone rock lobster fishery. What arrangements have been put in place regarding the quota system in the fishery and also what are the costs and who is paying those costs?

**The Hon. T.R. Groom:** I am very pleased the honourable member has asked me a question about the southern zone rock lobster fishery. In his opening address the member for Victoria said:

Under this Minister we have seen procrastination month after month but luckily it will not be year after year.

When I went to Lucindale and met with a significant number of the honourable member's constituents that is not what they told me. They told me they had urged the member for Victoria to stop being irresponsible and support the responsible action of the Minister, who is me. The honourable member continued:

We have seen the debacle in the South-East fishing industry. They tried to close the industry, which has cost millions of dollars to the fishermen there and force a total allowable catch on them. We have seen procrastination about the transfer of quotas. No decisions have been made.

That was the statement of the honourable member, and it is untrue. In fact, the entire statement is demonstrably untrue. It must have been in a fit of pique and the reaction of the honourable member to a very successful—

*Mr D.S. Baker interjecting:*

**The ACTING CHAIRMAN:** Order!

**The Hon. T.R. Groom:** Let us just take the honourable member's statements. After this grand parade this morning, I would have expected that to be the first question the honourable member asked, because it is a very serious allegation. The honourable member knows that it has no substance, and again I put the label of untruth in relation to the southern zone rock lobster fishery. This fishery is particularly important, because it is worth \$38 million a year for just under 200 licence holders.

When I became Minister last year, I was met with a very serious situation, and that is that the scientific data only supported a catch of 1 650 tonnes. The management committee agreed to 1 650 tonnes being the total allowable catch for the southern zone rock lobster fishery for the 1992-93 season. I had meeting after meeting in relation to this fishery and consulted very widely in relation to it. It was quite clear to me that on the scientific data that were available the 1 650 tonnes, had we fished through April, would be exceeded and that would have put the fishery on red alert.

The fact is that rock lobster fisheries have collapsed in California, New Zealand and South Africa, and Tasmania had to close its rock lobster season a month early, quite frankly because of weakness on the part of Governments and Ministers succumbing to industry pressure and vested interests of the type that regrettably the honourable member has supported.

Only someone who has lost a sense of balance ignores scientific data and puts a fishery at peril, but you do need a certain amount of determination to take measures to protect

the fishery. The southern zone rock lobster fishery management committee voted by a small majority in favour of an April closure, and my responsibility under section 20 of the Act was clearly to protect the resource and protect the fishery and also support in this instance, because it was the correct one, the management committee's decision, and I did that. That followed very extensive consultation all through the early part of 1993 until the time the closure was announced. It was the correct decision.

Far from losing millions of dollars because the *Border Watch* had the Port Macdonnell tombstone 'Rest in peace' and all the rest of it, a scenario that the member for Victoria and his adjacent colleague the member for Mount Gambier tended to support—that would be the end of the southern zone rock lobster fishery. When the final figures were in, as at the end of March, about 1 724 tonnes had been taken from the fishery, so it had been exceeded by about 74 tonnes.

Therefore, in fact no money was lost with regard to the southern zone rock lobster fishery at all because it exceeded the 1 650 tonnes, so any statement about these millions of dollars is a figment. Had we fished on through April, about 1 900 tonnes would have been taken, which would have been about 250 more tonnes than the scientific data indicated. As a consequence of that, the fishery, perhaps not this year but next year, would have started seeing the same slide that has taken place in southern zone rock lobster fisheries elsewhere. I was not prepared to see that occur as Minister. So, on all those counts, we did not procrastinate. Indeed, I should have thought the reverse was the case, because I have been accused of making the decision too firmly and sticking with the decision. There was no procrastination. Once the scientific data are in, you act on them; you do not act on statements such as, 'I have been fishing for 20 years; it has always been there and it will be there next year,' because that is not what has occurred elsewhere in the world. You act on scientific data and build your decisions around that and, until some other contrary scientific data are presented to you, you rely on the scientific data you have. I exercised my responsibilities without any procrastination and made the firm decision when it needed to be taken.

The allegation about losing millions of dollars is nonsense, because nothing was lost. The 1 650 tonnes was fixed last year. I was at the meeting and so was the member for Victoria, when the 1 650 tonnes was fixed as being the total allowable catch, and it was well and truly exceeded, even with the March closure. So, the April closure did not cost the industry anything, but it preserved that industry for the South-East and future generations. If the honourable member had been Minister at the time presumably he would have allowed them to fish on, because that is the line he has put. He would have allowed them to take 1 900 tonnes and, when you add the illegal take (and we all know that the industry says it is about 5 per cent and our figures say it is about 15 per cent), you are starting to get well over 2 000 tonnes, and you are really putting the industry in jeopardy.

Presumably, that is what the honourable member would have done, because that is the impact of the statement he made this morning. The management committee has been meeting continuously on this matter. As a result of the firm action taken by me as Minister earlier this year, the total allowable catch was fixed at 1 700 tonnes. The margin is 1 650 to 1 750 tonnes for that fishery, which means that, if you act conservatively, you fix 1 700 tonnes, and that is what has been done.

The management committee voted strongly in favour of 1 700 tonnes and I have accepted that. Individual transferable catch quotas will apply. The ITQ allocations for each licence will be determined by what is called the adjusted preferred method model. That is an extremely fair model because it involves a mixture of pots and catch history. Overall, it means that everyone, in order to meet the total allowable catch of 1 700 tonnes, will sustain an equal contraction of about 10 per cent. Obviously, that is opposed by a few vested interests.

We tried a number of methods and recommendations. I received correspondence and the management committee met on many occasions to work out the best way to do it. This appeared to be the fairest way and, when it was overwhelmingly supported by the Southern Zone Rock Lobster Management Committee, I had no hesitation in accepting that mix of pots and catch history, with everyone suffering about a 10 per cent contraction to meet that allowable catch, because it was in the long-term interests of the industry.

Mathematical formulas often do not do the job. After meetings with the committee we arranged for a system of appeals by an independent arbitrator to consider anyone who had anything unusual or exceptional that would require an appeal mechanism. I know there has been a great deal of debate and argument about the Southern Zone Rock Lobster Management Committee.

