

**HOUSE OF ASSEMBLY****Thursday 22 September 1994****ESTIMATES COMMITTEE B****Acting Chairman**

Mr M.K. Brindal

**Members:**

Mr M.R. Buckby  
 Mr R.D. Clarke  
 Mrs J.L. Hall  
 Ms A.K. Hurley  
 Mr J.A. Quirke  
 Mr I.H. Venning

*The Committee met at 11.1 a.m.*


---

 Mines and Energy, \$19 900 000.
**Witness:**

The Hon. D.S. Baker, Minister for Mines and Energy and  
 Minister for Primary Industries.

**Departmental Advisers:**

Mr I. Dixon, Acting Chief Executive Officer, Department  
 of Mines and Energy.  
 Mr R. Horn, Director, Mineral Exploration.  
 Mr B. Harris, Director, Groundwater Services.  
 Mr T. Welsh, Director, Information Services and Acting  
 Director, Mining Operations and Policy.  
 Mr P. Tsiros, Acting Chief Executive Officer, Office of  
 Energy.  
 Mr R. Laws, Director, Oil, Coal and Gas.  
 Mr P. Bleckly, Manager, Administration and Finance.  
 Mr G. Haddow, Director, Resource Processing and  
 Marketing.

**The ACTING CHAIRMAN:** I declare the proposed payments open for examination and refer members to pages 143 to 145 in the Estimates of Receipts and Payments and to pages 397 to 409 in the Program Estimates. I point out that if the Minister undertakes to supply information at a later date it must be in a form suitable for insertion in *Hansard*, and two copies must be submitted to the Clerk of the House of Assembly no later than Friday 7 October. Minister, would you like to make your opening statement?

**The Hon. D.S. Baker:** In making an opening statement I point out that I would like to get as much out of today from members on both sides. Instead of any lengthy answers from me I am happy to transfer questions immediately to the officers concerned. I am happy for the departmental advisers to answer questions. Anything that could be of a statistical

nature will be taken on notice and returned to members by the due date.

I pay tribute to Ross Fardon who recently retired as Chief Executive Officer of Mines and Energy. I also compliment the previous administration on the work and dollars that it put into Mines and Energy to get the exploration initiative going. Ross Fardon was a visionary in South Australia. He worked very hard on that exploration initiative and got the cooperation of the previous administration. The Liberal Government is carrying that on, and ongoing funds have been allocated. As you talk to industry groups, not only within Australia but around the world, that initiative will mean a tremendous amount of exploration dollars that will come into South Australia. As we all know with Mines and Energy, by the time we find a deposit (for example, Roxby Downs) it is 10 or 15 years later before royalties come into the Government's coffers: something which all Governments are keen to get at this stage.

I pay tribute to all people employed at Mines and Energy. They do a very good job. All members on both sides of the House get compliments paid to the people who work very hard with industry and explorers in making sure that the backup support we can give them on behalf of South Australia is tangible and benefits the long term interests of the State.

**Mr QUIRKE:** I want to be associated with the remarks about the work of Ross Fardon. The Minister said he has retired. I do not think that Ross will ever retire. He has resigned and is heading off into another area of mining back in the private sector. It is reasonable to suggest that his role in South Australia has been a very good one over the past eight years or so. Certainly the role he played in Mines and Energy is a good role and should be remarked upon favourably today.

The question of minerals, mining and all the associated things with it in many respects over the past many years has been clouded by questions of environment and suggestions that mines have been responsible for enormous environmental damage, what could only be described in many instances as vandalism. The central fact which has somehow been clouded over in recent times is that the wealth of this State in particular and this country as a whole has been greatly helped by mines. In fact, had it not been for mines and several very important interventions over the past 150 or so years, South Australia would not be the State it is today.

In many respects, mining and South Australia have gone hand in hand. The money for this very building and a number of other buildings along the precinct of North Terrace were direct results of grants of money given by successful miners in the nineteenth century. In many respects, were it not for the enormous processing of minerals and the exporting of those minerals, Australia's current account would be in a much worse situation than currently is the case. That brings me to a few specifics.

In South Australia, we have a number of very successful mines. Some of the questions that will be asked today in many respects will be about where we will go in the future and how we can open new mines and have new mining opportunities and, with those opportunities, how we can build the wealth in our community and help nationally with the balance of payments and once again become one of the leading States in terms of mineral exploration. I know that changes, particularly in the past couple of years, have meant that much more exploration is going on than was the case

before. In many respects we have slipped behind the position we were in during the nineteenth century.

With respect to uranium mining, Roxby Downs is one of the largest mines not only in Australia but the world. It is a copper, gold and various other minerals mine. It is also a uranium mine. For too long there has been a policy at the national level that it is okay to mine uranium in South Australia and one or two other places—and now it is only one other place—but it is not appropriate to mine uranium anywhere else. It is also the case that a number of people have taken the position that the current Australian uranium policy should continue, and the reason it should continue is eventually even the ore stocks at Roxby Downs will be exhausted and that means there will be no uranium mines. That will take a good couple of hundred years but, at the end of the day, there is an arrogance in that position, and that is that we have plenty of coal, gas and oil, and we have the money to buy those fuels if we need to, but many parts of the world will be needing nuclear energy to maintain a living standard that we here in Australia take for granted.

As a consequence of that, I want to make it clear to the Committee that when I go down to Hobart next week my position on the three mines policy is a clear-cut one. I believe it is a policy that really did not matter for the past few years because at no stage were there substantial contracts on the table that would justify opening up more uranium mines. I now believe that position has changed dramatically. There is a window of opportunity now for further uranium mining in Australia, and if we do not mine uranium under our safeguards other countries will fill that gap. As a consequence, we will see hundreds of millions of dollars—if not in the long-term several billions of dollars—of product, which may not have the same safeguards put on it as Australia would have when exporting it, coming from some other source.

If we seriously do not grasp the issue of opening up further uranium mines now, given the window of opportunity that will exist in three to five years, in many respects we will be flying in the face of Australian history and, in particular, South Australian history over the years because, whether we like it or not, Australia has been a country that has been reliant on primary production of one kind or another.

That brings me down to the specifics of this morning's exercise, and I thought it was appropriate to make clear that the Opposition's attitude to mining is one of general support. Indeed, the aeromagnetic surveys which took place in South Australia when the Labor Government was in power (and that was not so long ago) and which are continuing under this Government hopefully will discover the fact that in the very near future South Australia will again be able to get mineral wealth from the ground, and that that will feed into our standard of living, which is one of the highest in the world.

**The ACTING CHAIRMAN:** Before I invite the member for Playford to ask the first question, the conscience on my right has pointed out to me that it is the first time that the member for Ross Smith has attended this Committee in his new capacity as Deputy Leader of the Opposition, and it would be remiss if this Committee did not congratulate him on his elevation.

**Mr QUIRKE:** The Premier recently announced in *Hansard* on 7 September the sale of 160 petajoules of Cooper Basin ethane to ICI in Sydney. What are the latest figures for proven reserves of natural gas in the Cooper Basin? How much of that gas is committed under contract? How much additional gas has been added to net Cooper Basin reserves in the past five years?

**Mr Laws:** The raw reserves of ethane, which have been allocated to ICI in New South Wales, are in the order of 160 petajoules, and the current estimate of the remaining reserves of ethane in the Cooper Basin, both in storage and in reserves which have not yet been produced, is of the order of another 240 petajoules, giving a total of 400 petajoules of ethane. I do not have the exact figure of the remaining reserves of natural gas in South Australia, so I will take that question on notice. There are sufficient gas reserves on the published figures of SANTOS to supply South Australia's contract until the end of 2003; sufficient reserves of gas are available also to fulfil the contract to AGL, which goes to September 2006 in full and, in addition, at least 400 petajoules of gas reserves are available, including some of the surplus ethane that is currently reserved for South Australian companies to contract over the next two years; the Cooper Basin producers have undertaken not to contract with any other party.

I would have to take the question on notice in so far as it relates to gas reserves found in each of the past five years. Certainly sufficient gas has been found in the past five years to extend the existing contract, which was signed in 1989 between PASA and the Cooper Basin producers, from a five-year contract for South Australia to a 10-year contract. In the first three years of that contract, from 1989 to 1991, and in the following years, at least 75 petajoules of new gas has been added to the production schedule, which has allowed that contract to continue forward as a rolling 10 year contract. Not all that gas was found by exploration: some of it was found by revising reserve estimates of existing fields.

**The Hon. D.S. Baker:** In Opposition we took the view that we would release ethane to ICI, and we have followed that through in Government. All of us who have been here more than one term would understand the mirage that we have before every election about a petrochemical works starting in South Australia; that was some 20 years ago. We took the view that we had to do something. There is still a net benefit to South Australia, and in letting that gas go we believe we have secured the long-term gas needs of South Australia well beyond 10 years. We are pleased with the mutual agreement that we have reached with the producers and SANTOS to do that.

**Mr QUIRKE:** What are the latest estimates of gas reserves in the South-East following recent discoveries? What is the current annual gas consumption in the South-East? Is South Australia still the only State exporting gas across the borders?

**The Hon. D.S. Baker:** The Premier and I were in the South-East on Tuesday when a new well was being 'burnt off'; it was a most amazing scene, and augurs well for the future in the South-East. I will hand over to Mr Laws to provide the technical details.

**Mr Laws:** As far as reserves of gas in the South-East are concerned, the proven reserves of the field currently in commercial production at Katnook are of the order of 40 petajoules of gas. There is an undeveloped field to the south of Katnook, at Ladbroke Grove; that has not been brought into production at the moment because 50 per cent of the gas is in the form of carbon dioxide. More work is required on that field. The Minister mentioned a new discovery at Hazelgrove. Two successful wells have been drilled at Hazelgrove: the first produced at a record rate for all South Australian production, including the Cooper Basin.

The reserves of that have not been calculated as yet but are probably of the same magnitude as Katnook—in the 20 to 40 petajoules range. At the moment, the current gas market in

the South-East is running at 2 petajoules a year, which is considerably in excess of the initial forecast a few years ago when gas was first connected. Gas demand, especially at the APCEL Paper Mill, has been much greater than expected. Additional projects are being considered, especially a co-generation project. Provided that project goes ahead, probably the Hazelgrove reserves will be dedicated to that.

**Mr QUIRKE:** My next question relates to the aeromagnetic surveys that have been a feature over the past couple of years in terms of the attempt to locate further mineralisation to be explored in South Australia. Could the Minister or his officers tell us at what stage those aeromagnetic surveys are at, and what will be the likely scenario for mining investment, particularly relating to exploration over the next couple of years?

**Mr Horn:** We have completed some 800 000 line kilometres of aeromagnetism over the State. That covers roughly 35 per cent of the State. We are continuing our surveys this year and will be surveying the Mid North area, Burra and up to Port Augusta. This year we will also be undertaking a major survey in the Broken Hill region. We will be spending some \$650 000 on aeromagnetic surveying in the Broken Hill region.

**Mr QUIRKE:** My next question relates to the current situation at Olympic Dam and the groundwater table. Could the Minister report to the House the most recent developments in that area, and what work is currently being done? Is the water table still rising, and what other measures are being countenanced to solve the problem? Is it still the case that the tailings dam there is leaking, or is there some other possible explanation for the rising water table in that area?

**The Hon. D.S. Baker:** Yes; quite a bit of work has been done, and I would also have to pay tribute to the work done by the previous Minister in handling this matter sensibly. As Minister I have kept Bob Collins informed at all times about where we are with that. It disappears that it was not the tailings dam that was contributing to the rise in the water table; in fact, it was the mine washing water, which was an evaporation dam next door. I think the honourable member and the previous Minister went up to look at it; I know I have. Western Mining is not only monitoring it but is also now sealing its tailings dams and constructing new dams to ensure that at no stage can anyone claim that there is a leak from that dam. But it appears now on investigation that it comes from the mine washing water, which was apart from the tailings dam and quite separate. I ask Mr Welsh to elaborate.

**Mr Welsh:** I confirm that the present evidence suggests that the great bulk of the leakage has come from one of the evaporation ponds, and essentially that means that the water that has returned into the water table originated from the water table, so basically it is benign water. A number of measures have been taken. The suspect evaporation pond has been taken out of commission and a new line evaporation pond is being constructed so that in future there will be no significant risk at all of water leaking back into the environment. I should stress that the rate of rise has been arrested and a number of other remedial measures have been instituted, including abstraction of the water mound and use of that water in the plant. I believe that the matter is now well in hand and that we should not expect any further problems from that area.

**The Hon. D.S. Baker:** I have undertaken to Minister Collins to get regular briefings from Western Mining and keep him informed. As you know, some feasibility studies have been carried out at present for some expansion there,

and the Federal Government and State Government are both keen to see that everything is in order as that expansion takes place.

**Mr BUCKBY:** Continuing on that line of questioning on Olympic Dam operations, will Western Mining Corporation's proposed expansion of operations require more water from the great artesian basin and, if so, how will the Government ensure that the environment will be adequately protected?

**The Hon. D.S. Baker:** I can assure you that the Government will ensure that the environment will be adequately protected, but I will let Mr Welsh answer the technical side of the question.

**Mr Welsh:** If Olympic Dam expands it will require more water. The most logical source of water will be the great artesian basin. We need to balance that against measures that WMC is implementing now to make more efficient use of water. I reiterate that any substantial increase in production will require more water, and the great artesian basin is the likely source. Because of this, environmental impact studies will be required and before any approvals are given these will be assessed through the normal State Government process. That will be in collaboration with the assessment group of Department of Housing and Urban Development.

**Mr BUCKBY:** I turn to underground water and particularly storm water replenishment of aquifers. Urban storm water runoff and sewage effluent are traditionally regarded as wastes and invariably discharged into the marine environment. What is the department's involvement in developing innovative ways of storing these wastes underground for subsequent reuse for irrigation and industrial purposes?

**Mr Harris:** In answering this question I should say that this State has been particularly innovative in developing techniques for the underground storage and recovery of stormwaters and other waters. In the urban area of Adelaide, in particular, almost as much water flows to waste through our urban systems as we consume through the normal public water supply system. It is a challenge to see what this water can be used for and how it can be harnessed for beneficial use, improving urban amenity and other beneficial uses. In collaboration with other agencies and local government, we have been involved in evaluating how stormwater can be trapped, stored and recovered for later use. We have been involved in a number of pilot schemes to test this north of Adelaide at Andrew's Farm, at the Paddocks and at Greenfields, and also there is another development at Northfield. We have been involved in the trial schemes of injecting and recovering water. The trials are still in progress. The issues that we are looking at through that are: what rate of recharge can we achieve, what technical conditions do we have to follow to make it cost effective, what standards do we have to apply to storing stormwater underground, and how do wetlands play a role in this, in cleaning up the water and improving its quality for subsequent recovery?

**The Hon. D.S. Baker:** The department is also looking at, in some sand mining operations, using those worked-out sites to become water storages for underground recharge as well, because then you can carry out the rehabilitation that is necessary and make them environmentally and aesthetically acceptable.

**Mr QUIRKE:** What was the growth in electricity demand in 1993-94? What is the projected rate of future growth in electricity demand? How does growth in residential demand differ from growth in industrial demand?

**Mr Tsiros:** I would have to take those questions on notice, to be able to provide the exact figures. However,

generally speaking, electricity demand has been fairly static in South Australia over the year, with increases less than the 2 per cent figure that was forecast early in the piece. As to the specific figures, I will have to take the question on notice.

**The Hon. D.S. Baker:** With the increased economic activity that has been generated in the State now we would think there would be an increase in the future.

**Mr QUIRKE:** Obviously, if you are taking the specifics on notice, that is fine, but I would that thought that one of the areas that we will have to look at (and I am interested to know what the Government's views on this are) concerns where we will be at in 10 years' time. There has been some discussion over the past decade or so about another generating facility close to a source of coal. Has the Government given much thought to that? Is it the view that the national hook-up will be able to at least absorb whatever increase in demand will take place in the foreseeable future?