However, let us look at the alternative. I am not sure what the honourable member's position is, because he says one thing to one group and something else to another. I have met with all groups and the honourable member has a number of stances. In view of the attack and accusation he made, I would have expected the member for Victoria to advance in questions to me his position, indicating what he would do about the management of the fishery. I can tell the Committee why cannot do that: because, whatever he puts, he will get offside with one group or another. It is not an easy matter. He has them all in his electorate—

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** You would have the fishery in uproar. The fact is that I have worked through the management committee and given the industry the opportunity, and it came out with a strong decision in favour of this system, which will be implemented for the season commencing on 1 October. There is still a bit of consternation and industry objection because there has to be a contraction in the fishery.

I have powers, apart from the integrated management committee, under section 20 to make my own decision about that, and I also have power with regard to the making of regulations under the Act if that needs to be—

**Mr D.S. BAKER:** What are you going to do?

**The Hon. T.R. Groom:** I will support the Southern Zone Rock Lobster Management Committee decision, and I have endorsed that decision. That was the industry grappling with a difficult problem. I hope the member for Victoria places his position on the record so that people in the District of Victoria or MacKillop (whatever it will be called) can see what his position is. I have met with both groups, and I know the input the honourable member has given.

*Mr D.S. Baker interjecting:*

**The Hon. T.R. Groom:** There are two groups and the honourable member knows it: those who support the management committee's decision and those who support the allocation being totally based on pots. There is an easy way of making up the contraction, that is, through introducing efficiencies in your operations. Market price might also do

that, as will increasing your catch. This system allows people to make their own choice about whether they use pots or catch history. We cannot get anything fairer than that.

Far from procrastinating and costing millions of dollars and, as I said, far from no decisions being made, these decisions go back several months. Decisions were made and made firmly. I announced on 24 August that it was known that the Southern Zone Rock Lobster Management Committee's position was known in July, so it is several months old. So, the assertion made by the honourable member this morning is untrue and unsustainable, and I would like him in a question to me to put his position. I expected vigorous questioning of me in view of what he said. I would like him to tell me what his position is and what he would do if he were in my position.

**Mrs HUTCHISON:** What were the costs and who is paying those costs of implementing the system?

**The Hon. T.R. Groom:** The costs of implementing the system—bearing in mind it is a lucrative fishery with \$38 million a year in earnings—are estimated at about \$373 000 a year, comprising establishment costs of \$102 500, operating costs of \$34 500, and salaries of four resource protection officers and one clerical officer at \$236 000. After the first year costs would be in the order of \$315 000. The industry has agreed to totally fund the system through licence fees.

That is a good example of an industry looking after itself. I opened the rock lobster industry workshop on 28 June and announced the implementation of the \$3.5 million plan, which is jointly funded by the South Australian Research and Development Institute contributing \$1.75 million, with \$1.1 million coming from the Fisheries Research and Development Corporation and \$700 000 from the rock lobster industry. It is a strong mix of Government funding and industry support. That research is to support our multi-million dollar rock lobster industry, something I presume the member for Victoria puts in the category of rubbish.

**Mrs HUTCHISON:** What support has the Government given to the development of aquaculture research, which is a matter of great interest to me?

**The Hon. T.R. Groom:** Aquaculture is an enormous growth industry for South Australia. At present it is estimated that aquaculture contributes 10 per cent of the world's needs. By the turn of the decade it will reach at least 30 per cent and probably up to 50 per cent. It is a significant growth industry with the fishing resources throughout the world under threat.

A function of the South Australian Research and Development Institute's laboratory at West Beach is to provide infrastructure for aquaculture research. In 1989 a federally-funded project commenced investigating methods of culture of macro algae as food for abalone. In 1990 funding was obtained for a further two years to identify other algal species with potential as abalone food and developing commercial methods for their culture. The results of this research are presently being prepared for scientific publication.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** The member for Custance cannot read any of these publications, because he put a question on notice—

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** You just cannot be reading publications that are coming out of Primary Industries—and I read them all—or you would not have put a question like that on notice. The research has focused on the nutritional characteristics of algae diets on which cultured abalone grew

best. The study is part of a joint research project with industry aimed at the development of an artificial abalone diet. Success in this project will overcome problems with food availability, which is a limiting factor in the development of an abalone aquaculture industry.

During 1990 the department leased part of its site at West Beach to a private company Fish Protech Malbrink Pty Ltd to undertake research and development into the intensive commercial farming of Australian fin fish. The first trials were conducted using barramundi and silver perch. The former Department of Fisheries participated in joint studies to ascertain the optimum food and feeding regime for the growth of these fish. The trials were successful. Fish Protech has established a large-scale commercial development near the town of Kangarilla in the Adelaide Hills, and I opened certain aspects of that development. The company has also constructed a commercial plant for production of barramundi—I do not know where it is, but I know it is near Grong Grong in New South Wales.

Research into other species, particularly marine finfish, is expected to continue at the West Beach site in conjunction with the South Australian Research Development Institute. A major project commenced in 1991-92 is an environmental monitoring program for oyster farming. It will determine the impact of oyster farming operations on the adjacent marine environment and provide crucial data for the sustainable development of the industry. SARDI was also contracted to undertake studies on the environmental impact of farming of southern bluefin tuna and this was part of a research and development program being undertaken by the Tuna Boat Owners Association of Australia and the Overseas Fisheries Cooperation Foundation of Japan.

The Federal Fisheries Research and Development Corporation has provided funds for ongoing research associated with the tuna farms. In 1991 the Department of Primary Industries gained funds from Federal sources (Department of Employment, Education and Training) and has on staff an experienced research extension officer, and his program is to develop a self-funding aquaculture extension and service, to provide information to the rural fresh water crustacean and marine oyster farmers. Since his appointment he has concentrated on the Lower Eyre Peninsula region, the South-East and Kangaroo Island.

Kinhill Marine Sciences are continuing research in their laboratory on the SARDI site at West Beach. Their work is aimed at the development of commercial aquaculture ventures in South Australia, and efforts are concentrated on the production of juvenile abalone for sale to farming operations. SARDI leads a group of South Australian interests in a national cooperative research centre in aquaculture. South Australian partners are SARDI, Vetlab, West Beach Aquaculture (Fish Protech Pty Ltd), and Tuna Boat Owners of South Australia.

The South Australian interest now has access to part of the \$2.2 million of Federal funds over seven years. SARDI has representation on the board on behalf of South Australian industry and the Government participates as well. The Rural Industries Adjustment and Development Fund allocated, as I have mentioned, a \$130 000 grant towards the South Australian Shellfish Quality Assurance Program. SARDI and the Tuna Boat Owners Association have signed a memorandum of understanding to develop a cooperative research program to enhance the sustainable production of southern bluefin tuna from the Port Lincoln tuna farms.