**The Hon. D.S. Baker:** I think the Minister responsible for ETSA has announced already publicly that there are a lot of reforms going on in ETSA, and having sat on the other side for a few years I might say that it is welcome. But the national grid is going to put tremendous pressure on efficiencies in South Australia in production of electricity, and I support that, and ETSA knows that.

I should have thought that there would be no need for another coal fired gas station in South Australia but, not being the Minister responsible, I do not want to commit the Minister to that. Also, we have the potential for a pipeline bringing gas to Adelaide from Minerva, which is close enough to the national grid on the Victorian-South Australian border that perhaps, in the longer term, there will be gas fired electricity generation. I should have thought that, apart from making sure that we are not caught in a situation where we are squeezed on price, South Australia's electricity needs would be adequately served by the overcapacity of the eastern States into that national grid. We have always supported the long-term use of that to lower electricity prices in South Australia, particularly.

**Mr Tsiros:** The current forecasts are that no base load capacity will be required until after the year 2000, and more likely 2005 or 2006. However, the forecast indicates that there will be a need for peaking capacity, which is likely to be around the end of 1996 or early 1997.

**Mr QUIRKE:** Are there any environmental concerns we need to address in Leigh Creek? What is the projected use of Leigh Creek coal? Is it the case that the national grid will make Leigh Creek coal and its calorific value a rather poor and rather expensive substitute for electricity from, say, Yallourn or any one of a number of other ports of generation?

**The Hon. D.S. Baker:** I would not like the honourable member to think that Leigh Creek will be closed down. The pressure of a national grid will force ETSA to be very competitive, and we would all support that. It will be a very valuable back-up source to go into that national grid but, like all production electricity, it must be done at a unit cost that is competitive. I am sure that will occur, and I should hate the honourable member to think that there is any thought of closing down Leigh Creek.

**Mr Tsiros:** I can respond to the second part of the honourable member's question. In the electricity sector there is a working party that is looking at the structure and marketing arrangements under the national grid, and we have engaged consultants. In their first presentation they said that, because of the distance from the Victorian Yallourn system and losses in that system, they see the penalty of their sending

power across of the order of 1¢ to 2¢, and that is sufficient to ensure that the Electricity Trust is competitive in that environment. Because of the distance, ETSA will be competitive, based on its current economics.

**Mr Laws:** In relation to the first part of the question, the responsibility for occupational health and safety at Leigh Creek is now handled by the Department of Industrial Affairs. We understand that ETSA has looked very carefully at the issue of the fumes coming from the overburden dumps at Leigh Creek and considered that the problem is not significant. However, there are others who believe that there is a significant health problem. I do not feel I can comment further other than to say that there has been a more intensive look at the overburden in Leigh Creek in the past few years. As the overburden has proven to have an oil shale content, which is variable through the overburden and sometimes is at a reasonable level, and also has a calorific value, there is an investigation by ETSA into the use of the overburden in a more modern, innovative style of electricity generating plants to generate electricity actually from the overburden itself, because there is quite a heat content in parts of the overburden.

Referring again to the calorific value of the coal itself, currently the cost of electricity derived from Leigh Creek coal is cheaper than that derived from gas. The calorific value of Leigh Creek coal, although significantly less than that of good eastern States black coal, is significantly more than the brown coals of Victoria. It falls somewhere in between the brown coals of Victoria and the black coals of eastern Australia. One of the reasons why Leigh Creek is perhaps a little more expensive on a calorific value basis is the amount of overburden that has to be removed to get to the coal compared to the amount in the Victorian brown coal deposits.

**Mr QUIRKE:** The source of much of the work in Port Pirie has been because of mineralisation and the transport from Broken Hill, particularly, of large volumes of minerals to the smelters in Port Pirie. Other areas in the Iron Triangle are reliant on ore stocks continuing well into the future. What discussions has the Government been having about the future of Broken Hill and the impact that obviously will have on towns such as Port Pirie?

**The Hon. D.S. Baker:** It is factual that there are some concerns as to what will happen in future to Broken Hill. It has a life of about 15 to 20 years, and aeromagnetic surveys would love to find ore bodies that would keep Port Pirie going. In fact, it is the largest lead processing operation in the world, which is a first for South Australia, and has been for many years, with some joint State agreements, some extra moneys are going in, including \$4 million into the Broken Hill area between New South Wales and South Australia on aeromagnetic surveys, the whole idea of which is to try to find another source of ore that can ensure the long-term viability of Port Pirie. We are putting resources in from South Australia, understanding the importance of Port Pirie to South Australia's economy, and the New South Wales Government has announced that joint survey.

**Mrs HALL:** Referring to page 406 of the Program Estimates, specifically relating to future gas supplies under the 1994-95 'Specific targets and objectives', will the Minister outline the results of the evaluation of the Minerva gas reserves as a possible source of gas for Adelaide?

**The Hon. D.S. Baker:** As a State, we are highly delighted that there is the potential for another source of gas from an independent area, from Minerva, and the possibility of a pipeline coming into South Australia. It will be part of a

national hook-up of pipelines and, if that comes to fruition—and we are working hard to reach that end—any discoveries in the Otway Basin could easily tap into that, which is to the benefit of South Australia.

**Mr Laws:** In Mines and Energy we have looked at the technical details that surround the Minerva gas discovery by BHP. This discovery was made about 10 kilometres offshore from Port Campbell in Victoria. We are of the view, after looking at the technical information, that there are sufficient reserves in that discovery (50 per cent confidence level) to support a contract to supply gas to South Australia. Such a contract would require a pipeline approximately 650 kilometres long and would be a significant investment. Therefore, as I understand it, BHP is talking to possible consumers of gas in South Australia to see if it can build up a market which is sufficiently large to justify that investment expenditure. If that is so, it will bring benefits to the State in that it will provide a competitive source of gas to that of the Cooper Basin, and hopefully deliver cheaper gas prices to South Australian consumers as a result of that competition.

**The Hon. D.S. Baker:** I add that it really makes long term 20 year contractual arrangements for the supply of gas less important than they have been in the past when we only had one source of gas. The Minerva is potentially a large field and, if the pipeline is constructed, does nothing but enhance South Australia's long term energy position.

**Mrs HALL:** Can the Minister provide some information to the Committee specifically concerning women who work in the Mines and Energy Department? I refer to the equal opportunity (EO) strategy that might be in place in the department. Are there plans to increase the number of women in management positions in the department?

**The Hon. D.S. Baker:** I know that Ian Dixon has been studying this and I will ask him to provide the reply.

**Mr Dixon:** I have only been at Mines and Energy for the past four weeks. I have not found any specific documented plan or strategy in place as such regarding the promotion of women within the organisation. However, I can say that there are a number of female geologists being given opportunities within the organisation to progress up the management ladder. It is one of my key aims that, in the future and in the next three months, when we look at a strategic planning exercise and some developmental aspects within the organisation, we look specifically at what career development opportunities are available not only for women but for other groups within the organisation as well. There is no formal plan there. The organisation certainly abides by the EO principles and is looking at developing formal career development planning right throughout the organisation.

**Mrs HALL:** Over the next few months I look forward to receiving some figures that the Minister might like to provide to the Committee about the numbers of women in various positions in the department. Perhaps at next year's Estimates Committee we might have a stunning answer about a program to be implemented over the next 12 months.

**The Hon. D.S. Baker:** I am happy to provide that information. A fortnight after I became Minister we shifted two very competent executive women over there to help in that area. They have been operating very well. I assure the honourable member that we kicked off to a great start.

**Mr QUIRKE:** I refer to the Broken Hill situation. If it is the case that there is only 15 to 20 years of ore stock left, obviously there will be a fair amount of downsizing in terms of the amount of ore that will be coming out even in that lead on time between now and in 15 years. What provisions are

being made to fill this gap, and what plans does the Government have for Port Pirie in respect of the smelters there which are obviously so dependent on this ore stock?

**The Hon. D.S. Baker:** I can provide a political answer, but I will ask Mr Horn to provide the technical answer.

**Mr Horn:** As we already said, there is a cooperative venture to look at finding new deposits. We do not have any strategic plan in place at the present time to obtain ore from deposits within South Australia. I guess that is a problem that the Broken Hill Associated Smelters will need to come to grips with in terms of locating additional ore perhaps interstate or overseas. Our program is planned to take five years. There is no guarantee out of that that we will find an alternative ore body to replace the feed stock from Broken Hill.

**The Hon. D.S. Baker:** It is not all doom and gloom. The aeromagnetic surveys carried out around the rest of the State already show some potentially positive exploration areas which can be further explored. It is sensible that 15 to 20 years is the minimum time left for Broken Hill. We need to start planning now. We would be irresponsible as a State Government if we did not push very hard to make sure that that area of South Australia does not remain the wealth generating source that it is at present.

#### **Additional Departmental Adviser:**

Mr John Eastham, General Manager, Pipelines Authority of South Australia.

**Mr QUIRKE:** In the Program Estimates there is an indication that the impact on South Australia of potential privatisation of PASA will be evaluated in 1994-95. Has this evaluation begun?

**The Hon. D.S. Baker:** It certainly has. I will ask John Eastham to answer this question.

**Mr Eastham:** The process of the sale of PASA commenced at about day two or three of the new Government coming into office. One of the early jobs that had to be carried out was a valuation of PASA to determine its worth and whether it should be sold or whether it was more appropriate to retain PASA. It is not appropriate that I provide details of the valuation because of the commerciality of that situation. The detailed valuation (carried out by Grant Samuel who did the same valuation for SAGASCO holdings during its takeover) clearly indicated a substantial value in PASA if it was sold, and it certainly met the thresholds that the Government set in the criteria for selling PASA.

Accordingly, we are past the process of valuation. The asset management task force is now in the detailed process of starting to put together the appropriate due diligence and the preliminary marketing. In that regard the Executive Chairman, Dr Roger Sexton, who heads up the Asset Management Task Force, and myself are travelling overseas in about one week's time to meet with a number of overseas organisations to advise them in a preliminary way about the sale of PASA. After that we will then be talking to potential local Australian companies. Suffice to say that there is considerable interest in the sale of PASA. The process is going extremely quickly particularly when one compares it with the sale of the TPA—the Moomba to Sydney pipeline. At this stage it is intended to try to complete the sale by June next year.

**The Hon. D.S. Baker:** As Mr Eastham said, on coming to government we immediately started the process going, but to get it in a structure that can be offered for sale there has

been a committee working on it over very long hours. We are now nine months into the administration and it is a fairly tedious process to dot all the i's and cross all the t's. We are confident of the time schedule and it is achievable as set out by Mr Eastham.

**Mr QUIRKE:** On the question of the sale of PASA, can the Minister give some idea of the ballpark figure the evaluation of this asset will come in at, and will this be a consideration on whether or not this asset will be sold? Obviously there is a concern that if it is sold far too cheaply in the current climate the revenue stream that comes from it will be terminated at such a point that it will in fact hurt the taxpayer in South Australia.

**The Hon. D.S. Baker:** I can assure the honourable member (and he should know me well enough to realise) that it will not be sold too cheaply. The ballpark figure is somewhere between \$1 million and \$1 billion! It would be irresponsible to speculate. Obviously it has to be commercially viable to attract a buyer. The work of the committee in the past nine months has been to make sure that it is commercially attractive to a potential purchaser, but Mr Eastham may want to add to those guarded comments.

**Mr Eastham:** Obviously in the sale of an organisation like PASA, what you are selling is the future stream of income. You just net present value it. Anyone can do some back of envelope sums and come up with a ballpark figure. PASA is more than just a stream of future incomes: it is a very significant strategic asset in that, with the potential of the Minerva pipeline coming from Victoria, there is a new pipeline to be built from south-west Queensland down to Brisbane, and with potential pipelines connecting New South Wales and Victoria, which is not far away, all of a sudden there is an integrated South-East Australia pipeline system and there is terrific strategic value as well as a cash flow in the ownership of a pipeline like PASA. We would expect that strategic value to be recognised. Certainly the interest in the purchase of the pipeline is very great. There is a lot of interest.

Australia is seen as one of the few countries in the world where there is very much a growth market in the use of gas. Gas use in Australia has increased from about 7 per cent of the primary energy used in 1972-73 to about 17 per cent at the present time, and it is the Australian Gas Association's target to get that up to 20 per cent by the end of this year. To do all those things means there will be a lot of industry in building pipelines. Ownership of pipelines will become a strategic issue and people will pay value for that.

**Mr QUIRKE:** Does the Government support the national push to have gas industry competition principles in place by July 1996, and does it support the competition principles devised by the Moomba-Sydney pipeline?

**Mr Eastham:** The principles that have been enunciated have certainly been endorsed in principle through the various COAG meetings. Everybody in the industry agrees with the principles. There are some details that are in the process of being sorted out regarding those principles but, like the electricity industry, the gas industry is going through very significant reform at the present time and the objective is to open it up for competition. The impact in South Australia is that, for instance, the existing pipelines and new pipelines will be subject to third party access and issues of that nature. We will have to have transparent tariffs that are available for a third party if they wish to use the pipeline. It will put a lot more competition between the producers and the direct customers, the ETSA's and SAGASCO's of the world, where

ultimately customers will buy their gas direct from producers and then use the pipeline to transport the gas.

**Mr BUCKBY:** Regarding PASA's contribution to the budget, why has the dividend increased so sharply in 1994-95?

**Mr Eastham:** Members will recall a few weeks ago an announcement that the transportation costs that PASA currently charges to its two major customers, that is, the Gas Company and ETSA, will increase by 25 per cent, effective from 1 January 1995. As the sale of the pipeline is not scheduled to be completed until the end of this year, it means that our expected dividend to the Government will rise from about \$11 million last year to slightly over \$17 million this year. About \$4 million of that increase is attributable to the 25 per cent increase in the transportation charge.

As part of the sale process, we had a look at how our transportation charges compare with those in Australia and overseas for major pipelines. It was very quickly apparent to us that South Australia had the cheapest transportation charge probably in the world, certainly easily the cheapest transportation charge in Australia. Typically, European charges are twice our charges, and American charges are about 60 to 70 per cent higher than South Australian charges. So the increase of 25 per cent was an unrealistically low figure and, by adjusting it up by 25 per cent, it is still amongst the lowest charges in Australia and the world; but that is primarily where the increase in contribution to the Government comes from. It has gone from \$11 million to \$17 million, but \$4 million comes from an increase in charges. The balance of \$2 million relates to further improvements in productivity within PASA. Like all Government organisations, we have very radically reduced our internal costs, including our numbers.

**The Hon. D.S. Baker:** That also gives it a greater commercial sale value, and is part of the procedure of getting it into shape to sell.

**Mr BUCKBY:** What has been done to ensure that the employees of PASA are treated fairly and are not disadvantaged by the sale of PASA?

**Mr Eastham:** The Government expects that the majority of the existing PASA employees will be employed by the new owner. PASA has significantly reduced its work force in the past few months, and that has increased the probability of this occurring. The Asset Management Task Force, which has the overall responsibility for the sale of PASA, has begun studying the transitional arrangements that will need to be put in place. Clearly, some differences will occur in employment arrangements between public and private sector owners. Of particular importance are the issues of superannuation and the continuity of service. It is expected that the final details of these arrangements will be the subject of negotiation with the new owner and also subject to negotiations between the unions and PASA over the next many weeks.

**Mr CLARKE:** Mr Eastham intimated that there was an expectation that the majority of employees would be going over to the new owners. Is it guaranteed that the remainder of those employees will be offered positions within the Public Service?

**The Hon. D.S. Baker:** I think John Eastham said that we have about eight months to go probably before a sale and, in that time, some people may take advantage of TSPs and those sorts of arrangements. It is not envisaged that the Government will be wielding the axe on people who do not want to go. However, the TSP program is still in place.