I made reference, as the honourable member knows, in my opening statement to the developments in aquaculture and to the great advances that have taken place, as the member for Flinders knows because he inspected the leases with me. I increased the number of leases and sites in Boston Bay, and as a result that industry will be millions of dollars better off as a consequence of that decision. That was in my opening statement and the reply from the member for Victoria was, 'This is the greatest load of rubbish ever to be put before a Committee.' He said, 'It is all gloss, all promises, all things that might happen in the future but it is not recognising what is happening now.'

Nothing has been substantiated in his opening statement by the member for Victoria this morning. He has not attempted in any way to substantiate any of those statements whatsoever, and the answers that have been given quite clearly put the ticket of untruth on all of those allegations.

**The ACTING CHAIRMAN:** The member for Flinders has indicated he would like to ask a few questions and with the Committee's indulgence I think I will ask him to ask his questions now.

**Mr Blacker:** The timing is most appropriate because it follows on from the tuna farming. I ask the Minister and his departmental officers whether in fact any work has been undertaken or been considered regarding the possibility of using European carp as a feed source for the tuna farming or, for that matter, other aquaculture farming? By way of explanation there is a requirement of 25 tonnes of feed per day or roughly 9 000 tonnes of feed to feed the tuna in the ponds that already exist. The State quota for pilchards does not meet a quarter of that requirement and therefore fish has already been imported from overseas and from other States.

It has occurred to me and to other members that if it were possible to use the European carp, which are effectively a noxious fish that are otherwise going to waste, they could be minced, cooked or put into a feed stock, then that could serve a two-fold purpose: one, providing feed and, two, helping to reduce the number of noxious fish. I also understand that pilchards are the preferred feed source, and I guess what leads on from that is whether in fact it is possible to farm pilchards, although I know there are considerable difficulties to do just that.

**The Hon. T.R. Groom:** It always seems to be members in the predicament of the member for Flinders and me—being the smaller representation in this Parliament—who always seem to be the most sensible. That was an eminently sensible suggestion. I will take some advice. Evidently it must have emanated from the member for Flinders because a briefing note is coming to me in relation to this matter. I have not seen it at the present time. I will let Mr Hall expand.

**Mr Blacker:** In all fairness the member for Chaffey and I have been talking about it. He has a requirement to get rid of the carp and I have a requirement to possibly use them as a feed source within my electorate. I understand it is not a simple venture. I believe that with the sufficient amount of research work it could be possible.

**The Hon. T.R. Groom:** I will put the member for Chaffey in the same category as you and me. I will not put all the retirees in that category.

**Mr Hall:** In relation to the potential for utilising European carp as a food source for the tuna farmers, certainly carp is a noxious species in the river and has been introduced there for some 20 years or so now. They have caused ecological problems in the River Murray system. We would certainly welcome any means of reducing those population levels. The

managers of that fishery are the Scale Fish Integrated Management Committee. A number of issues are involved in the utilisation of European carp. Their oil content, for example, may not be suitable. They are not like pilchards because they have a low oil content. One has to be very careful about the possibility of introducing parasites and unknown diseases into that type of thing. The whole issue needs to be thought out more carefully and it needs to be run through the Scale Fish Integrated Management Committee.

A large number of fishermen fish along the River Murray and Lake Alexandrina and carp is quite an important part of their income. We need to be mindful that the demand for carp really does not meet the supply at the present time. There are fully equipped professional fishermen at the moment who are looking for a marketing outlet for their carp. The key factor is the fact that European carp may not be all that suitable. There needs to be a considerable amount of work looking at such things as parasites and the nutritional value of carp before it can be determined further.

**The Hon. T.R. Groom:** The sharks certainly liked them last Christmas. The suggestion is worth examination and it is a sensible suggestion nonetheless.

**Mr Blacker:** Has any work been done on the possible aquaculture of snapper? I believe that is another species being considered.

**Mr Hall:** I understand that the Research and Development Institute has undertaken some work on the aquaculture of snapper; it is a species that is certainly cage cultured in Japan in large quantities and it is considered to have some potential in this State. A limited amount of research has been conducted at the West Beach laboratories.

**Mr ATKINSON:** Is the Minister of Primary Industries aware of any proposal for access to the *roei* abalone resource?

**The Hon. T.R. Groom:** This has been in the system for some time and I have taken steps with regard to it. It is a species of abalone usually found in shallower water, often in inshore reefs in the surf zone. The species matures at a smaller size than greenlip and blacklip abalone. It is believed to be present in Western Spencer Gulf and along the west coast of South Australia.

In 1982 and 1984 the then Department of Fisheries undertook limited research programs to examine the extent of *roei* stocks in Spencer Gulf and the far west coast to assess the scope for a sustainable commercial fishery. This followed extensive interest by abalone licence holders and others seeking access to *roei* resources in South Australia. The study concluded that the resource was limited and that, although initial harvests from a virgin stock could be commercially attractive, the fishery would be unlikely to sustain more than one or two full-time operators on a long-term basis.

In January 1985, the then Minister of Fisheries decided that, in view of the apparent limited size of the *haliotis roei* resource in South Australia, it would not be worth the cost of management (including research and enforcement) to open the fishery to exploitation by either commercial or recreational fishers. This was reaffirmed by a subsequent Minister. During 1992 the then Minister of Fisheries requested a discussion paper to be prepared canvassing options for access to this species of abalone.

I then inherited the situation, met the industry, and saw to it that the discussion paper was prepared and circulated to interested parties seeking their comments. At the present time, the department is assessing the responses with a view to preparing a report for my consideration. A number of people are interested in the outcome of that report. It looks

as though it will be a promising industry. However, any further action will depend on the outcome of the final report that is prepared for my consideration.

**Mr MEIER:** My questions relate to the four large patrol vessels. Are those vessels paid for; if not, which vessels have money owing on them; what is the total cost of running the largest of those vessels for an extended patrol period; or, if that figure is not available, what is the cost per hour of running the vessel? Also, what is the cost to the Government when these vessels are lying idle?

**The Hon. T.R. Groom:** That is a legitimate line of inquiry. While I have some information, in view of the combined nature of the question, I will take it on notice and provide the honourable member with a reply.

**Mr MEIER:** Likewise, what is the cost per hour for the helicopter that is used from time to time? What revenue has been received by the Government, preferably in each fishery, for convictions that have arisen, first, from the use of the vessels and, secondly, from the use of the helicopter, if those figures can be separated? I hope that the Minister will be able to include convictions not only for professional or commercial fishermen, but for amateur fishermen.

**The Hon. T.R. Groom:** I have some information on the number of people reported, but I think the question needs to be taken on notice so that the information can be delivered to the honourable member.

#### Membership:

Mr De Laine substituted for Mrs Hutchison.

**Mr MEIER:** Since 1992 there has been a virtual moratorium suggested by SAFIC and imposed by the department on the sale of marine scale licences. The Minister would be aware that that moratorium is causing considerable hardship to various people. I have been contacted recently by a person by the name of Willy Wefel from Wallaroo, who is in ill health and has said to me that he cannot go out in a boat any more. This follows from another constituent of mine who approached me last year, who has had three heart attacks. His doctor has said that he is not allowed out in the boat.

I know that there have been other such people, and it is absolutely outrageous that people who happen to have a marine scale licence have not been able to sell it for almost two years. One could imagine the outcry if, say, a farmer had been forbidden to sell his land simply because there was a moratorium on the sale of land. Whilst I was quite happy to go along with the first six month moratorium, the continued extensions beyond that six month period have gone past a joke. What is the Minister intending to do about it?

**The Hon. T.R. Groom:** The marine scale fishery situation was inherited by me. It was reasonably well advanced. Cabinet had endorsed a package of management recommendations, but the white paper attracted considerable criticism from commercial and recreational fishing interests. I will not go through it: I suspect they are all known to the honourable member. Since the white paper was released, responsibility for the management of the marine scale fishery has been vested with the scale fish management committee, so if the honourable member is directing any criticisms they are really criticisms of industry, because we have given industry itself the opportunity of working this matter out.

Representatives on that committee are drawn from commercial and recreational fishing interests, Primary Industries and the South Australian Research and Development Institute, and the committee is currently addressing

implementation of white paper management arrangements. As with the rock lobster industry, in the marine scale fishery there are areas of danger. Some contraction of effort is needed and, of course, some of the methods chosen are controversial.

Unlike some fisheries' managements elsewhere in Australia, we have allowed industry a very great degree of responsibility in this matter, and, because the matters are so delicate, I do not propose to interfere with the way in which industry is seeking to resolve those matters. With regard to the freeze on transfer of licences, they are, at the end of the day, annual licences, in any event. They do not confer property rights as such. They are annual licences and that has been extended to 31 December this year, again at the request of the management committee.

The situation is that we have not received an application. I have formally approved a number of transfers in circumstances that the member has identified. Normally, medical certificates are required and they are sent to the industry-based body, that is, the Marine Scale Fisheries Management Committee. They either endorse or reject. One thing about industry is that they know the genuine ones from the non-genuine ones. They have their own network and their own grapevine. I have approved a number of those situations and, if the facts are as the honourable member has indicated, then his constituents should make an application, either to me or the Marine Scale Fisheries Management Committee—probably to me and it would be referred to the committee for comment. I would not have thought, in view of the ones that I have approved, they do not seem to be dissimilar to the situation of the honourable member's constituent.

**Mr MEIER:** It is pleasing to hear that the Minister is at least prepared to consider it via the industry. Certainly, I recognise that my criticism is at the industry, there is no question about that, and I also recognise that it was an acceptable option for a six month freeze, but the thinking behind that, as the Minister may recall, assumed that the Government would have the legislation before Parliament, with the regulations or whatever the case may be, and then everyone would have known where they were. But there has been procrastination and delay after delay and two years is beyond a joke. I will refer both of these names. In fact, I believe that the case of one of these constituents, who was not mentioned when I took up the matter originally, is before your Department and hopefully that will be approved quick smart. I will bring to you the details of the other one that I mentioned.

**Mr HOLLOWAY:** I have a question to ask on behalf of the member for Stuart: does the Minister have a policy on Aboriginal fishing rights?

**The Hon. T.R. Groom:** In actual fact, I met with Justice Stewart, in company with the Minister of Environment and Land Management and representatives of the Aboriginal community as well. I am aware of all the issues relating to Aboriginal fishing rights. During July 1993, a conference on indigenous peoples and sea rights was held in Darwin. The conference raised a number of issues relating to the Mabo decision and addressed legal issues relating to fisheries and other resource management issues. It is understood that one matter raised at the conference was that any native sea rights must not be based on the assumption that such rights could only provide for that type of activity and technology practised prior to European settlement.

The South Australian Fisheries Act 1982 provides access to the State's fisheries resources and it applies to all individu-

als. There is no specific provision in relation to Aboriginal persons or any other racial group. Under the Act, collection of fish by unlicensed persons (recreational fishers) is subject to daily bag/boat limits and size limits depending on the particular species. Such limits are imposed primarily because of the need to conserve stock and to prevent over-exploitation. The department has in the past received requests from Aboriginal organisations seeking dispensation from the fisheries regulations in order to conduct traditional fishing activities and/or teach such practices to younger members of the Aboriginal community. Such requests have been accommodated by way of ministerial exemption, that is, spear fishing has been allowed in Yalata Harbour Aquatic Reserve and the Aboriginal community at Point Pearce has been authorised to use a fishing net for non-commercial purposes.

Under the Act, specific requirements exist for entry to the various commercial fisheries. Any person may obtain a licence subject to meeting the legislative requirements, for example, transferability pre-conditions or public tender requirements.

With regard to the taking of abalone, the legislation has stringent controls relating to commercial and recreational fishing on these species. Given the high value of the product (currently \$140 per kilogram), illegal harvesting and sale is a major threat to the long-term viability of the resource. In prosecuting fisheries offenders, no distinction is made as to the individual's race, colour or creed. All individuals are subject to the due process of law.

If traditional Aboriginal fishing rights were established in relation to abalone, the Government would need to determine an appropriate policy. Issues that would need to be resolved include clarification of traditional fishing history, that is, methods, species, locations; impact of any additional fishing effort on the resource; the question of foreshore degradation; whether the fish should be used only for personal consumption or for commercial purpose; compliance/enforcement of such activity; and potential impact on existing commercial and recreational activities. These issues would need to be raised with the various interest groups including the abalone fishery management committee before any specific policy on Aboriginal fishing rights could be determined by the Government.