**Mr Eastham:** It is very difficult to predict who will buy PASA; if it is an overseas company, it might want the whole

management team complete; if it is an Australian company, then clearly there will be changes. When the Pipeline Authority was sold only three people were not offered employment with the new company, and they were the General Manager and his two immediate offiders, and that was because they brought their own very senior management team at that level. We cannot predict exactly what might happen, but there is a very high expectation that the large majority of employees will automatically go over to the new company. Indeed, the discussions I have had with potential buyers indicate that one of the attractions of PASA is the expertise and the quality of its employees. PASA's track record in the past four or five years is impressive to potential buyers and they want to retain those sorts of people.

**Mr CLARKE:** Can the Government give a commitment that no existing employee of PASA will be disadvantaged as a result of PASA's being privatised? In particular, as Mr Eastham has already pointed out, there are differences with respect to superannuation, continuity of service, long service leave and things of that nature, and I would have thought that, at an outset position, the Government, as the seller, could include a condition of sale that no existing employee of PASA be disadvantaged either in terms of employment or in any of their conditions of employment as at the date of the sale. Is the Government prepared to give that commitment?

**The Hon. D.S. Baker:** I cannot give that commitment because it would be irresponsible. If you are saying that John Eastham has to go with the sale, it may be, as he quite rightly put it, that a future purchaser may not want him and it should have that right. So, it is expected that PASA will be in competitive shape with a work force that is in line with world's best practice by the time we get to the point of sale, but no-one can say that an incoming owner would not want to make changes, especially at the executive level. Therefore the Government cannot give that guarantee.

**Mr CLARKE:** Whilst the Minister is quite right in suggesting that an incoming owner may want its own management team or whatever, the Government could, if that were the case, give an assurance to the employees that if they were not picked up by incoming owners they would be, if they wished, redeployed within the Public Service elsewhere without loss of benefits. Is the Government prepared to give that commitment to existing employees?

**The Hon. D.S. Baker:** The commitment the Government has given is that it will have discussions with the union, and Mr Eastham has said that will be taking place in the next few weeks. All those matters are best negotiated with the union and the representatives of the employees, and not in the parliamentary arena.

**Mr CLARKE:** What safeguards is the Government going to put in place with respect to the protection of the public interest in relation to the pipeline? When a private company takes over the pipeline, who will control the price it will charge the producers and ultimately the consumers of this State? Is it the Minister's intention that there will be legislation, such as the Gas Act, which regulates the price of gas to consumers in South Australia; will there be a regulatory authority; or will it be left entirely to the best wishes of possibly a foreign owner?

**Mr Eastham:** Very clearly, the regulatory environment is a very important issue, and it is regulatory in two ways: in a technical sense as well as an economic one. For instance, we cannot let the pipeline go into disrepair, and the technical aspects I should expect would continue as they do at present under the auspices of the Department of Mines and Energy,

where we are issued with licences for our pipelines and there are stringent conditions in maintaining and keeping the pipelines and reporting systems in good order. So, it is easy to continue with the technical regulation, but it would have to be perhaps even more rigidly enforced as it would be a non-public sector owner.

In relation to the economic regulation, clearly you cannot have an open cheque arrangement where a company can come in and just push up the prices, and it is necessary to have an appropriate regulatory environment and appropriate haulage agreement between the customers (ETSA and SAGASCO). The pipeline will need to be renegotiated for the sale and some form of oversight regulation will need to be built in to ensure that, if there are increases, they are controlled and that checks and balances take place. Certainly, that is planned and most certainly it would be part of legislation.

**The Hon. D.S. Baker:** We are facing the same sorts of issues in relation to the Minerva gas line, such as open access for use of third parties. So, it is a long and tortuous process but working through it now will augur very well in negotiations with BHP on the Minerva line, because we have to ensure that the same terms and conditions are on both lines, especially if they are going to become part of a national hook-up system. All the work being done now, which is massive, will augur well for the future in South Australia if the other line comes to fruition, and we hope it will.

**Mr CLARKE:** I take it from the Minister's most recent answer that he can assure the public of South Australia that there will be no increase in gas prices in South Australia simply because of the transfer of PASA to the private sector?

**The Hon. D.S. Baker:** I am not sure that I can give that assurance because we are talking about two different things. We have been talking to SAGASCO for three or four months about some stability in gas prices, both domestically and commercially. The agreement to sell methane to ICI has probably done more for gas prices. Most decidedly we will not be allowing the carriage agreement of gas in the Moomba line or the Minerva line to have a material, long-term effect on consumers in South Australia. As John Eastham said, South Australia's gas prices were ridiculously the lowest in Australia; we are still the lowest, even though there is a mooted increase to prepare PASA for sale. Two sets of negotiations took place: one at Government level with the producers of gas; and the second for the carriage of that gas down the line.

**Mr Eastham:** As part of the Hilmer reform sweeping through Australia at the moment, and things of that nature, the most desirable thing that could happen in South Australia is that we have a pipeline coming down from the north and a pipeline coming up from the south. We would then have pipeline on pipeline competition, and gas on gas competition. To get that sort of competition we are preparing the ground work to ultimately encourage the construction of the Minerva pipeline. Once we get that sort of competition then normal competitive forces will start pushing prices down in the long run. It will take a number of years to get to that situation.

**Mr VENNING:** What is the intended increase in PASA's transportation charges, and why is this increase justified?

**Mr Eastham:** For most of its 25 years, PASA has been operating on a cost recovery basis. Its charges have been based on historic costs of the assets. This has had the effect of the State subsidising the cost of gas haulage. Regardless of whether PASA's assets are sold, it would be necessary to significantly increase the charges to put PASA on a more

commercial footing. The sort of figures that we have looked at to truly put PASA on a commercial footing would probably result in charges increasing by up to 40 per cent. Of course, a figure like that has not been contemplated.

The South Australian Commission of Audit, section 5.8, puts forward similar arguments. However, it is also necessary to assess whether this would result in a fair market price for gas haulage. PASA's charges are very low when compared with other pipelines, both in Australia and overseas, and a 25 per cent increase will put the charges more or less on par with the cheapest of these other pipelines. Hence, the Government has decided to restrict the increase in pipeline charges, in the preparation of PASA for sale, to approximately 25 per cent in real terms.

**Mr VENNING:** Has the arrangement to sell 160 petajoules of ethane to ICI removed any possibility of a petrochemical development in this State?

**Mr Eastham:** Bob Laws covered this matter earlier. The answer is 'No, it does not.' If I recall, Bob said that 160 petajoules of ethane is to be sold to ICI over the next 10 years. There are 66 petajoules remaining but over the life of the development of the field the total amount of ethane in South Australia could be, including the 160 petajoules, about 400 petajoules. The answer has to be: no, a future development for a petrochemical industry has not been closed off but, by the same token, there are no immediate pressures for such an industry. It has been on the drawing board really since the Redcliff days, and that is about where it remains.

**Mr VENNING:** Is the ICI arrangement a good deal for the State, and is it a good deal for the producers?

**Mr Eastham:** The extremely short answer is 'Yes.' While 160 petajoules of ethane will be leaving the State, a number of advantages and opportunities have been created for South Australia. First, the State has negotiated further quantities of discount gas, which is very beneficial to the State. The State has secured exclusive right to the uncommitted remaining reserves in the South Australian Cooper Basin. The availability of gas at discount will provide ETSA with the opportunity to compete more favourably with cheap electricity imports from Eastern States.

The availability of a quantity of discount gas will enhance the competitive advantage of the gas company and enable it to induce industrial and commercial consumers into South Australia. In line with COAG requirements for free and fair trade in gas, gas users in the State will have the opportunity to directly negotiate for their long-term gas supply requirements in future. In addition to all of those advantages, there will be additional royalties of about \$2 million per annum received from the sale of ethane. To answer your second question: it is a good deal for the producers.

They have increased revenue through both the ICI contract and the special purchase agreement. Had a special purchase agreement not been agreed to the likely result would have been a reduction in take by PASA to its minimum obligation, because the price would not have presented ETSA, in particular, with any opportunity to compete with interstate electricity. PASA's current full price gas contract with the SA Cooper Basin producers requires a minimum quantity to be taken or paid for by PASA, and a maximum quantity obligation to be provided by the producers. The Government's position on special purchase gas does not require any higher quantity obligation from the producers.

**Mr VENNING:** The topic 'Remote household renewable energy demonstration project' appears on page 144 of the

Estimates of Receipts. Is the Government actively promoting the use of renewable energy for remote area consumers?

**Mr Tsiros:** The short answer to your question is that we are currently involved in a cooperative program with the Commonwealth whereby it is providing funding and we are providing the technical back-up and implementation for a number of projects in South Australia. We have a mobile caravan which is fitted with photovoltaic cells to demonstrate that technology. It has an air conditioner fitted to it to demonstrate how robust the renewable technologies are and it also has an on-board computer with a software package developed by the office which has been used to enable the on-field assessment of the economics of stand-alone systems. That is the demonstration side, which can move around the countryside.

We also have a fixed demonstration project at Maldorky, which is on the highway to Broken Hill, near the Broken Hill border, and there we fitted a photovoltaic system to a homestead to demonstrate the robustness and quality of the system. It is of interest that the owner has another property to which he decided to connect a sewer line using the local community diesel system and to install this photovoltaic cell at his other homestead, at which a manager lives. Since then he has lost his supply on a number of occasions due to lightning and other things which have gone amiss with the system. The renewable system has operated very reliably, and he is now feeling that he got second best and that his manager has the better system. Another feature was that he bought a washing machine which is the latest technology machine and it would not work on his system because of the quality of power that he was receiving at the end of the sewer line. Since then he has transferred it to the Maldorky homestead station, where it operates perfectly with the stand-alone renewable system.

**Mr VENNING:** I refer to the same line. How will the Energy Information Centre cope with the increased level of inquiries now that staffing at the centre has been reduced by 20 per cent?

**Mr Tsiros:** Since moving from its North Terrace location, not only has the centre's staffing been reduced but also the number of people coming through the door has doubled. The centre is now located in Australis House, so we have had to cope with not only the reduction of 20 per cent but also a doubling of inquiries. We have coped with this by looking at improving the fixed floor demonstration systems to make them even more user-friendly than they currently are, and we expect to develop them further in the course of the remainder of this year. In addition, we reviewed all our programs and in the country areas we have increased our use of the local press and local groups to liaise with people and have taken similar approaches in Adelaide. With the streamlining of those operations we expect that the staff will have a lot more time available to look at the more complex questions that come in.

**The Hon. D.S. Baker:** They are very good productivity gains.

**Mr QUIRKE:** Has a working party similar to the electricity sector working party been established to advise on South Australia's involvement in a national gas market?

**Mr Tsiros:** Yes, a working party has been set up. The Government has set up a working party to undertake a strategic review of the South Australian Government gas sector and to provide a report by October 1994. At the end of this period the working party will recommend policies to best position the South Australian Government to protect and



enhance the State's competitive advantage in a free gas market. This stems from the COAG meeting on 25 February which agreed on a broad approach to promote free and fair trade in natural gas within and between jurisdictions and where COAG agreed to implement all necessary steps and reforms by July 1996.

**Mr QUIRKE:** What priorities does the Government place on funding energy research and development projects in the State?

**Mr Tsiros:** Since 1977 the South Australian Government has been actively involved in supporting energy research in South Australia. This has been achieved through SENRAC, the State Energy Research Advisory Committee, through which the Government provides energy research grants to various bodies in the State. Priority is given to those projects in which the outcomes of research to be undertaken provide significant benefit to the economic development and increasing competitiveness of the State and which develop export opportunities in South Australia. Some of these are economic and marketing valuations which have indicated good prospects for successful development, where the proponent has already established close links with South Australian industry and is able to develop the project commercially, where the project makes use of South Australian expertise and resources and where the proponent can demonstrate financial support from other parties in the conduct of the project.

The State allocation for SENRAC for the 1994-95 financial year is \$300 000, plus a carry-over of some \$24 000. Of necessity, these funds are generally provided as a seeding source, and we liaise very closely with industry and the other utilities in trying to get the required support for the majority of the projects. In a lot of areas it is a cooperative approach with industry, and a typical example is work that we are doing with Pope Electric Motors, which is the only remaining large electric motor manufacturer in Australia. Although it has an excellent product it is finding it difficult to compete with overseas imports, because its product is robust, way over-designed and, as a result, a lot more expensive to manufacture. We are providing funding for the University of South Australia to carry out research in that area and come up with a software package which enables it better to design the machinery and therefore come up with a cheaper product which enables it to compete and sustain a position in the marketplace.

**Mr QUIRKE:** What are the approximate annual costs of the Government Energy Management Program and what are the annual benefits of the general program?

**Mr Tsiros:** The annual cost of the Government Energy Management Program is some \$370 000, and the annual savings, on average, have been around \$1 million per annum. Since it was first implemented, the project has achieved cumulative savings of some \$60 million and currently the annual savings, taking into account the projects that were implemented in those earlier years, are some \$10 million. If we add and implement the current forecast potential savings for the next 12 months we should be looking at \$11 million per annum.

**Mr QUIRKE:** In relation to the Extractive Areas Rehabilitation Fund, can the Minister give us an indication of the financial status of that fund and can he tell us whether there have been any allocations of money in recent times? One quarry in particular immediately comes to mind, which I understand comes under that area.

**The Hon. D.S. Baker:** There have been some changes to it in the budget, and Peter can give some of the details.

**Mr Bleckly:** The balance in the fund as at 30 June was \$4.6 million, of which around \$800 000 has been committed to projects which have been approved and which are in progress. Consequently, there is about \$3.8 million available for new projects to be approved and progressed henceforth.

**The Hon. D.S. Baker:** There was another part to the question.

**Mr QUIRKE:** The matter of my favourite little quarry that I brought around to you, on behalf of my constituents.

**The Hon. D.S. Baker:** We are fixing that up aren't we?

**Mr QUIRKE:** I understand so, I just wanted you to say that.

**The Hon. D.S. Baker:** When the honourable member brings anything around he knows how promptly we work for him.

**Mr QUIRKE:** Changing the topic totally, in relation to diamond exploration, can the Minister tell us what the story is in respect of diamond exploration in South Australia? There have been a number of media comments about that this year. Can the Minister give us the latest information?

**The Hon. D.S. Baker:** Rick Horn can do that. I guess a few years ago we would all have thought that it was pie in the sky to say that we had some potential for diamonds in South Australia. That is one of the great things about the aeromagnetic surveys. There are some very interesting anomalies that are showing up. That is a long way from getting it to the stone on the finger, but Rick will give you an indication of where we are at.

**Mr Horn:** The diamond exploration in the State certainly has dropped significantly during 1992-93, and that was due to the exit from the State of Stockdale, which is a subsidiary of De Beers. They have spent a decade of exploration activity in the State. In 1993 exploration expenditure was down to \$5 million. The South Australian exploration initiative, particularly in the west and north of the State, the airborne magnetic flying that we undertook, identified some significant potential and certainly upgraded the prospectivity for diamond discoveries. In 1992-93 we flew airborne surveys and radiometric surveys in a part of the country, known as Abminga in the very Far North of the State. It cost around \$5 million to fly that, and that generated some magnetic anomalies, which are being investigated currently by private companies, including such companies as Poseidon, Redfire Resources, Ashton and, in fact, Stockdale Mining has actually come back into the State as a result of that survey.

Expenditure commitments in that block alone now exceed \$4.8 million. When all the licences have been granted in that area, they are likely to exceed \$6 million in this financial year. We have a number of junior explorers who have entered the arena, including a company which is about to float called Caldera Resources. They are floating purely on diamond properties within South Australia. A number of other areas in the State are also being actively explored, including the traditional areas of Echunga and the Springfield Basin in the Orroroo area, and we have in fact undertaken airborne surveys in the Orroroo-Carrieton area and are continuing that work at present.