**Mr De LAINE:** What progress has been made with the development of southern bluefin tuna farming in Port Lincoln?

**The Hon. T.R. Groom:** It is a variation of a matter on which I have already touched. The growout of southern bluefin tuna in cages commenced off Port Lincoln in the late 1980s, following the introduction of quota management into the fishery. Licence holders sought methods of 'value adding' their wild fishery catches. Through controlled feeding and husbandry of captured fish, the value of product can be increased by as much as \$35 per kilogram through factors such as increased oil content, texture, weight and colour.

This growout industry commenced through a three-year tripartite research and development agreement between the Japanese Overseas Fisheries Cooperative Foundation, the Tuna Boat Owners Association of Australia and the then Department of Fisheries. This program ended in March 1993. Ongoing research programs are being negotiated, and recently two organisations signed a memorandum of understanding to develop a cooperative research program. We are keen to assist this developing industry to further expand as there are great economic benefits.

A draft Port Lincoln bays aquaculture management plan was released for public comment in February. The plan addresses oceanographic and marine environmental issues as well as those which influence the multiple users of the coastal waters of this area. Nine 20-hectare sites have been leased for tuna farming. Industry suggests that production for the 1992-93 financial year will be about 600 tonnes with a value of \$20 million. Many of these licences were granted during my time.

It is expected that the industry will produce \$60 million of product by 1995. At the present time, licence fee schedules, environmental monitoring requirements and a research and development program are being formulated. So, it is an extremely viable industry and one that will be very lucrative for South Australia.

**Mr De LAINE:** What progress has been made in relation to the shellfish quality assurance program?

**The Hon. T.R. Groom:** This is one of those grants that the member for Victoria described as a lot of rubbish. On 15 June I approved this allocation of \$130 000 through the rural industries adjustment and development fund to match the similar fund from industry, and I have already indicated that the ongoing development of oyster farming in South Australia is dependent upon this assurance program. The industry itself is largely in its infancy, although it has captured somewhere between 40 per cent and 50 per cent of the domestic market. It cannot expand into exports proper until such time as this assurance program is in place. So, armed with that \$250 000, the industry is well placed and on target to have the quality assurance program in place.

It takes about 12 to 18 months to develop. There has been some concern in industry that without it there might have been saturation of the domestic market, with a drop in prices. One thing about South Australia is that we are renowned throughout the world for having clean waters, largely pollution-free, and an excellent quality product. So, armed with this Government contribution from the farm diversification fund, they are well equipped to increase their earnings from about \$2 million a year to \$12 million a year in a very short space of time, following the successful implementation of the program.

#### **Additional Departmental Advisers:**

Mr R. Lewis, Chief Executive Officer, South Australian Research and Development Institute.

Mr D. Plowman, Director, Research and Development.

Mr P. Hanson, Director, Corporate Services.

Mr M. Williams, Finance Officer.

**Mr D.S. BAKER:** I want to deal with two matters concerning the South Australian Research and Development Institute. In the Auditor-General's Report both these matters come under SARDI. Potentially, they could be two Scrimbers. One is the rotavirus project and the other is the West Beach laboratory. As to the rotavirus project, the Auditor-General reports that its current assets are \$16.2 million and current liabilities \$15.8 million; I think that relates to a loan of \$15.8 million. How much has the State Government approved to fund the project to date and how much has been spent on the project to date?

**The Hon. T.R. Groom:** As to the rotavirus project, the delay in providing financial statements is due to a change in the way in which items were presented and accounted for. It was a board decision, and it is a private industry board. The Auditor-General's Department indicated it did not have time

to analyse the statement thoroughly and is looking at it at the moment. It will be presented in a supplementary audit report (that is the normal thing) which will be presented in February 1994. I am getting reports on the rotavirus project, and I have asked for a review of the project and its status. I will make sure that the figures are made known. I will take the question on notice and let the honourable member know quickly what the exact level of contributions is by Government and industry.

**Mr D.S. BAKER:** If all the questions are to be taken on notice, I will read some other questions into *Hansard* now. Has any funding been secured from investors apart from Cabinet approved funding and, if so, is this funding Government guaranteed? If the technology has not been sold, for how long will the Government fund this project and is it anticipated that Cabinet will have to approve more funds? What is the total of Government secured and unsecured liabilities if the project should fail? How many privately owned dairy farms and cows are being used for the rotavirus project now and how much per cow is being paid to farmers? I think the Minister has assured us that he will give us a copy of the accounts when they have been perused by his department.

**The Hon. T.R. Groom:** As I said, I will take it on notice. I am having a review done for my purposes as I want the information. Basically, it is a very private industry. Mr Bill Scammell was Chairman of Fauldings at the time. I would like to take it on notice in this context. There is nothing sinister or anything like that. A lot of the information is already known but I am having it reviewed and that review has not been provided to me yet. This situation was approved in 1989 and when I became Minister the extent of the funding was an immediate signal to me to keep it under review. I think it is a legitimate matter for the honourable member to ask questions about. It is nothing like Scrimber. I think that is a gross over-exaggeration. The industry has expressed great confidence in this project to me. Like the honourable member, when it comes to financial matters, I am very cautious and very prudent and of my own volition I have it reviewed from time to time. I will ensure that the review is made known to the honourable member, which will contain the details he has asked for.

**Mr D.S. BAKER:** As the Minister would know, there is concern in industry about the blow-out in costs of the West Beach laboratory and many consider that to be the other arm of Scrimber. What will be the final costs of the West Beach laboratory? If it has been completed can he put before this Committee the business plan for the institution? Can he inform the Committee first, whether industry will be asked to pay any of the interest bill and whether they have been offered a position on the board of management of the West Beach laboratory?

**The Hon. T.R. Groom:** First, the aquatic research facility at West Beach, when it is opened at the end of this year, will be one of the finest research centres in Australia. When you combine that research centre with the developments at Waite, with the establishment of the South Australian Research and Development Institute and the fact that the institute, since its establishment, has attracted something like a couple of million dollars of industry funding over and above that which would not ordinarily have been attracted, South Australia will have the best research facility of any State in Australia and, I suspect, in the southern hemisphere.

The aquatic research facility at West Beach is absolutely essential to underpin the industry. There has been some

controversy in relation to this matter, largely as a result of gross misinformation. There has been no blow-out in costs and no amount of presentation of facts and data seems to stop certain people from going off and making allegations, which are just not substantiated at all. Of course, they are printed in the media and when you talk about investigative journalism no-one seems to test the assertions made by the Opposition from time to time with any degree of accuracy, looking at the actual original figures or the original reports.

Stage 1 was completed in 1988 at a cost of \$1.79 million corresponding with the estimate in 1986 of about \$1.79 million; that came in on target. The sea water in-take system was completed in 1992 at a cost of \$4.79 million and the original estimate was \$3.8 million. At completion stage 2 is estimated to cost \$8.83 million and the original estimate, sometime before, was \$7.75 million.

The total projected cost is \$15.41 million against estimates in an earlier time frame of \$13.34 million. Somehow or other, the Opposition, because of wrong information put out by SAFIC, adopted that. Mr Peterson later acknowledged that his figures were wrong, but that did not stop the Opposition from utilising those wrong figures. They got stages 1 and 2 mixed up, as if \$3.8 million, for example, was the total estimate of the whole project. Of course, it was not; there were different segments. There has been no blow-out in costs. Of course, we are not building in 1986, 1989, or what have you; it is being completed in 1993.

Stage 2 includes general purpose wet and dry research laboratories, special purpose laboratories, environmental control rooms, library, interpretive areas, secure fisheries statistical data compilation area, office accommodation for fisheries and aquatic scientists, conference and lecture rooms, plus facilities and accommodation for administrative and infrastructure support personnel. There is no doubt that the total facility will enhance this State's capacity in fisheries, marine and freshwater environmental and aquaculture research. We expect stage 2 to be completed either late November or early December. Since the sea water intake/outlet system became operational in October, SARDI has regularly monitored the water quality and no problems have been detected. It will be a first-class facility. As regards the management structure, I will ask Mr Lewis to explain the mechanics.

**Mr Lewis:** The question which was raised about the West Beach Aquatic Science Laboratories has to be seen in context with SARDI overall. SARDI is overseen by a strategic management board with a wide range of representation from commerce, universities, the farming industry and the fishing industry. It is not proposed to have a separate board to run West Beach, because it is a subsidiary of SARDI. I stress that the fishing industry is represented on the SARDI strategic management board, so it will have an input at that level. Also, the fishing industry, through the integrated management committees, has a strong input into what research is undertaken, including research at West Beach, through those discussions.

**Mr D.S. BAKER:** For clarification, two parts of the question were not answered. First, is the industry expected to pick up any of the interest bills for the facility, and, secondly, will the Minister put before the Committee the business plan for the institution?

**The Hon. T.R. Groom:** Interest was one of the matters of disputation in relation to fixing the licence fees. The industry did not want to add on to their licence fees anything to do with the West Beach research facility. The total amount

was \$300 000 which had to be spread among the licence holders. We have arrangements with the fishing industry with regard to full cost recovery in all fisheries over 10 years. We had this debate in the House when the fisheries legislation passed through the Lower House, but it has not yet passed through the Upper House, so I will shorten it. Those recoverable costs can be identified as research and enforcement costs, administrative costs, licensing plant services, publicity, information and agency overheads.

The fishing industry took the position that they did not want the West Beach administrative interest costs, for example, to be included in the licence fee component. That was a decision that I took as Minister because this facility is there to support the industry and it was a proper administrative cost for inclusion in the industry's responsibility. Despite the fact that that position was put forward, apart from a bit of grandstanding on the part of some members, there has been no significant antagonism in the industry in relation to this matter. I think that deep down the industry knows that this facility is there to underpin the industry and that it will deliver the goods for them.

**Mr D.S. BAKER:** As I have to speak at the annual meeting of the South Australian Fishing Industry Council tomorrow, the next answer is important to me. I have a letter from SAFIC, written on 15 September, about the interest bill on the West Beach facility. The letter, in part, states:

At the last meeting of this council the *fait accompli* argument was considered and found to be unacceptable.

This was on the payment of interest. It continues:

The council's view was that the sale of the facility should be considered as a means of cutting losses. To address the issue further, I have been directed to seek a meeting between. . . various representatives of the fishing industry early in October. We would like various sale options and other alternate uses the facilities may have in joint discussion.

Will the Minister comment on SAFIC's view on the West Beach facility so that I can tell the meeting tomorrow?

**The Hon. T.R. Groom:** I will be at that meeting and look forward to the honourable member's response. First, industry based groups during a period of transition must respond to the pressures that are applied, and industry based groups must deal with their own membership constituency, and no-one likes to pay one extra cent. If you went back and asked people 'Do you think there should be any licence fees?' they would tell you 'No', in a certain context. But when the industry based groups deal with the Minister, you move from looking after particular vested interests and responding to particular pressures to a situation where you have responsibility for the health and management of the industry. This is the first I have heard of anything like that, where they want to sell this facility. I think that would be absurd.

**Mr D.S. BAKER:** Will I tell them that tomorrow or will you?

**The Hon. T.R. Groom:** This is a world class facility that will enhance our capacity in marine freshwater and aquaculture research, and it is due to open in November. If the Opposition's policy is to sell the aquatic research facilities at West Beach, let the honourable member come forward and say that. The honourable member does not want to play games, because we are coming into an election period where I think the industry and the public are entitled to know what policies the Opposition will put up.

You cannot play around with industry groups, because you will soon get caught. If the policy is to sell the West Beach facility, I think members of the Opposition ought to say it.



But it will not be their policy, because I think the member for Victoria knows that would be a retrograde step. It is a world class facility that will put South Australia on the map. In all the discussions industry leaders have with me they know the value of the Aquatic Research Facility. There has been no request from industry to come and see me. We had discussions at the time of fixing the licence fees and SAFIC put its position.

I acknowledge that it has a legitimate right to ask for the administrative costs associated with West Beach, in terms of interest, to be excluded. I indicated that as a matter of policy I could not accede to that request, but I acknowledged that it had to put it as it came from its constituency, and that decision had to be taken by me as Minister. If there is any criticism of that, so be it. That is a legitimate function of being a Minister.

But when you are confronted with a suggestion that the West Beach Aquatic Research Facility should be sold, rather than play around with the industry groups and simply try to make mischief, members of the Opposition should quite clearly say what is its policy in relation to this facility. Will they sell it if they get into Government or will they maintain it?

**Mr De LAINE:** What is the South Australian Research and Development Institute doing to facilitate the development of the export hay industry to Japan?