One other activity that has taken place is that the motor vessel *Ross Seal* recorded something like 1 200 line kilometres of high quality seismic data over the gulf waters to locate palaeochannels, which were looking for potential alluvial diamond sources. A company called Carnegie Resources has spent something like \$196 000, or has

contributed to the cost of the survey. Our MESA contribution for that is something like \$50 000, mainly for the processing of a very large volume of data. We have identified numerous targets offshore as potential palaeochannels and we would expect some exploration activity out in that area in the coming 12 months. One final point that I would make is that we are expecting diamond exploration expenditure to exceed some \$10 million in this financial year, and that is primarily as a result of the South Australian exploration initiative.

**The Hon. D.S. Baker:** It is a good return on funds, half a million to get 10 million in exploration.

**Mr QUIRKE:** Can the Minister tell us the status of the tioxide paint pigment project proposed for construction near Whyalla?

**The Hon. D.S. Baker:** Graham Haddow will talk to you about that. We have been having ongoing discussions with the people involved. In fact, when I was in London recently I called on them again. We are very confident in pushing South Australia forward as an area for that plant, but like all of those developments there is a long leadtime.

**Mr Haddow:** The company is concerned about a continually depressed market and market prices and that is delaying its decision on investment. There is a choice between Whyalla and Malaysia, and that is the choice the company is trying to evaluate in terms of the best and most economic area to produce. The Malaysian Government offers incentives which the Federal Government does not offer and our Premier has been in discussion with the Prime Minister on this issue. We would anticipate, perhaps towards the end of the year or maybe early next year, a site decision to be made by the company with respect to either Malaysia or South Australia.

**The CHAIRMAN:** There being no further questions, I will close the examination, but before doing so, Minister, I would like it to be clearly shown that the finishing early reflects a confidence held by all members of the Committee in the officers and in the department generally, and perhaps even by some members in relation to you as Minister. You and your officers are to be congratulated. I think the member for Playford put it for us all this morning in his praise of the department. There being no further questions, I declare the examination of the vote completed.

*[Sitting suspended from 12.45 to 2 p.m.]*

Primary Industries, \$53 028 000.

#### **Membership:**

Mr Kerin substituted for Mr Buckby.

Mr Andrew substituted for Mrs Hall.

Mr Foley substituted for Mr Quirke.

#### **Departmental Advisers:**

Mr M.D. Madigan, Chief Executive Officer, Department of Primary Industries.

Mr B.J. Hill, Director, Business Operations.

Dr. P. Gibson, General Manager, Field Crops.

Mr B. Windle, General Manager, Horticulture.

Mr A. Brown, General Manager, Livestock.

Mr R. Wickes, General Manager, Sustainable Resources.

Mr K. Gent, Manager, Operations, Rural Finance and Development.

Mr I. Millard, General Manager, Forests.

Mr H. E. McClelland, General Manager, Marketing and Development.

Mr P.M. Carr, Acting General Manager, Strategic Services.

Mr I. Hartmann, Manager, Corporate Finance.

**The ACTING CHAIRMAN:** I declare the proposed expenditure open for examination and refer members to pages 146 to 150 of the Estimates of Receipts and Payments and pages 411 to 430 in the Program Estimates.

**The Hon. D.S. Baker:** As we did this morning, I will pass most of the questions straight through to the officers to give detailed answers. Our aim is to answer all the questions of members of the Opposition. We have offered them a briefing, which was taken up, which we are very pleased about, and I ask all officers to note that answers to any questions that we take on notice must be back by 7 October. The main thing I would want to focus on in an opening statement is the potential for drought in South Australia. The Government has been very mindful of the fine line we have to tread in talking about drought when there is not really one on, and making sure that we in South Australia have the same access to Federal help if a drought eventuates. That is why a couple of months ago I started having meetings with the Federal Primary Industries Minister (Hon. Bob Collins), and the Premier spoke to the Prime Minister late in July about declaring regional areas in South Australia as drought areas to trigger Federal assistance.

I compliment Bob Collins' attitude and the constructive way in which he has approached those discussions. We produced a position paper, which was sent to him yesterday and which is the final paper of discussions we have been having with officers of Primary Industries and the Federal Primary Industries officers over the past three or four weeks. We will be meeting Primary Industries Ministers in Canberra tomorrow to talk about the recent drought offer made by the Federal Government.

There has been some publicity this morning that South Australia has been snubbed. That has not come from me. I believe that, if Minister Collins agrees to the package, with the strategy of declaring a severe drought in South Australia in regional areas, we will trigger Federal assistance. Our main aim is to ensure that the assistance we obtain in South Australia is along similar lines to that which has been given to our colleagues in New South Wales and Queensland. I cannot emphasise enough the potential in Australia for the problems that could be caused by drought; some areas in Queensland are into their fourth year.

We want to make today constructive. We are very happy to answer and to elaborate on any of the questions about initiatives we have introduced in South Australia to help family farms and the farming community, but that will probably come out during questions, and I now hand over to the Deputy Leader of the Opposition.

**Mr CLARKE:** I appreciate the comments made by the Minister. The Opposition is appreciative of his cooperation in ensuring that our spokesperson on rural affairs has been briefed by officers of his department. Those briefings are always welcome. Like the Government, we share the concern for our rural sector with respect to the prospect of drought and all the consequences that has, particularly the impact it has on rural families. It has obviously a very bad effect on the economy of this State, but our first concerns must relate to the human beings who are affected by any drought situation. The Opposition views rural affairs as being very important. We believe that we are the only Party that properly represents the bush, as shown in our daylight saving legislation and in

defending the right of the appointment of resident magistrates in country areas.

Unlike rural members opposite and those of the other political Party who have abandoned the bush, we have never done that, and that reflects the origins of the Labor Party. With those few opening comments I refer to page 413 of the Program Estimates. At last year's Estimates Committee hearing on 23 September the Minister, then in opposition, made the following statements in his opening remarks, and I quote directly from *Hansard* as follows:

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. . . 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.

Given his statements of 364 days ago, the Minister might like to explain what direction and push he has given that has avoided the greatest devastation of farmers since the last Depression, and might care to indicate what massive new assistance measures are proposed in the budget before us to help South Australia's farmers get through the 1990s.

**The Hon. D.S. Baker:** There is no doubt that, under the previous Minister, decisions were not being made and we lacked some direction, and I stick by that. The Liberal Party's policy when coming into government about trying to help the family farm really showed that we were trying to change what had gone on for many years before, when there had been a mouthing out of supposed assistance but nothing was happening. By introducing the young farmers scheme, towards which we have allocated \$7 million (and which in fact we are monitoring on a monthly basis to make sure it is spent), the stamp duty relief on the transfer of family farms within the family unit from grandfathers and grandmothers right down through, and the abolition of stamp duty on the refinancing of farm debt Government, show that this Government is in there making sure that some things happen for family farmers.

I also inform the honourable member that as at 30 June this year some \$41 million in subsidies was dolled out to farmers in need in South Australia. Some of that was as a result of the previous Administration and comes from the Federal arena. We have had two or three reviews since being in government. One was the debt audit survey (quite a large document) which provided a factual position and ranking of where farmers' debts were. That had never been done in any State in Australia. It was sent to all other State Primary Industries Ministers and to the Federal Minister for Primary Industries (Bob Collins). It was acknowledged as a move in the right direction to establish the areas that need assistance. There is also the current push to get regional areas of South Australia declared as drought areas so that we can trigger Federal assistance. All these things could have been done in the past. I do not want to be political about the whole matter, but in my opinion a lot of mouthing out of assistance was going on. We are monitoring it, especially in the young farmers and stamp duty relief schemes, to see what is happening and how it is helping family farms.

**Mr CLARKE:** I refer to page 413 of the Program Estimates. At last year's Estimates Committee the Minister claimed that:

Morale in the Department of Primary Industries has never in its history been lower.

The Minister based this claim on the fact that a number of officers within the department were taking voluntary separation packages. In the light of this, can the Minister inform the Committee how many employees of Primary Industries have taken VSPs and TSPs since he became Minister in December last year? What effect has their leaving had on morale of the department, and how has the delivery of services to South Australia's rural sector at the coalface been affected?

**The Hon. D.S. Baker:** I agree that morale has been low. One of the problems which I highlighted in Opposition, and for which I somewhat apologise, was the dual management role of the Department for Primary Industry and SARDI. It has taken much longer than I envisaged after coming into government to make sure that we sort that out amicably. A lot of the morale problems exist because there are people in regional areas of South Australia operating in the one building which has different management structures, whether it be from Primary Industry or SARDI. Anyone who has any experience in management knows that those things never work. At present, with the CEO of SARDI and the CEO of Primary Industries—in fact I had a thing with the CEO of Primary Industries this morning—we are making sure that the management structures within those two organisations are amalgamated in a fashion that allows sensible decisions to be made, because it really was affecting morale. For all those people in the department, whether they be under whatever structure, something will be happening quite soon.

**Mr Hill:** The targeted separations since December 1993 total 90. They are largely in the support and administrative areas. There are 40 administrative people and 36 what we call 'support' people. There were five from extension, eight from research and 11 from regulation of the others.

**Mr CLARKE:** The Minister has referred to poor morale. I take it that the figure of 90 represents the total of VSPs and TSPs since December. What we have not heard from the Minister is how the delivery of services to the rural sector at the coalface has been affected. A number of concerns have been expressed in the rural community. For example, the Mayor of Clare has expressed some concern in times past on various issues, citing the field unit, and so on. What is the Minister's answer to that part of the question?

**The Hon. D.S. Baker:** The Clare situation is a typical example. A wild promise was made before the last election to allow the Clare District Council to spend \$900 000 on a new building to house some Department for Primary Industry people up there. It was going to cost the department \$90 000 per year in rent. Clearly, that was not affordable, if ever it was affordable. We are now reviewing every accommodation unit in South Australia with the view of seeing if we can find cheaper accommodation. In the South-East in the heart of the electorate of MacKillop we have Struan house for which we are being charged \$90 000 per annum rent by another Government department. If we can obtain much cheaper accommodation in Naracoorte and make some savings there I have warned SACON we will do it because it is about retaining people at the coalface and delivery of service.

In relation to the delivery of service, we have given an undertaking that throughout the department we are now looking at where we deliver our services and what the TSPs have done. As the honourable member has heard, the majority of TSPs were in the head office area. There will be some readjustment of people. You will dramatically see the springing up of crop monitoring services, which are beneficial to all farmers, and consultancy services, because the

Government has given an undertaking that it will provide basic extension services to rural South Australia. A lot of people will want better services or more intense services, which they will probably get the private sector to deliver.

However, the other thing we have to make sure of—and this is part of the ongoing review of Primary Industries—is that we bring our extension services into the twenty-first century. That will mean more delivery of extension by fax machines, computers, and all those things. If primary producers in South Australia believe that someone from the department will drive out to their property and sit down with them for half a day to work through problems I can assure them that that is not the way we are trying to go. We want to make sure our services are delivered more widely and efficiently.

I give an undertaking to the honourable member and to rural people in South Australia that no stone will be left unturned to make sure that the most modern practices will be used for extension services to South Australia's farmers, and that for basic extension services, unlike most other States, we will not impose charges.

**Mr CLARKE:** With reference to page 413 of the Program Estimates, what is the number of targeted separation packages budgeted for in Primary Industries SA for the 1994-95 year, and from what programs will they be drawn?

**Mr Hill:** The numbers I gave included July, which is in the current year, because that was a flow-on of the scheme which is still in existence. The strategy in place now is that we consolidate where we are and there be no further involvement in targeted separation packages *per se*. That is not to say if somebody asked for one we would not look to see if there was a rationale to be able to restructure to take advantage of that. There is no plan for further separations.

**Mr CLARKE:** As a supplementary question, do I take it that effectively in your judgment the department is about as lean as it can get without affecting the vital parts of its delivery of services?

**The Hon. D.S. Baker:** That is not what he said at all. He said that no further targeted separation packages are envisaged. The rest will be business management that we will work through. It is fair to say that the \$6.5 million which was the department's target savings is coming from better business management and also through the increased income that will be generated from some much better management of the forests: an increase in cutting levels from decreasing the rotation. Because it is all in one, we have negotiated with Treasury to make sure that, in the first couple of years, in the budget sessions we will take all other things into consideration. That is because Primary Industries was at a level where it had no resources thrown at it by previous Administrations, and we believe that we will not have to cut it any further.

**Mr VENNING:** It is very fitting that the first question from the Government side should be with respect to the drought. I welcome the Minister's comments earlier. It is a very difficult time. In fact, South Australia probably enters its most critical week, weather wise, for many years, if ever. I refer to page 421 of Program Estimates in relation to the program for livestock. With large parts of South Australia suffering poor seasonal conditions, what is the Government doing to assist livestock producers to look after their stock?

**The Hon. D.S. Baker:** The position paper that we have announced today varies a little from what the Federal Government has announced in its package, because we think it should go a little further. We are advocating that, because the situation is so bad in New South Wales and Queensland,

and deteriorating rapidly in Victoria, there is nowhere for livestock to go for agistment when the drought breaks, so it will be slaughter or nothing. That can also have a serious effect on livestock producers after we do get a break—and we will get a break—in getting back their breeding herds again.

In this position paper that we will be discussing tomorrow, we are prepared as a State to look at a basic \$2 000 grant to primary producers that can be used either for fodder or water to maintain a percentage of their breeding flock as things tighten up, because there is no ability to send that stock anywhere on agistment. The Federal Government, to this stage, has not intimated it will come in behind us on this package. However, that is part of what we will be discussing tomorrow with Primary Industry Minister Collins.

All areas in primary industry and extension areas will be preparing and updating documentation on how farmers can feed their livestock and care for them during the drought. We are most concerned about the sustainable development side of it and any degradation in land care problems that we have.

That is why we have also introduced, as the honourable member knows, the help we can give to farmers if asked to by financial institutions in preparing a farm plan. Part of our position paper that we are presenting to the Federal Government tomorrow is that we should have on a national basis a farm plan initiative so that we do not go into drought and so that we do not have people who are financially stressed, not looking after the land care aspect of their properties. So, if some of them have to relocate and go off those properties—and the financial institutions ultimately make that decision—the property will not be in such a degraded state that it is not ready for someone else to take over. I think we have to look at it on a national basis. We are pushing very hard the land care side of it, together with the financial management side of it.

Within the department, we are updating everything that we have on feeding livestock in drought conditions, and the officers are able to offer extension assistance to anyone who needs it.

**Mr VENNING:** As a supplementary question, on the same line, in relation to the Federal Government's announcement yesterday, and noting that this day South Australia is not taking an active part, if South Australia is able to meet the criteria and is included in the program, what is your comment on the program? Is the program worthwhile? Is it the most we could achieve or obtain from the Federal Government?

**The Hon. D.S. Baker:** There has been some criticism today of the Federal Government's program. That has not come from me, as I said in my opening statement. We in South Australia must, on a regional basis, get in place criteria with which the Federal Government agreed so that we could declare a region of South Australia as being in severe drought and therefore trigger some Federal assistance. No Government in the past has bothered to take this up and run with it. In the past, to get Federal assistance, it had to be in exceptional circumstances or a national program such as the downturn in commodity prices. It really meant that the whole of South Australia had to be in a drought situation—and that is very rare—before we could trigger this Federal assistance.

We took this up in the past couple of months, and the response from the Commonwealth has been very good. I am not criticising that at all. Queensland and New South Wales have been in drought longer than we, some areas for about four years, and they have been able to convince the Federal Government to do this regionalisation. That is the basis of our discussions with the Federal Government tomorrow. I would

have to say, as I have said already, that Minister Collins' response has been very favourable. I think that within the next three to four weeks we will have the ability in this State to trigger regional assistance once the criteria for a severe drought have been agreed on with officers of both State and Federal Primary Industries.

**Mr VENNING:** I refer to page 419 of the Program Estimates and a subject very dear to my heart, namely, our agricultural bureau system. South Australia is fortunate to have an agricultural bureau movement with a significant presence in most agricultural regions of the State. Does the department appreciate the investment of resources that farmers put into this organisation and consider how it could further use such a mechanism to further its efforts in extension and technology transfer to farmers?