**The Hon. T.R. Groom:** The export of oaten hay from South Australia is set to expand rapidly in 1993 with new processing companies becoming established in a number of regional centres over the past five years. If seasonal conditions are favourable, exports may double in 1993 compared to 1992. SARDI has provided Mr Andrew Barr, who is an oats breeder, to Australian Hay Company Pty Ltd to assist in gathering market information in Japan and to develop quality insurance programs for Australian processors. In addition, SARDI is providing strong technical backing to this developing industry by participating in farmer and processor seminars in all hay growing regions. The export hay industry looks set to grow and provide employment in at least six South Australian country towns; provided that quality produce is shipped to our valued Japanese customers.

Running through that question, it is implicit that the establishment of SARDI has been a great thing for primary industries in South Australia, so long as it is maintained under a primary industries Minister, because SARDI provides a national and international focus for our research efforts. I have already indicated that it has attracted an additional \$2 million in industry funding over and above last year. That is industry funding because of its very establishment, because industry now sees that it has ownership of South Australian Research and Development and it will underpin primary industries. Running through the answer that I have given is an example of the way in which SARDI provides a focal point, and a number of exchanges are to take place between counterpart organisations: at the Vulcani Research Institute, the Desert Research Institute and the Wine Research Institute in Jinan and SARDI is the magnet to attract this type of attention.

**Mr De LAINE:** What research is SARDI doing to support the wine industry in South Australia?

**The Hon. T.R. Groom:** Firstly, South Australia is the leading wine producing State. The damage that the Federal Government, with its budget, has done with regard to this industry, in belting an industry round the ears, when it is doing so well, and the Federal Government not seeing the

connection between the domestic consumption and the way in which that translates to supporting the export incentives, I think is a tragedy.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** But you would have had a goods and services tax; you would have still taxed the wine industry at 15 per cent; you would have still done it.

*Mr Venning interjecting:*

**The Hon. T.R. Groom:** Well, you add up the multiple effect of that goods and services tax and it would have been from 15 per cent to 20 per cent in record time. So you do not want to pontificate with regard to that, because you were going to impose a goods and services tax on the wine industry at the retail end. It would have been passed on at the retail end. But that does not excuse in any way the Federal Government because I think that decision affects South Australia very seriously and it is a decision that needs to be corrected by the Federal Government. As far as we are concerned, we have been supporting the wine industry in South Australia very vigorously. SARDI has developed the vine improvement program which provides healthy, disease free new varieties of vines for the production of higher yields of top quality wines for export overseas. SARDI has also carried out research into irrigation management of vineyards, which has demonstrated that controlled irrigation improves grape quality, resulting in the consistent production of top quality wines for export.

We cannot be too complacent. Putting the Federal Government's decision with regard to the wholesale tax in one category, we cannot be complacent and expect that our wines will continue to penetrate the export market in the way in which they have done. We are very small in comparison with some of the giant French companies and some of the American companies, and we have grabbed a very strong share of the market. Exports to the United Kingdom have increased by something like 100 per cent over a 12 month period. At the end of the day, you have to have two things: quality and price. Provided we are price competitive and we maintain quality, then we will easily hold our market and continue to expand our markets. In relation to countries like Chile, which is employing Australian and South Australian winemakers, their quality does not match ours but they have a price advantage. In the next five years they will be seeking to improve their quality by employing South Australian and Australian winemakers. If their quality matches ours and they are armed with a better price then obviously we will have some difficulties on the international scene with regard to our exports.

We simply cannot be complacent, and that is why SARDI is such a vital institution, because it does underpin these industries. In this instance, the honourable member has asked a very important question, because we are about new varieties of vines for production, higher yields and top quality wines for export. Our research programs are tailored: SARDI is tailoring its research programs to support industry in this way, to increase yields, to maintain top quality and continue to gain and increase our market share.

**Mr De LAINE:** What research is SARDI doing to increase production and export of fresh citrus fruit from South Australia?

**The Hon. T.R. Groom:** Again, this is one of the benefits of having a South Australian Research and Development Institute: industry groups can see what they own. This is one of the advantages of separating it off from a Government agency, although it is a instrumentality in itself as a research

and development institute. Industry knows the way these institutes function overseas. In this respect I refer to the wine research institute in Jinan with which we hope to enter into a joint venture in Shandong province. We have invited people out from the wine research institute in Jinan to develop the joint venture and also other programs.

The importance of SARDI is seen when people come to South Australia from overseas and they want to look at our research program. The scattered approach certainly suited us in a previous time frame—there is no question of that—but people and events move very quickly now and other countries compete.

When people come to South Australia from overseas they want something to focus on. The South Australian Research and Development Institute does exactly that. SARDI is evaluating in horticulture, in the citrus industry, new varieties of citrus to market on local and on overseas markets. These varieties are sweeter, easier to peel and available over an extended marketing season.

SARDI is also researching field treatments and post-harvest handling methods to improve the quality of citrus exported to the US and Japan. So, the benefit of having this research and development institute is self-evident, and it is assisting underpinning so many of our primary industries and will continue to do that in future and to provide support. The way it attracts both Government and industry funds means that it will reduce the burden to industry with regard to research and development programs. It will reduce the burden, and in that way we are able to pass on the savings and benefits and ensure that we are price competitive and that we maintain through our research and development programs high quality produce.

**Mr VENNING:** This afternoon the Minister was very critical of me and implied that I could not do my sums. I asked the Minister whether SARDI is being used to hide some drastic cuts in finance and employment levels. The Minister basically accused me of being a dill and of not being able to do my sums, but in looking at the figures we will soon establish who is the dill.

On page 519 of the Program Estimates, the proposed figure for 1992-93 was \$297 million, and that has reduced \$216 million for this financial year, a reduction of \$81 million. When we look at SARDI's books we see a difference of \$55 million going to SARDI, but that does not make up for the shortfall, particularly when SARDI is actually being used by at least three key organisations, so why should agriculture lose that sort of money to SARDI? If you divide it by three it is 18, so it is still a massive loss of \$18 million-odd. Does the Minister agree that there has been a heavy cut? Likewise, in the employment levels, in 1992-93 there were 2 302 full-time equivalents for the Department of Agriculture and it is down to 1 130.

**The Hon. T.R. Groom:** What year are you referring to?

**Mr VENNING:** The 1992-93 year, whereas in 1993-94 it is down to 1 130. The Minister told me today to look at the SARDI levels and I did. There are 300 people under the SARDI lines.