**The Hon. D.S. Baker:** One of the things that we have tried to look at in a rationalisation of the department is our advisory groups. I think the former Minister had some 25 advisory groups. I firmly believe that some of them had a warm inner glow but not enough clout!

There is no question that the agricultural bureau movement has been at the forefront of extension services in South Australia over many years, as has the advisory board, which has been an advisory board to the Minister. However, many of these groups would come in and meet with the Minister, which is right and proper, but if the Minister did not meet with the head of the department or departmental managers within the next hour and a half to express the concerns that those groups had expressed, it was considered that it was not being driven through in the management of the department as the advisory board would want.

So, at present we are having discussions with the Advisory Board of Agriculture and the bureau in relation to forming an advisory group that will look at meeting with the Minister, if required, but mandatorily with the head of the department and departmental managers on a regular basis to ensure that the feedback from the coal face comes back to the department so that it understands the needs of the rural community in South Australia, especially in relation to extension services and how to improve them. There is no doubt that the work of the bureau in the right rotations program has been excellent, and it has assisted very closely with the department. However, coming from a different background from that of perhaps some Ministers of the past, my aim is to drive change through the department and ensure that departmental officers understand what is going on at the coal face and how we can deliver a better service, as well as ensuring that everyone who comes to see the Minister leaves with a warm inner glow, as I know all members do.

**Mr VENNING:** I refer to farm gate opportunities and field crops, which are mentioned on Page 419 of the Program Estimates. Consistent with the broad objectives outlined therein, much has been said in recent times regarding the need for more emphasis on post farm gate opportunities to maximise value-adding of our raw commodities, hence increasing the economic benefit of industries to the State. What are the details of the new opportunities being investigated in the field crop arena by the department?

**Dr Gibson:** The field crops area is indeed putting much emphasis now into what is commonly called the post farm gate arena or value-adding area. A lot of this is presently being done on the West Coast in the field crop arena. The feasibility of producing ethanol from wheat and barley has been investigated on the Eyre Peninsula. The idea behind this is, in particular, to use ethanol as a fuel in cars and diesel

motors, and to produce methylated spirits. The by-product of this wet distiller's grain would be used for the fattening of cattle and lambs in feed lots. Much of the initiative in this area springs from the wet harvest we had the harvest before last, where we had a lot of damaged grain and we wanted to do something effective with it; hence the production of ethanol would be a useful way of utilising that damaged grain.

At present, a business plan to attract funding to establish a pilot plan at Wudinna in South Australia is nearing completion, and that will be aimed at and operated by members of that community. This plan will utilise the local grain at five to six tonnes per day, and will enable approximately 2 000 litres of hydrous ethanol to be produced and that will feed and support 3 000 head of cattle. The use of the wet distiller's grain by-product as an aquaculture feed will be evaluated also, so that is another crop that we can look at in the value-added process. We hope to see the expertise gained from the pilot plan at Wudinna be used to establish other regional and district-based plants throughout South Australia. An adoption of this multi-faceted small on-farm enterprise will result in low cost production of ethanol on a regional basis.

With the expected growth of canola seed production on the Eyre Peninsula, particularly in the higher rainfall areas, we are evaluating the possibility of establishing a canola seed crushing plant on the peninsula, although that may not be feasible this year. The aim of this work would be to determine the opportunity for local processing of primary production and to widen the marketing choice for growers. We would be particularly interested in looking at niche marketing opportunities and evaluating these with business opportunities for local business people so that they can invest in processing facilities.

Another area which we are looking at and which looks promising at this stage is undertaking some research into ways of evaluating the feasibility of using cereal straw from South Australian farms to produce a panel board suitable for chipboard, veneer board, pallets/crates and as a replacement for gyprock, and we are looking at developing a small scale plant for development of that process.

**Mr VENNING:** A decline in South Australian wheat protein levels is mentioned as one of the current issues. I understand that buyers of our export wheat are becoming more discerning in relation to the protein quality of our wheat, and that the Australian Wheat Board will be increasing its incentive payment scheme for wheat protein commencing this coming harvest, and I believe that that payment is around about \$15 to \$20 a tonne. What is the department doing by way of facilitating the adoption of better management practice by farmers to enable them to grow wheat that can take advantage of these premium payments for protein? Can you comment on the N600 program?

**Dr Gibson:** The problem with the decline in protein in wheat is a significant one in South Australia, as has already been stated, and the Department of Primary Industries is tackling that problem as a major priority. It started last year and is continuing to do so through the N600 program. Basically that program is operating through the 26 bureaus and other farmer groups, and it is looking at ways of improving the skills of farmers in making more appropriate decisions regarding nitrogen fertilisers, and also includes information on cropping rotations. In conjunction with the N600 program our agronomists and soil officers are looking at information provided by PISA and the CSIRO in a national approach to

the problem. One of the major outcomes from the program in relation to nitrogen fertilisers, is the development of a quick, simple nitrogen calculator that will enable farmers to measure their need for nitrogen to increase the protein in their wheat.

**Ms HURLEY:** The Minister for the Status of Women has decided to dump the women's budget, which highlighted a range of programs across Government agencies. Those programs either were targeted directly at women or impacted significantly on women's welfare or status. This encouraged agencies to ensure that the program and budget planning took better account of the needs of their female clients, and listed such activities as the Women's Agricultural Bureau, the Rural Women's Networks, the Rural Women's Information Service and women's field days. As the Minister's colleague has done away with allowances for women in the budget, what specific budget allocation has been made in his portfolio area for programs specifically for women? What are these programs, and what is their individual allocation?

**The ACTING CHAIRMAN:** I point out to the member for Napier that the Minister is not responsible for any other budget line, nor any action taken by another Minister. The Minister is required to answer only in respect to the primary industries line, which we are currently examining.

**The Hon. D.S. Baker:** We are happy to help, though.

**Mr Carr:** We have not totalled up a specific women's line for 1994-95. However, allocations are continuing to the Women's Agricultural Bureau, which allocations have not been cut at all. There has been a rationalisation this year between the Rural Women's Information Service and the Women's Information Switchboard. It seemed pointless to have two parallel services; these have now been combined, and the Department of Primary Industries will continue to support rural information upon which the Women's Information Switchboard operates. The rural women's network proposal has been partly developed. Discussion is ongoing between women's groups, and we await a feasibility study of such a network. No specific budget allocation has been made in the current year for that exercise.

**Ms HURLEY:** At page 147 of the Estimate of Receipts and Payments, under the heading 'Recurrent receipts regulatory fees', a 13.4 per cent increase appears in the amount of moneys expected to be obtained from regulatory fees, from \$4.962 million in 1993-94 to \$5.627 million in 1994-95. Given that the inflation rate is about 3 per cent, and the Premier has previously indicated that taxes and charges would not rise above CPI, and given that reduction in staffing levels must make the collection and compliance process more difficult, can the Minister explain the increase in the amount of money to be raised over the next 12 months?

**Mr Hill:** We do not have with us a break down of those amounts. I am aware that there has been no increase in the fee base beyond the CPI.

**The Hon. D.S. Baker:** We will provide the honourable member with a detailed answer by 10 October.

**Ms HURLEY:** At page 421 of the Estimates of Receipts and Payments a note appears under 'Specific targets and objectives' that one of the targets is to complete the planning phase for the relocation of the Pig and Poultry Research Centre to Roseworthy, yet on page 414 the capital expenditure is again of such a low amount that presumably there will be no progress on actual building.

**The Hon. D.S. Baker:** That project is expected to cost \$3.5 million; it was a decision of Government to put that project off for 12 months. The project is being run by SARDI

and preliminary works are ongoing. It is at a fairly advanced stage but someone had to make some cuts to balance the budget; that was one of the things that had to be deferred for a year.

**Mr Brown:** For all that, the planning, right down to choosing the materials and the design, is very well advanced, so it will just hang for a year. It is capable then of being quickly reactivated.

**Ms HURLEY:** At page 414 of the Estimates of Receipts and Payments under 'Livestock', the Government has committed \$5 million in the year 1994-95 for the relocation of Vetlab from the IMVS to the AMDEL site at Frewville. Can the Minister indicate whether this project has begun, when it is contemplated the move will be completed, and, in conjunction with that, will there be a reduction in staff numbers and, if so, what effect will it have on the services to livestock producers?

**Mr Brown:** The timing for the relocation is estimated to be April next year. Planning is going as quickly as possible under the planning rules. The building needs to be fairly thoroughly refurbished, including the removal of tiles on the floor which contain asbestos; the project involves extensive and necessary changes. It is likely that the livestock group within the Grenfell Centre will amalgamate with the vetlab staff, which may allow us minor savings in administrative levels, but it is not envisaged that there will be significant other changes in staffing levels.

**Mr KERIN:** I refer to page 419 of the Program Estimates, comprising the program description 'field crops'. Reference is made to the department being involved in another locust plague control campaign in 1993-94. What difficulties were encountered during that campaign, and can the Minister advise of the success of the campaign?

**Dr Gibson:** The 1993-94 campaign was a different campaign from past campaigns. In previous campaigns the locusts usually hatched in areas outside pastoral regions in the State. The locusts then hatch, swarm, fly into agricultural areas and eat any green plant available—a wheat plant, a barley plant, or vines. However, last year, for the first time, we had locusts that hatched inside agricultural areas; this meant that we could not carry out broad-scale spraying from aircraft because small farm properties were located within these areas. We were faced with difficulties that we had not experienced in other locust plague control campaigns.

Even though the last campaign was a small campaign, if it had got out of control there was potential for the locusts to greatly damage grapevines in the Barossa Valley, resulting in severe economic consequences. Last year 34 staff from the department combined forces with landholders and local council staff to treat approximately 60 000 hectares of locust infestations, which occurred mainly around Eudunda, Truro, Cambrai and Sedan. Particular emphasis and resources were allocated to the handling of landholder inquiries, and to council and retailer coordination. Because small properties were involved the communication program had to be up to scratch.

The significant impact of the 1992 campaign was evident in 1993 as only some remnants of locusts from that year remained to build up in 1993. The combination of these two campaigns prevented the biggest and most damaging plague in history. Fortunately, we were able to control it, and the cost of the campaign was \$830 000.

**Mr KERIN:** I refer to page 419 of the Program Estimates, comprising the program description 'Field crops'. Crop monitoring programs have been set in place in other States

in recent years. These programs are an effective way of ensuring that farmers closely observe their crops and that new management practices are regularly introduced, particularly for new crops. In my previous occupation in the real world I was involved daily with organising crop monitoring, and hence I am acutely aware of the enormous productivity and economic importance of farmers monitoring for weeds, diseases, and insects.

While Peter Gibson is here, I would like to commend to him the efforts of Tom Yateman from the Department of Primary Industries who organised the Hart Field Day last week. It is a vital educational tool for farmers so that they are well equipped to manage their properties. I note that a new statewide crop monitoring service, growing game, was introduced in South Australia during 1993-94. Would the Minister or Dr Gibson provide some information on that initiative?

**Dr Gibson:** I should add that more than 1 000 farmers attended the Hart field day last week, and it was very successful. One of the exhibitions we had at the field day was the Grain Gain operation which we introduced this year. As the Minister mentioned earlier, we are tending to change a little the way our extension services are operating. One of the ways of doing that is through educating farmers to monitor their own crops. It is not just a matter of the giving them new technology and telling them to go away and introduce it; it is actually an education process. The whole basis of Grain Gain is that our district advisers work together with groups of farmers and they go out and monitor their crops four times a year during the season with the assistance of the district agronomist.

The results from these monitorings are put into field day books. They are analysed on a computer and the results provided to the participants at a summary day at the end of the year. The farmers can then analyse their results, see how much produce, for example, wheat, they produced and compare their results with those of their neighbours and people in other States. This is a national program; South Australia is part of the overall program. Grain Gain is the South Australian name for the national program called Top Crop.

Canola, which is a relatively new crop in South Australia, is increasing dramatically in size, with an increase of more than 30 000 hectares over 1993-94, and canola check has been monitored in the Grain Gain service.

**Mr KERIN:** My question refers to the program 'Field crops'. In order to achieve the broad objectives of that program, which basically comes down to improved economic outcomes for farmers, what strategic and operational planning has been undertaken by the DPI for the cereal, grain legume and new crop industries in South Australia?

**Dr Gibson:** Two years ago, when we restructured the department and the department did an organisational development review, we developed industry development groups, which have advisers and researchers and which consult with the industry on developing strategic plans for each area. In the field crops area we have a strategic planning industry group in cereals and an industry planning group in grain legumes and new crops.

One of the first jobs we did during 1993-94 in this industry planning was to try to determine the potential value that each of our activities in the field crops arena was adding to the industry and the State, in particular, in field crops. This information we then used to prioritise the use of our resources to maximise the impact of the groups' activities for the State.

The only other comment I would make with this is that, at the present time, national strategic planning units are being set up under the Grains Council of Australia umbrella. They are strategically looking at where the wheat, barley and grain legumes industries are going. Our strategic planning group in South Australia is operating in conjunction with those national schemes, and we hope to put the national focus back in South Australia, in line with any national movements in those industries.

**Mr FOLEY:** Minister, I was surprised to see in the paper some months ago that you had a private sector recruitment company advertising for a receptionist in your office. Is it normal practice for the Government to use a recruiting company to appoint a receptionist? What was the cost of that exercise and what salary are you paying your receptionist?

**The Hon. D.S. Baker:** I am very happy to get the details for the honourable member and provide them. I do not carry those details in my head.

**Mr FOLEY:** I refer to page 419; like the member for Frome we are looking at the field crops area, and the 1993-94 specific targets and objectives. A new field crop management structure had been put in place, and I also understand that the previous Government had plans to house the field crop executive group at Clare, a move endorsed wholeheartedly by the Minister when in Opposition. In fact, in the *Northern Argus* newspaper of 9 November 1993, when asked if the building of these new premises to house the field crop executive would go ahead if there were a change of Government, the then Opposition shadow Minister, now the present Minister, is reported as having said, 'The commitment has been made and we are very happy that it [the building] will go ahead. There was never any question of anything different.' Will the Minister please outline the new management structure, and say whether the executive group will be relocating to Clare and, if not, why not?

**The ACTING CHAIRMAN:** The member for Hart may have been absent when part of that question was previously answered.

**The Hon. D.S. Baker:** I did that in my opening statement, but Mr Gibson can bring you up to date with the latest facts and figures.

**Dr Gibson:** I will address the first part of the question, relating to the field crop structure. The statement in the program descriptions refers to the new field crop management structure which was implemented in 1993-94. This structure basically refers to the overall restructuring of the department that took place from 1 July 1993 with the amalgamation with the former Departments of Woods and Forests and Fisheries and Agriculture into one Department of Primary Industries. The previous management structure in the Department of Agriculture was based on five regions throughout the State, headed by chief regional officers, and there were separate Adelaide-based divisions headed by directors. The organisational development review of the former Department of Agriculture at that time recommended that the four traditional functional groupings of resources made it difficult to be flexible in resource allocation and had worked against good priority setting and overall program level.

So, the department restructured, and field crops was just part of that restructuring. We restructured along commodity lines so that close linkage of all aspects of the industry chain would occur and provide program managers with the opportunity directly to affect key leverage points. We wanted to have the management of research, technology transfer, industry development and marketing all under one commodi-

ty type focus. As General Manager, Field Crops, I am in charge of that whole industry chain. The general managers were appointed and under the general managers reporting to them are the service delivery managers, who are the key service people out in the country, as well as program managers, who operate the individual programs on a State-wide basis and allocate the money across the State.

That was the rationale for the actual change in structure. The basis of that general manager and his executive going to Clare is a separate issue. Since the decision was made for it not to go to Clare, the department has now decided that it is more appropriate that Clare should become the focus for farm business management and field crop business services, which will be closely integrated with the property management group currently headquartered at Clare.

This will mean moving two to three positions to Clare to concentrate on the farm business management and the linkage of that with the property management planning which is already headquartered at Clare. So, Clare should become a centre that is business management oriented rather than the executive headquarters.