**The Hon. T.R. Groom:** You have it mixed up with Primary Industries.

**Mr VENNING:** Once again, the Minister is trying to confuse. I am trying to show that between the Minister trying to fudge and using SARDI to camouflage that there have been drastic cuts and people want to know the true position. Will the Minister agree when looking at this sum that, even if he gave all the people from SARDI back to the agriculture line,

there is still a drastic cut? If you divide the number by three, as shared by Forestry, Fisheries and Agriculture, it is an even bigger cut. Are there cuts in both money and personnel? For how many other departments or organisations does SARDI do research?

**The Hon. T.R. Groom:** Did you say page 559 or page 519?

**Mr VENNING:** I am comparing both. I went to page 519 for the old proposed levels and then to page 559 to see the SARDI people, and then I did my arithmetic.

**The Hon. T.R. Groom:** You are making the same mistake you made this morning. You are looking at Primary Industries staffing. You are saying that the SARDI staffing does not match. Of course it does not match because we formed Forwood Products. About 830 of those missing people you will find in Forwood Products.

**Mr VENNING:** They came from Forestry.

**The Hon. T.R. Groom:** Yes, I know, but they were all part of the agency of Woods and Forests, which has been amalgamated to form Primary Industries. Forwood Products is a proprietary limited company and, as from February, we transferred 800 or 900 employees to that company who were formerly Woods and Forests employees. It is a Forwood Products question and they are its employees.

**Mr VENNING:** It's amazing.

**The Hon. T.R. Groom:** I will tell you why it is amazing. I tried to help the Opposition this morning. I gave an overview and pointed out, 'Don't fall into the trap. Do your homework before you come in.' If you needed help, you should have come to me beforehand. I know from a radio program on 5CK when the member for Custance confessed that he had difficulty understanding these figures.

**Mr VENNING:** What—

**The Hon. T.R. Groom:** When confronted with the obvious he said, 'I know it is in there somewhere, but I just cannot put my hands on it.' That is what the honourable member said on radio—

*Mr Venning interjecting:*

**The ACTING CHAIRMAN:** Order! It must be difficult for *Hansard* to get down the byplay. If the member for Custance can contain himself, I will give him the next question.

**The Hon. T.R. Groom:** As the member for Custance said on the radio program when he was dealing with rural assistance funds after a mischievous press release was issued claiming that a \$12 million cut was made in rural finance funds, he had to confess on the program that he had difficulties. He said, 'I know it is there somewhere, but I cannot get my hands on it, but it is somewhere in the budget figures.' Following that, the honourable member has translated that problem of understanding all the way through. One has to remember that a super department has been created as an amalgam of agencies, and the member for Custance has to be careful when making such accusations. I will make a concession—

**Mr VENNING:** It's a smokescreen.

**The Hon. T.R. Groom:** It is not a smokescreen: it is a very successfully-run department that has delivered the goods to its rural constituency, despite having to make GARG changes and target separation packages, and it has been able to retain the support of our rural constituency.

The honourable member is trying to build up a picture that he will find does not exist because you have to put all the component parts together and it just does not work. I know he is genuinely interested in this area, make no mistake about

that. I was in Parliament when his father was here. I can recall the honourable member's father coming back from Chile. He said he stood on the wharves in Chile in 1978 and watched all of these ships go by. He said, 'If only this activity would take place on the wharves at Port Adelaide.' Of course, everybody was carrying guns and ammunition through the Pinochet regime. I know the honourable member has inherited some of those traits from his father, but I liked his father and I like the honourable member so I am prepared to give him as much assistance as possible and give him a separate briefing in relation to it.

**Mr VENNING:** Supplementary to that, in a very short sentence can the Minister assure us that there have been no cuts to the department that we knew, trusted and got so much from?

**The Hon. T.R. Groom:** Of course there have been some reductions. There are a number of things that will take place during this year. If you are looking at figures you will find that some of the reduction in the capital budget will be due to Waite and West Beach projects. If you are looking at any reduction in staffing numbers of course there have been TSPs. I have indicated this morning that I will take the TSPs on notice and give a proper reply because the Commissioner of Public Employment wants to make sure our data base matches theirs and I think those figures should be accurate.

If the Opposition is going to assert that you have to employ more people and you have to spend more money, quite frankly that is absurd because every time the Government does something it is very costly for industry, and so you have to make your operations efficient, and I am doing that. I said in the House that when I became Minister all research programs would be reviewed. I have been an academic and I think I have had sufficient experience to know that if you get a group of scientists together they will soon find something to do. The issue is whether it does the job for primary industries and all these research programs are being evaluated in that context. Of course there have been some reductions due to targeted separation packages. There will be some reductions because the capital works budget will change from year to year. It depends what you are explaining. I will get a nice little briefing for the honourable member to put him out of his misery.

**Mr VENNING:** There is a great concern that the varieties of grain, particularly in wheat and barley, are not coming up to adequate quality. Can the Minister or his assistants bring us up-to-date on chebec barley? Will it be approved as a malting variety, because many producers have pinned their hopes on that variety and also the new variety to replace spear wheat, which has just been released? I have forgotten the name. The new spear wheat, I am told, is not up to quality, and the Wheat Board will deduct \$5 a tonne.

**The Hon. T.R. Groom:** I understand there have been some difficulties with regard to that. That has not quite come up to standard. I know the honourable member's interest in this area. I will get a reply very quickly for him to bring him up to date. In relation to the overall programs in SARDI and Primary Industries, I expected the Opposition to substantiate the accusations the honourable member for Victoria made. He said, 'Primary Industries is a load of rubbish. Nothing happens now. It is all happening in the future.' He said, 'We cannot get a Chairman of the Barley Board.' He criticised the mouse plague and he criticised the farm diversification funds.

I have tackled all of those issues and demonstrated that the Opposition's presentation was a lot of nonsense and untrue, and on no occasion did the Opposition through their questions attempt to substantiate any of that opening statement.

**The ACTING CHAIRMAN:** I declare the examinations completed. I lay before the Committee a draft report.

**Mr HOLLOWAY:** I move:

That the circulated report be the report of the Committee.

Motion carried.

**The ACTING CHAIRMAN:** Before closing the business of Estimates Committee B, I have to say with great sadness that this is my last Committee. I thank all members of the Committee for their cooperation, which has been excellent during the day; I thank the Minister and his officers for the way in which the examination has been conducted; I thank *Hansard* for its forbearance over the years, and today especially; I thank the parliamentary attendants, who do a lot of work behind the scenes about which people do not know, for the way that they have handled the work; and I thank all other people associated with the Committee. That completes the business of Estimates Committee B.

At 9.58 p.m. the Committee concluded.