**The Hon. D.S. Baker:** The situations at Clare with the \$900 000 building as well as the \$90 000 rent we are paying at Struan are business management decisions we have had to make. I do not retract from them at all. We will continue to make them where we can save dollars in accommodation and put those dollars into personnel to make sure that we have good extension services around the State.

**Mr FOLEY:** On page 420 of the Program Estimates, under horticulture, the staffing levels in the citrus line have been reduced from 24.2 average full-time equivalents to 21.4. With that I note that at least two of South Australia's fruitfly checkpoints, at Pinnaroo and Oodla Wirra, do not operate 24 hours a day, 365 days a year, and I also understand that these roadblocks are allowing at least 16 per cent of vehicles passing to go through not inspected. With this reduction that I have just highlighted, can the Minister give a guarantee that South Australian exports, particularly to the United States, will not be adversely affected by what would appear to be a reduction in the monitoring of fruitfly in South Australia?

**Mr Windle:** That program line includes a component of the fruitfly program, which would be directed at the citrus industry. But the fruitfly program itself is very much larger, in that it is an integrated program that takes into account the metropolitan area of Adelaide, the grid of trapping stations throughout Adelaide and the Riverland, as well as the roadblocks and so on. What we have is a great deal of activity around the Riverland, and that is increasing through the development of a three State approach, and the fruitfly exclusion zone, in cooperation with Victoria and New South Wales, which will add further to the buffer area between the Riverland and the real threat of Queensland fruitfly, which comes from the eastern States. So we can confidently say that the situation is certainly not declining; it is improving in terms of fruitfly protection for the Riverland through the three State cooperation and the adoption of a national code of practice for Queensland fruitfly control, which largely has been modelled on the very successful program here in South Australia.

**The Hon. D.S. Baker:** And there is now considerably more consultation and cooperation between the States, Barry.

**Mr Windle:** Yes.

**Mr ANDREW:** I refer the Minister to page 420 of the Program Estimates, comprising the program description for horticulture. In relation to the protection of our very valuable

and growing wine industry, could the Minister explain why the quarantine restrictions on the movement of grapevine planting material into South Australia have been changed to allow such movement, when phylloxera is such a threat to the South Australian grape industries?

**Mr Windle:** It is true that there have been some changes to the protocol for the movement of dormant grapevine plants into South Australia because, quite simply, the previous prohibition on the movement of grapevine material was not sustainable from a legal point of view and was challenged by a very active nurseryman in the Mildura area. We have negotiated at length with the winegrape industry. In fact, I counted up this morning a series of 19 meetings since April at which phylloxera has been discussed, and we are now at the situation where we believe that we have a quarantine protocol, which requires hot water treatment of dormant grapevines at 55° for five minutes; in other words, a lethal treatment to phylloxera but a non-lethal treatment to the dormant grapevine plants.

The protocol in total allows only the sourcing of planting material from declared phylloxera-free areas in New South Wales and Victoria, and through the adoption of this protocol and the controlled movement of grapevine material into the State we believe that we have afforded the State a greater degree of protection than the previous prohibition approach has provided. Perhaps by way of further comment, I believe that in the longer run we should address the issue of protection of regions within this State as the key focus for phylloxera risk management and the question then of movement of planting material from other States will become incidental to the strategies for the control of movement of planting material within this State.

**Mr ANDREW:** Could the Minister or Mr Windle summarise briefly the current program of priority for action to ensure that this threat of phylloxera is minimised to South Australia?

**Mr Windle:** The program of action at this stage is that we have instituted this holding position which clearly affords us a great deal of protection. There is some further debate about the requirement that we place on nurserymen in the Sunraysia area, requirements which are not placed on nurserymen within this State moving their material within regions. As I indicated, the emphasis and the priority for action is moving towards how we deal with the movement of planting material within this State, and the Minister has established a high level negotiating group, which has representatives of the Chairman of the Phylloxera Board, the President or his nominee from the South Australian Wine and Brandy Producers Association and the Chairman from the winegrape section of the South Australian Farmers Federation to meet with me as Chief Inspector under the Fruit and Plant Protection Act to carefully plan how the quarantine arrangements in this State need to be restructured to be not only effective but to be enforceable and to stand up to challenge in the courts. So that is the priority at this stage. A further priority is to complete the restructuring of the Phylloxera Board, given that the Phylloxera Board is the main policy and planning body in this State for any reaction to an outbreak of phylloxera that might occur.

**Mr ANDREW:** I again refer the Minister to page 420 of the Program Estimates in relation to horticulture. In relation to the significant increase in citrus exports from the fruitfly free status area in the Riverland currently ongoing to the United States, and particularly over the past two years, what action is currently being taken or planned to resolve the technical problems with the picking, handling and transport



of fresh Riverland oranges to the United States of America markets?

**Mr Windle:** The situation regarding exports of oranges to the United States became quite precarious this year, with the Agricultural Marketing Service of the United States Department of Agriculture imposing a minimum import standard on Australian oranges which, in effect, imposed a barrier which no exporter could meet. The requirement was for not greater than .5 per cent of decay to be evident in citrus on its dispatch to a market within the US and, instead of the dispatch point being here in South Australia, the interpretation was that the dispatch was on clearance from export in Wilmington in the US. The Minister when approached by the industry released myself to join David Cain to resolve this problem with the SDA as best we could and we were delighted to be able to enlist the support of the Californian industry to lobby Washington and have that regulation relaxed for this current season.

That was problem No. 1 which was resolved in the short term and which will certainly require further follow-up action, but it is in hand at the moment. The other technical problems that occurred this season were in relation to the presence of unidentified mites on shipments of citrus in the US, and during the course of these other discussions David Cain and myself met with APHIS (Agricultural Plant Health Inspection Service) of the United States Department of Agriculture to clarify the nature of their actions in relation to mites that were present in shipments. At the end of the day their actions were quite justified, given the uncertain status of those mites. But we have initiated a great deal of activity now in relation to further surveys of citrus orchards in the Riverland and identification of the wider range of mites which are present in those orchards, so that we can dismiss carefully and systematically the possible risks that might be present in shipments to the US.

Further to that, we are putting a joint proposal to the Horticultural Research and Development Corporation, which proposal for further work on disinfection procedures and identification of mites in the Riverland will include quite close liaison with the entomologists from the Plant Health Inspection Service of the USDA.

**The Hon. D.S. Baker:** I pay tribute to Barry and David Cain who reacted very quickly when that whole export initiative was put in jeopardy. They did a week's very hard work over there, they did a very good job, and I compliment them on their efforts.

**Mr ANDREW:** In relation to page 420 of the Program Estimates, and to horticulture, in particular, what progress is being made in maintaining the South Australian wine industry's position as premier wine State from a primary industry point of view?

**The Hon. D.S. Baker:** Apart from some freeing up of water, which we are working on, quite a few projects are being looked at now, including quite a few private sector projects for growing wine grapes. We really must push very hard, and I say apolitically that, if we in this State let this project slip, it will have long-term ramifications, but I can assure you that we will not do that.

**Mr Windle:** By way of background, while sales of both red and white bottled wine have grown by more than 9 per cent in 1993-94, total domestic wine sales of 319.5 million litres are at their highest levels since 1987-88. A great deal of change is being experienced in the Australian wine industry. Export sales have been the major growth area, with sales increasing fivefold in the past five years. Exports of

wine were valued at \$289 million in 1993, and we all know the industry objective for exports to reach \$1 billion by the year 2000. South Australia is the major wine producing State and most of the major wine companies are headquartered here.

We produce 55 per cent of the national grape vintage and 65 per cent of wine for export. The area planted to grapes is increasing rapidly and we are retaining our place as the premier grape and wine producing State through increased production of grapes, redevelopment of vineyards and expanded winery capacity. The Government's submission that was presented to the Industries Commission inquiry this week pointed to the importance of the Riverland, particularly, as the nation's largest producer of premium variety wine grapes. It identified considerable expansion for production of wine grapes in most regions in South Australia, and there is quite a deal of optimism about this State's attracting much more development in that area.

The other point in relation to what is happening this season is that more than 60 per cent of corporate investment in new vineyard development is occurring in the South-East of South Australia. That trend, particularly with the South-East's producing not only premium grapes but the highest quality grapes that are produced to lift the quality through blending of many other regions, is further confirmation of the status of South Australia as the premier wine State.

**Mr ANDREW:** Mr Windle answered what would have been my supplementary question in noting the South Australian Government's submission to the Federal Government's wine grape and wine industry inquiry this week and, as he noted, the Riverland is the largest single premium wine grape growing area at the moment. The only thing he failed to relate is that the Riverland is also the lowest cost of production region in the country.

**Mr CLARKE:** I refer to page 414 of the Program Estimates under horticulture, the vegetable line. I am aware of a citizen, Mr M. Antonas of Penfield Gardens, who claims that his cucumber crop was totally destroyed some three years ago, allegedly as the result of the use of the chemical Benlate DF, a case that I believe is well known to Primary Industries officers. The constituent claims that his crop was destroyed by the use of this chemical and further claims that the manufacturer should pay him compensation. I understand that officers of Primary Industries have assisted Mr Antonas in the past in attempting to resolve this matter, but that tests of the soil and the chemical had not found any contaminant that could be identified as having caused the destruction of his cucumber crop.

I understand that further tests were to be carried out in the United Kingdom, which may assist in ascertaining whether there was any contamination and whether any case may be brought against the manufacturers. The Minister may have to take this on notice, but can he or his advisers provide any information in relation to whether the tests being conducted in the United Kingdom have been completed, what was their outcome and, if they have not been completed, when is the likely date for completion?

**The Hon. D.S. Baker:** If there are some technical points we are very happy to take those on notice, but I will ask Mr Wickes to answer.

**Mr Wickes:** We are well aware of the Antonas case and have spent quite a bit of time with him. We have sent material to England. We have tried testing it in South Australia and have not been able to find anything in the material that he used. We now have a laboratory in the United Kingdom and

have sent samples for it to set up its technique, because it is quite a difficult technique to establish, and yesterday we sent over the samples. We have to be very careful with the amount of sample we send because, as we are doing more testing, we are running out. We hope to have those results within the next few months. We are setting up another meeting to talk to Mr Antonas about that issue.

**The Hon. D.S. Baker:** If the honourable member wants a copy of those results when we have them, I will be happy to forward them to the honourable member's shadow spokesperson.

**Mr CLARKE:** I refer to page 415 of the Program Estimates under 'Sustainable resources, animal and plant control.' I note a considerable increase in personnel resources in the budget line for animal and plant control. I am aware of concerns that the Loxton-Waikerie Pest Plant Control Board has expressed in the past about the level of funding available to it to fulfil its statutory obligations under the Animal and Plant Control Act in controlling pest plants and animals on Crown land and on roadsides adjacent thereto. Will the increase in funding under this line filter down to the plant and pest control boards throughout South Australia, in particular the Loxton-Waikerie board?

**The Hon. D.S. Baker:** I will ask Mr Wickes to provide an answer.

**Mr Wickes:** The increase you see in that line is due to the Dog Fence Board coming over to our department and the actual accounting of that funding is against that line. There is an increase in the Animal Plant Control Board allocation of approximately \$44 000 to cover increases in salaries. The commission itself is looking at how it can put in more funding and make a better, more efficient process in dealing with Crown land. We do not expect a large increase in the Crown land budget. We are in contact with the Waikerie/Loxton Animal Plant Control Board on that.

**Mr CLARKE:** I refer to page 422 of the Program Estimates which relates to sustainable resources. When in Opposition the Minister was critical of the previous Government's handling of last year's mouse and locust plagues. In the event of similar plagues occurring over the next 12 months, what steps has the new Government taken to ensure a speedier response should plagues or other special circumstances occur?

**The Hon. D.S. Baker:** I can provide a long political answer but I will ask Mr Wickes to provide the short facts.

**Mr Wickes:** In response to the mouse plague for this year, built on the year before's experience, we were very ready before the season; however, the season meant that the mouse numbers fell. We have more efficient producing sites: one at Tailm Bend and one at Minnipa. We have introduced more safety into it and we also have a good relationship with the Eyre Peninsula people that enables mouse control where it is on a very broad acre scale. We have the whole system and we also have a manual of the operations and those procedures that we need to be able to enter into such an event quickly. Last year, the Animal and Control Plant Commission people reacted very quickly and it was a good result compared with that achieved by some of our neighbours.

**Mr VENNING:** I refer to the mouse plague. I understand there are a few outstanding debts left in the rural community. Is the Minister able to assist with any information concerning that?

**The Hon. D.S. Baker:** From memory, about \$830 000 was charged out. I think about \$70 000 is outstanding which was not paid by a group of producers on the West Coast. We

have had several discussions with them and the Government's decision is that we will press for payment and, if hardship is established in those cases, we are happy to talk to those people about that. There was some uncertainty in the program—and I am not being critical of the previous Administration—because it started off at a price and it then proved to be done at a lower price. As Mr Wickes said, this year we have fixed the price early (although it was not needed) at \$1.50 per kilogram, but everyone knew when they went into it this year exactly what it would cost. We are now ready with everything in place, including some capital expenditure that we spent this year to make sure that if there is another occurrence we will be ready to roll quickly.

**Mr VENNING:** Does that mean that some of these could end up with RIDF?

**The Hon. D.S. Baker:** No, it means that payment will be asked for from these people but if they can establish hardship the Government is prepared to look at that through RIDF.

**Mr VENNING:** I refer to page 421 of the Program Estimates as it relates to livestock. Reference is made to the Meat Hygiene Act recently passed by the Parliament into which all members had input. I congratulate the Minister on that initiative. Can the Minister provide details of progress made since the passage of that legislation?

**The Hon. D.S. Baker:** I will ask Anthony Brown to provide an answer.

**Mr Brown:** The Meat Hygiene Advisory Council, which is an industry based committee appointed under the Act to advise the Minister on policy and administration, was established in June 1994 straight after the passage of the Act in Parliament last May. The recently appointed Chairman of that council is Gerald Martin, a prominent livestock producer and consultant. The advisory council has already met twice to discuss progress with high priority tasks, and the intention is to have the entire arrangements ready by December this year so that it can get going in the new calendar year.

These activities include the establishment of operating codes and standards for each sector of the meat processing industry for reference in regulations. This is not made entirely easy by the fact that there are several groups including pet food manufacturers, small goods manufacturers and wholesalers who have never been regulated at all. That is making life quite interesting. There needs to be development of quality assurance programs and there needs to be accreditation fees to apply for all meat processors after July 1995. There has to be the preparation of tender specifications required for contracting an external agency to conduct inspections and quality assurance audit services throughout the State. There needs to be preparation of an industry awareness and education program (that is currently going on). There needs to be quite extensive preparation of regulations, because most of those are quite different from a policeman's viewpoint when you work towards a quality assurance viewpoint.

There are several council working groups at the moment mostly comprised of industry people but with inclusion of people from the Department for Primary Industries, the Department for Health, and local government people together with a lot of industry representatives. We are reasonably confident at this point in time, as it all seems to be on schedule, that proclamation of the legislation will occur on 1 December 1994.

**Mr VENNING:** I refer to the dry land salinity problem that we are experiencing, particularly in the South-East. I refer to page 422 of the Program Estimates, which relates to

sustainable resources. An objective for 1994-95 includes completion of an environmental impact assessment related to the Upper South-East dry land salinity program. Would the Minister please advise on progress to date?

**The Hon. D.S. Baker:** I will ask Mr Wickes to provide an update.

**Mr Wickes:** The supplement to the EIS is currently with the printers and is about to be released. The supplement is bigger than the report. It is being assessed at the moment and we expect in November to be able to put that position to Cabinet. That has to be assessed for its environmental impacts. In the meantime we have already started looking at how we can progress the implementation of that program and we will be seeking a project officer to start looking at the scheduling of it. At the moment we just have a concept stage for the program, and that needs to get into a bit more detailed thinking about how we may approach it. We have also made some approaches to the National Landcare Program. The budget provides \$50 000 towards setting up that project officer to get it started. So, we are starting to look at implementation but we cannot finalise that until the EIS is completed and the final position is put to Cabinet. There is a lot of work to be done.

**The Hon. D.S. Baker:** Cabinet has already decided that Primary Industries will be the Ministry which handles it. It will come under the South-East Water Conservation and Drainage Board, which I met with on Monday morning to further it as quickly as possible.

**Ms HURLEY:** I refer to page 414 of the Program Estimates under animal, health and welfare. I note there is a considerable decline in the funding from the actual amount spent last year, \$5.663 million, to that proposed this year, \$4.79 million. I understand that Primary Industries SA has had some trouble in fulfilling its statutory obligation in relation to the provision of a livestock officer on Kangaroo Island, and that the position had been vacant from September last year until early August this year, despite the fact that Kangaroo Island sheep farms were riddled with footrot, with approximately 70 properties quarantined on the island as opposed to only 10 properties on the mainland. Therefore, it seems to be a concern that funding and staffing in this area is being further reduced. Will the Minister assure sheep farmers on Kangaroo Island and other livestock producers in South Australia that budget reductions in the area of animal health and welfare will not adversely affect their industries?

**The Hon. D.S. Baker:** Tony Brown will answer the question. As the honourable member is well aware, the position was not filled before 11 December but, once the wheels got in motion after that date, we soon got the position filled.

**Mr Brown:** I will deal with the financial aspects first. Part of the reason for the changes between the 1993-94 and 1994-95 figures in the recurrent expenditure is a reallocation of expenditure across the administrative aspects being rerun down that line. Diagnostic and analytical services and animal health and welfare have been changed more than most other groups due to the downsizing of the department over a period of many years, but the administrative arrangements have not been rearranged.

In respect of the Kangaroo Island issue, we have had considerable difficulty filling that position, as the honourable member is doubtless aware, and we are still working on mounting a major program without a permanent officer actually in place. We do have an officer there currently 80 per cent of his time until the end of this calendar year when it will

become full time, but we are mounting a program with anything up to six officers on the island at any one time to deal with that problem. We are well aware of the difficulties and we are intent on making sure there is a major impact on that footrot problem within the next two years.

**Ms HURLEY:** I refer to page 421 of the Program Estimates, still in respect of livestock. I had noticed the Government's decision to dispose of the *Island Seaway* service to and from Kangaroo Island. Will the Minister indicate whether he or his colleagues have produced a community impact statement which outlines the impact of this decision on Kangaroo Island's farmers in relation to the cost of transporting freight and livestock? Will he inform the Committee of any representations he has made to the Minister for Transport in relation to this matter? Will he further reassure the Committee that farmers on the island will not be disadvantaged by increased costs or diminished services?

**The Hon. D.S. Baker:** It is not in the primary industries area but in transport. That question should have been asked during the Minister for Transport's estimates. I cannot give an assurance that there will not be any impact on Kangaroo Island in the short term. It would appear that, with the ferry service having already been announced, the island will be adequately catered for in the longer term.

**Ms HURLEY:** Although it is a decision of the Minister for Transport, I am concerned about the effect on farmers on the island. Although you say they will be adequately catered for, will they be disadvantaged by increased costs or a diminution of service?

**The Hon. D.S. Baker:** I do not believe they will. The *Island Seaway* had a huge subsidy of, I think, approximately \$5 million a year. I would have thought the whole saga of the *Island Seaway*—and the honourable member was not in Parliament when it was built—was one of the scandals of the century, apart from the well known ones that got centre stage. I am sure that the island will have adequate and in fact improved transport facilities available under the new arrangements announced with the private sector operating it.

**Mr FOLEY:** I refer to page 421 of the Program Estimates under livestock, wool. I understand that prices paid for finer grades of wool have increased in recent times. I also understand that the majority of South Australian wool is of a coarser variety. Given that the special circumstances funding from the Federal Government for wool assistance has now concluded, will the Minister indicate the outlook for South Australia's woolgrowers?

**The Hon. D.S. Baker:** If I turn to page 75 of the *Stock Journal*, I notice that the wool price trends and market indicators do indicate that finer wool categories have increased quite dramatically. If we look at the micron level in South Australia, which is mainly the 23, 24 and 25 microns, this week's sales were 630¢, 603¢ and 593¢ respectively for those micron levels, which will be an increase of approximately \$250 per bail for the average farmer in South Australia, a great upturn on last year. However, balanced against that will be the downturn in production because of the rainfall situation in this State.

**Mr FOLEY:** I refer to page 421 under livestock, wool. I am extremely interested in the progress of the poll wool business plan which is being developed with funding from the South Australian Government to assist in securing a venture capital from Polish banks. I understand there was some urgency in assembling the financial documents by 31 August to complete the business plan for forwarding to the Polish Development Bank. Was this deadline met? What were the

costs to the South Australian taxpayers in developing the business plan and what is the current status of the project?

**The Hon. D.S. Baker:** At the meetings I had with the Farmers' Federation three or four months ago I offered to go to Poland to meet the Minister for Industry, Minister Pol, to see if we could help push through a quite important project for South Australia, and Australia in fact, in relation to the sale of wool. The Polish Government gave a Government guarantee to the Polish Development Bank of \$500 000, which would enable wool to start moving from South Australia. Before I returned, two officers from the department, of which Hugh McClelland was one, went to Poland to ensure that the business plan was prepared. That has gone on and, to try to ensure that it did not drag on, I put some pretty strict guidelines and dates on all of that so that there were no slippages. It is very difficult to operate from thousands of kilometres away.

Hugh McClelland, who was part of the team that developed that business plan will bring you up to where it is at present. I take the question on notice in so far as it relates to the actual costs.

**Mr McClelland:** We spent 12 days in Poland, as agreed between the South Australian Minister and the Polish Minister, working with the management of Pol Wool SA in Warsaw. We also visited a number of other centres in Poland to collect information to write the development plan. We had to take instructions initially from the Polish Development Bank which, as the Minister has indicated, had agreed to provide \$550 000 as the first credit for the project. Towards the end of the 12 days that we were in Poland, we were joined by the Chairman of Pol Wool SA, who is an Australian, and we completed the plan to the extent that the information was readily available in the time that we were there.

We have just this week received the consolidated financial information, consisting of about 60 pages, which had to be collected from the various members of the consortium. There are about eight members in the Pol Wool Consortium ranging from a major scouring plant through to weavers and finishers. That information is currently being translated; it is being analysed; and I would anticipate that by the end of next week that financial information will be written into the plan hopefully to satisfy the Polish Development Bank to spring the first credit line. There is a team from EFIC in Poland at the moment, which is also examining the project to see whether further credits can be provided.

**The Hon. D.S. Baker:** The initiative of the South Australian Government really was to ensure that it did everything that it could to facilitate the private sector getting on and participating in what hopefully will be a very successful venture. Our involvement with the business plan is now finished and it is now up to the Farmers' Federation to carry on from there.

**Mr FOLEY:** I refer to page 415 of the Program Estimates which relates to sustainable resources and the supply of plant nursery products. Earlier this year the Minister announced the closure of State Flora retail sales outlets at Berri, Cavan, Murray Bridge and Bundaleer, while announcing that retail sales would continue at the Belair nursery. In a ministerial statement announcing the decision on 18 May 1994, the Minister said that the outlets to be closed would be offered for sale to State Flora staff in the first instance and, if not taken up, would be offered for sale on the open market. Which outlets were bought by State Flora staff? Which outlets have been sold on the open market, and who has

purchased them? What were the amounts received? Which outlets have not been sold?

**The Hon. D.S. Baker:** There may be some confidential information on how much we got from those outlets, but if we have not got it all here I will get it for you.

**Mr Wickes:** The State Flora outlet at Berri has been rented to Andrew Walladge, who was formerly the State Flora manager at that site. He has purchased plants, fixtures, and he is leasing the site. We are receiving \$7 500 a year, which is a marketing rate that has been put together. He has conducted a gala opening of that site and he is trading fairly well. The department is providing him with material. We altered the arrangements relating to the Murray Bridge site; that outlet is now trading in bulk lots of 10 or more plants, and that is working quite well. The Belair site has retained its relationship where it is trading in one or two plants, and it is providing a good focus. In fact, the person who runs that site put on our Royal Show display in an effort to make people more aware of native plants in South Australia, and he one a prize for that display. We are currently in negotiations about the Cavan outlet, and we are in contact with the Assets Management Task Force in relation to how we deal with that site. We should have that matter solved within a month, and we can provide the honourable member with those details when it is completed.

**Ms HURLEY:** I refer to page 423 of the Program Estimates which relates to rural finance and development. In the July-August edition of the *Herald*, the Minister for Primary Industries claimed that the preliminary report on rural debt in South Australia 'indicates that... South Australian Farming Inc. is very viable'. He goes on to say that the facts 'mock those who talk of a rural debt crisis' and he concluded 'in the past we have been far too loose in giving assistance'. However, his Liberal Party colleague, the member for Ridley, disagreed with the Minister's analysis and stated in the same article, 'Dale Baker doesn't see it as a crisis as he hasn't been out there to look.'

Given that the report on rural debt in South Australia found that 18 per cent of South Australian farms were experiencing varying degrees of debt-servicing difficulty and that 5 per cent of South Australia's farmers were not viable due to debt, when will the Minister take his colleague's advice and go out and look at the problems facing nearly a quarter of our farmers? What measures has the Minister implemented in this budget to alleviate the problems?

**The Hon. D.S. Baker:** This is an important question. On coming to Government it was decided that the Liberal Party should try to get a factual, not emotional, document drawn up on the state of South Australian farm debt, and we appointed Lindsay Durham, who has been with AACM for many years, and Bob Kidman, who did some magnificent work for the Party when in Opposition and for me as Leader in relation to the State Bank. Bob Kidman knew exactly where the State Bank was going far before the Government even hinted that there was a problem.

*Ms Hurley interjecting:*

**The Hon. D.S. Baker:** I whispered to a few of you, but it was falling on deaf ears. Because of Bob Kidman's eminence and experience in banking, the commercial banks and lending institutions allowed them to look at very confidential figures. So, if anyone says that the debt audit is not factual I would have to disagree. That debt audit showed that SA Farming Inc. in fact is viable.

The total indebtedness is about \$1.3 billion, or it was at the time the figures were collated. It also showed that, for

example, one farm receiving all the income and taking into account all the expenses of South Australia Farming Inc, a farmer could pay off the interest and pay off the loan in 10 years, but that is the good side. It meant that we were not trying to prop up a system that was technically like the State Bank. However, it showed that some people were experiencing debt servicing difficulties. It also showed that 77 per cent of South Australian farmers either had no debt or had grade A debt. It does not mean that things were not horrific but that is where emotion comes into the situation.

Many people have no debt, are really struggling and believe that their future in farming is not sound. That is not what the farm debt audit was designed to do: it was designed to look at and target those farmers in South Australia who needed individual support. The audit was sent to every Primary Industries Minister in Australia, including the Federal Minister. Never before had such a factual and in-depth look at the farm debt been carried out. It did two things: it showed that 5 per cent of South Australian farmers had a C debt rating (non-viable) and, over a period of time, may have to be eased out of farming with dignity.

We have already announced today some extra help for those people. But, the important area was those farmers with a B debt rating, which the honourable member quite rightly said was 18 per cent. Looking at any figures, farmers in the bottom half (9 per cent of the farming community) must be targeted for some assistance, to make sure that those people do not slip down. I would like to know of anyone who has flown over South Australia more than I have in the past eight months to look at what is happening in the rural communities.

Last week I talked to groups of farmers on the Yorke Peninsula for two days. They have very low commodity prices, and in order to survive many of them have cut their living standards to the bone. In many cases, they have no debt but they are fearful of what will happen in the future. That is one of the thrusts that we have made to the Federal Government, which is showing some sympathy toward the assets test for people receiving help. At present a large percentage of people in drought affected or dry areas in Australia are surviving on food parcels as they do not qualify for Federal assistance because of the assets test.

That is one of the things we are trying to emphasise to the Federal Government: that some people have notional wealth; they have no income and need to be protected. People cannot eat assets. I do not apologise for the farm debt audit; it was a very good initiative. Some people try to read other emotional things into it, but it does show that in spite of what has happened in the past South Australian Farming Inc. is alive and well. Some people need targeted assistance, and that is what we are trying to provide.

**Mr Gent:** In response to the Rural Debt Audit, the South Australian Government, through the Minister's representations to Cabinet, put in place some initiatives. State-funded schemes were set up, such as the Young Farmers' Incentive Scheme, which encouraged farmers 30 years of age or under to either stay on the land or have the opportunity to purchase, lease or share-farm land, thus starting a career on the land. The Government exempted stamp duties for inter-generational farm transfers, for rural debt refinancing, and also for the registration of tractors and farm machinery.

The Government has set up other joint Commonwealth/State-funded programs. A feasibility study of the Rural Access Program is being undertaken, with a final report due in March 1995 for the Minister's consideration. It is hoped that the scheme will be in place for the 1995-96

financial year. The Financial Management Advice Grant Scheme was upgraded to include land care initiatives and property management planning and was increased from \$2 000 to \$3 000. The *Country Book*, which is a very useful directory of services for rural people, is to be updated, and the amount of work and effort that has gone into it is enormous. Hopefully that will be available for the rural community from early in 1995. We are also conducting a number of farm family seminars in rural areas to disseminate information about Government and non-government services, personal skill development opportunities, and the concept of developing local support networks. The Government is also urging farmers to make greater use of their rural counsellors in providing better financial farm planning methods for the future viability of their farms.

**Ms HURLEY:** Again, I refer to page 43 of the Program Estimates. The Young Farmers' Incentive Scheme was a central plank in the Liberal Party policy, and has actually been implemented. I understand that \$7 million has been set aside over three years to provide interest rate subsidies for farmers 30 years of age or under to assist in the lease or purchase of the land. The scheme was launched on 1 May and the subsidy was made available for rural land purchases for three years at a subsidy of \$20 000 maximum per annum, or if leasing in a share-farming arrangement five years to a maximum of \$20 000.

On 25 July the Government had to alter the criteria for eligibility by changing the starting date of the scheme from 1 May 1994 to 12 December 1993. In the media statement dated 25 July 1994, the Minister said:

The Young Farmers' Incentive Scheme was a cornerstone of the Liberal Party's rural policy and was developed to ensure that the farming industries continue to attract young people.

In yet another media statement dated 23 August 1994, alarm bells started to ring that in fact the scheme might not be going so well. In this release the Minister heralded the fact that after four months of operation the scheme had attracted 850 telephone inquiries, but that only 10 young farmers had actually received interest rate subsidies from the Liberal Government, amounting to only \$44 000.

I understand that there may be some concern within rural communities about the take-up rate for the scheme. I have heard that the Mid North Regional Development Board, based in Clare, has expressed serious concerns about the scheme to the Minister. Given the interest in the scheme, evidenced by the number of telephone inquiries received, it is possible that there is something wrong with the guidelines or administration of the scheme. Can the Minister indicate the current number of applications received, the number approved and the amount of interest rate subsidy involved and, as a corollary, the number rejected, the reasons for the rejection, and will he say what remedial measures he plans to take to make the scheme more attractive to young farmers, and will he extend the age limit for the purpose of qualification?

**The Hon. D.S. Baker:** I will answer the last part first. We will not be extending the age limit. I will take some of the other part of the question about the up-to-date figures and the rejection rate; I am very happy to provide those figures to the honourable member. We are determined that we will spend the \$7 million during the life of the scheme. It is not a scheme for wealthy farmers, and I know the Opposition would be very critical if a hand-out was going to wealthy farmers' sons, as happened in Queensland, I am told. It is there to help genuine young people.

*An honourable member interjecting:*

**The Hon. S.J. Baker:** The member for Custance is one of them.

**Mr FOLEY:** A young farmer?

**The Hon. D.S. Baker:** No, a wealthy one. In anyone's imagination they could not say he was one of the young ones. The scheme was not introduced until 1 May because we wanted to introduce it with the other packages—the stamp duty packages of refinancing the farm debt and inter-generational farm transfer—to make it a package. By that time, people had made some decisions and there was a claim that it should have been backdated to 11 December, as people had been cut out because of that. The Premier and I had a meeting and quite willingly said, 'Okay, let's backdate it to make sure people are not disadvantaged.' We are monitoring it regularly. If the guidelines have to be modified we are very happy to do that; however, if you understand farming you will know that the take-up will probably take place in February-March next year, towards the break in the season when people may want to lease land or go into share cropping arrangements.

I hope that is an area where there is a lot of push for young people. The number of young people who can get capital to buy farms will be fewer than the other side of it, but we are continually monitoring it. It is not a scheme where you design the guidelines to make sure that people cannot get it. We have a commitment to spend the \$7 million; we will continue to push the scheme very hard and to monitor it and, if any changes are necessary, I can assure the honourable member that there will be changes.

**The ACTING CHAIRMAN:** The member for Custance appeals for the protection of the Chair. The member for Custance knows that as I could not possibly have heard his interjection it would be totally unfair to reprimand the Minister for his answer.

**Mr FOLEY:** I will preface my question on rural finance with some very brief statements about the Minister's comments about the farm debt audit. I would like placed on record that I think the farm debt audit was a particularly important document, and I welcome the Government's initiative to undertake such an audit. I was very heartened to hear the Minister's comments and also his approach to this issue of farm debt. My mind briefly flows back to 1991 when there were some significant rural problems—we had the rural crisis in South Australia—and representations were made to the then Government that about 70 per cent of our State's farmers were close to bankruptcy. The then Government was approached by the Farmers Federation—

**The Hon. D.S. Baker:** This is the yellow sticker one.

**Mr FOLEY:** This is the yellow sticker incident; absolutely. I need an opportunity to explain the yellow sticker. The Farmers Federation at that stage wanted the Government—

*An honourable member interjecting:*

**Mr FOLEY:** If you listen to me you might just understand the context of it all, because it is an important point. In 1991 the Farmers Federation put to the then State Government that it should underwrite the entire debt of the rural community in South Australia. That was the proposal put forward to Government by the farming organisations. It was a most extraordinary proposition, but that submission was put to Government in writing and I am sure it exists, as do some more yellow stickers, somewhere in Government files. The approach taken by the then Government and its officers—who are the same officers of this department—was that in situations such as this one must be cool, keep one's head and seriously look at and analyse the issue. The then Government

made the decision not to accept the view of the then Farmers Federation leadership.

In 1991 the then State Government came under enormous pressure to do some quite incredible things to rectify what was then a very serious problem. In 1994 the Minister faces a very similar scenario. The farm debt audit has highlighted the fact that three quarters of our State's farmers are not in peril.

**Mr VENNING:** On a point of order, Sir: is this a speech or a question?

**The ACTING CHAIRMAN:** The member for Custance makes a point of order. If he reads the Standing Orders he will find that it is not out of order for members to make a statement. They may ask questions and they may also make statements. The member for Hart is quite in order in making a statement.

**Mr FOLEY:** The farm debt audit showed what the farm debt profile would have been in 1991. The farm debt audit vindicated the stance of the former Government and its officers, to whom I will take this opportunity to pay some credit. Officers of the Department of Primary Industries have had to deal with this situation at the coal face, day in and day out. The farm debt audit was a very valuable piece of research and a valuable document, not just to vindicate former Governments for political reasons but also to give future Governments a piece of research which indicates that, when you take the emotion away from issues such as farm debt and deal with the facts, the picture can be very different. I say that by way of comment, because it is an important point to clarify.

I refer to page 423 of the Program Estimates, relating to rural finance and development. I refer to the re-establishment grants available under the rural adjustment scheme to assist non-viable farmers to leave the land with dignity. How many applicants for re-establishment grants were received in 1993-94, how many were approved and how many rejected?

**The Hon. D.S. Baker:** I thank the honourable member for his question. I want to make one comment about the ongoing issues from the farm debt audit, and then Kevin Gent will answer the question. Since that farm debt audit we have instigated with the same two people—Lindsay Durham and Bob Kidman—a complete review of the rural finance section akin to a mini State Bank review to look at the status of loans, where we are going, whom we lend to and what schemes are available in order to make sure that those people who are identified under that rural debt audit are the ones being targeted and not other people who are in the 75 per cent. That is an ongoing management measure that was allowed to happen because we conducted that rural debt audit. All those things are of a bipartisan nature and are in the long-term interests of the farmers of South Australia.

**Mr Gent:** I do not have the figures with me on the re-establishment expenditures in 1993-94, but at this stage South Australia's allocation for re-establishment grants from the Commonwealth in 1993-94 was \$2.9 million. We transferred some Commonwealth money with its approval towards the end of 1993-94 to increase our allocation to \$3.7 million, with the approval of the Commonwealth to acquit those funds before 30 September this year. We will spend the whole \$3.7 million and, if that is based on a re-establishment grant level of \$45 000 per farmer, that equates to approximately 82 farmers who have been assisted to exit the farming industry with dignity in 1993-94. I will provide the actual figures for the honourable member by 8 October.

**The ACTING CHAIRMAN:** Before inviting the member for Hart to ask his next question, I point out that it is a custom in this place not to refer to who may or may not have been the officers in this or any other Government, merely because the tradition is that the members go through the Minister and those who were public servants in a previous regime or who might be in this regime is really of no moment. The Committee's concern is to question the Minister.

**Mr FOLEY:** In relation to rural finance and development (page 423 of the Program Estimates), I note that the Minister is proposing a revised financial management advice grant scheme to incorporate property management planning. Can the Minister explain how this program will be implemented and administered and what funds will be available for farmers to take part in this scheme?

**Mr Gent:** The revised FMA scheme was brought into place as part of the Government's response to the release of the audit of rural debt. The scheme has been expanded to include the land care initiatives through the property planning management group of the Department of Primary Industries and through independent consultants on our approved register of consultants list. The grant comprises two components: farmers can access up to \$1 500 to have a property management plan prepared on their farm, and then to access any of the remaining \$1 500 to have a financial assessment done on their long-term viability. The scheme only commenced from 1 July 1994 and \$350 000 has been provided for the property management planning program in 1994-95. There is still a carry-over of the previous financial management advice scheme which we have asked farmers who have been offered that grant of \$2 000 to take up before 31 October 1994, and we expect that there will be funds in excess of \$300 000 spent on that scheme by 31 October for those outstanding grants. Some \$200 000 of that money was a carry-over of Commonwealth monies from 1993-94.

#### **Additional Departmental Adviser:**

Mr J. Jefferson, Acting General Manager, Fisheries.

**Ms HURLEY:** I refer to page 415 of the Program Estimates. What has been the total cost to the Government to the present time for the management of the Gulf St Vincent prawn fishery, including the write-off of the buy-back debt?

**The Hon. D.S. Baker:** There has not been any write-off of the buy-back debt—not since 11 December; I do not know what was written off before that. Unless John has all those figures now, I am quite happy to take the question on notice and get the figures.

**Ms HURLEY:** Again on the same subject, Dr Gary Morgan in his review of research data relating to the Gulf St Vincent prawn fishery stated:

A clear statement of the management objectives for the fishery at the present time would assist all parties in agreeing on an appropriate strategy.

In the light of this recommendation, what structure has been put in place to stabilise all facets of the management of the fishery and to set management objectives for the fishery so that appropriate, relevant and unquestioned research can be developed?

**The Hon. D.S. Baker:** In fact, the reason that David Hall is not here today and John is Acting General Manager is that David Hall for the past month, and for the next two months, has been looking at a whole fishing policy review, amateur and professional. We are going through the integrated management committee, their role and what they do. All of

those things are being looked at and they will be reported back to Michael Madigan and myself on a regular basis, and part of that is to look at the whole management structure of the Gulf St Vincent prawn fishery, the long-term management strategies that we put in place, and looking at the response to the Morgan report, which I thought was very good. But we are trying to get a structure in place that will save the Opposition spending most of its Question Time on fisheries on Gulf St Vincent, getting to the broader issues.

**Ms HURLEY:** If another opening of the fishery takes place before Dr Morgan's recommendations are implemented, will a surcharge be set on licences as recommended by the select committee?

**The Hon. D.S. Baker:** The answer most decidedly is yes, and by the end of September we have to put that in place. I know that John is preparing a recommendation and that that will all be done by the due date—unlike the previous administration, which forgot to do it last September and left us in a very embarrassing situation when the fishery opened.

**Ms HURLEY:** Referring to page 424 of the Program Estimates, will the Minister outline the implementation of the recommendation of the marine scalefish fishery white paper, and the impact on receipts and expenditure?

**Mr Jefferson:** After some four years of a comprehensive review of the marine scalefish fishery, the Government approved the implementation of a package of regulations which addressed the need to reduce fishing effort in the marine scalefish fishery. The bulk of the changes address the recreational fishery. There are a number of revised size limits, bag limits and boat limits. The changes that affect the commercial fishery are predominantly a licence amalgamation scheme. The intent of this scheme is to reduce the numbers of commercial operators through a requirement for licence transfers to be on a 2 for 1 basis. The overall aim of this is to reduce the number of licences by some 140 and by doing that that would reduce the fishing effort on the resources.

The need to address the cost factor by losing licences has been picked up as part of the revised regulations, such that, in relation to any licence that is being transferred, the licence that is being surrendered as part of the amalgamation process, the person divesting themselves of that licence must payout any outstanding licence fee associated with that particular licence for that year. This would enable us to meet our projected licence fee income as determined through the consultation process we have with industry at the beginning of each year. As far as the costs associated with the implementation of the new regulations is concerned, there are no direct costs other than publicity costs. Fisheries officers would pick up the education process as part of their normal routine, and we are undertaking some publicity material which will be published in the press and that cost will be met by our existing resources. So, from the financial aspect there is no direct impact, and any loss of licence income through the amalgamation process will be picked up by the licence holder's having to pay out what is due for that year.

**Mr VENNING:** My question is about fish processor fees, referred to on page 424 of the Program Estimates. I have had quite a few inquiries about this problem, particularly from one constituent who is a small operator but who pays the same fees as the large operators. Interstate operators are paying no fees at all, yet they are all buying in the same market. Also, we have so-called retailers who buy in the same market, who own a fish and chip shop, who do not pay any fee. So, I share the concern of my constituent. In relation to

the operations of the commercial sector of the fishery, is the Minister considering any variation to the registration fee payable by fish processors in this State?

**Mr Jefferson:** The recently varied fish processor registration fee has prompted a review of the current arrangements. The intent is to make some changes to the Fisheries Act, in the first instance and, following that, some changes to the fish processor regulations will ensue. The department has written to all registered fish processors to advise them of this and, once the Fisheries Act is amended, we will undertake consultation with the processors in order to come up with a registration fee that is appropriate for the nature of their activity. We are looking at variable fees according to the type of activity in which they are involved. So, the people who are dealing in, say, the high value types of fisheries would pay an appropriate fee, whereas the likes of processors who deal in bait fish and have only a small turnover I would expect to pay a smaller registration fee.

**Mr FOLEY:** Referring to page 425 of the Program Estimates, 'Protection of aquatic resources', under '1994-95 Specific targets and objectives,' what will the outsourcing of catch disposal records entail and what are the budget implications?

**Mr Jefferson:** The outsourcing of the catch monitoring documentation is being discussed at length between departmental officers and the industry, particularly the Southern Zone Rock Lobster Fishery. The industry has indicated that it would fully fund the outsourcing, and arrangements are being made to generate that revenue. So, from a Government budgetary point of view, there is no direct implication. The industry has undertaken to fully fund the costs associated with the monitoring program.

**Mr FOLEY:** Referring to page 425 of the Program Estimates, 'Protection of aquatic resources', under '1994-95 specific targets and objectives', I note that one of the objectives is to develop a special task force dealing with all fisheries. How much has been allocated in this budget for this purpose? What will be the aim of the task force? From where will its staff be drawn?

**Mr Jefferson:** The costs of the task force would be borne by existing Government finances, although in some cases the industry has undertaken to provide some additional funds. Essentially, this is a restructuring of the department's compliance unit using existing funds and restructuring the offices, so that they can operate on a task force basis as well as having officers available to undertake the education and community liaison program. The aim of creating the fisheries task force is to have a corps of highly trained specialist operators who can specifically target the fish thieves, the organised crime sector.

The staff of the task force will be drawn from existing resources so that, looking at the overall staffing situation, we will pick out the best available officers to set up that task force. Essentially, there is no additional impact on current staffing level or Government cost. The task force would operate from a central location and be available to respond to any reported illegal activity throughout the State.

**Mr FOLEY:** Given the massive increase in processor fees and the Minister's determination to stamp out small processors buying, processing and selling illegally caught fish, will the Minister explain why the number of checks on fish processors' premises to ensure compliance will fall from 720 in 1993-94 to 650 in 1994-95?

**Mr Jefferson:** The projected figures reflect the availability of resource protection officers and, as a planning exercise,

the figure reflects the expected numbers over the year. That is not to say that that will be the only figure. Depending on the availability of resource protection officers and what other priorities they have, the figure may be exceeded. But part of this exercise is to set a target figure so that each station has an action plan in which it can undertake the activities with the officers fully aware of what their action plan would be.

**Mr FOLEY:** I now refer to page 424 of the Program Estimates, 'Fisheries policy development', and this is to do with the Southern Rock Lobster Fishery. I understand that pot licences have increased from \$7 500 per pot to \$18 000 per pot and still rising since June last year. Does the Minister have any plan to stop this extraordinary false market in pot licences?

**The Hon. D.S. Baker:** I think the honourable member has the facts wrong. It is not the licence but the capital cost of buying or selling a pot. The licence, I think, is \$63 a pot for this season. It is a free market. I would have to say that we are working very hard, as is the Integrated Management Committee, to go through the changes that are going on in the Southern Rock Lobster Fishery. The Fisheries Department, I must say, has put in an inordinate amount of time to try to get the jealousies out of it and get some commonsense management in, and I compliment it on that. And the support of the majority of fishermen has been very good. But it is a free market.

What we have done is to close the fishery so that pots can be traded only from within, while it is sorting out any problems within it, because we do not want outside people coming in and perhaps creating a bigger anomaly in the market price.

**Mr FOLEY:** I refer to page 416 of the Program Estimates in relation to the management of aquaculture. There is an increase in moneys allocated for the management of aquaculture from \$542 000 in 1993-94 to \$616 000 in 1994-95. Where will these moneys be expended and to which projects is priority being given?

**Mr Jefferson:** The aquaculture unit within Primary Industries-Fisheries was only recently put together. There was a need to coordinate activities of other departments, particularly the Department for the Environment and Natural Resources and the Department for Housing, Urban Development and Local Government. The other departments have an interest in aquaculture by virtue of their legislation. The need to set up a unit obviously requires adequate funding to cover the salaries and operating expenses of the unit. The funding will be sorted out within the departmental budget and, as far as priorities go, the unit is presently developing an action plan which will be part of the department's overall strategic plan. This will require consultation with industry to determine where the priorities will go. The actual setting of priorities will be subject to full consultation with industry because the unit is there to help the industry. We will take guidance from industry in that regard.

**Ms HURLEY:** You say you are taking guidance from industry. Will there be any input from environmental groups as to where the research might go in terms of environmental impact on surrounding areas?

**Mr Jefferson:** As part of the assessment process for giving approval to aquaculture applications there is a requirement to consult with relevant user groups and to obtain all relevant scientific data to work out whether or not the proposed aquaculture site can sustain development. In trying to work out where any aquaculture sites could be set up we need to have a wide look at the available sites around the



State. The difficulty that arises in trying to identify in advance where aquaculture could take place does not rest well with the department's objectives. The preferred way of addressing the research side is to allow industry to identify whether it wants to set up aquaculture sites, and then we can provide the input to work out whether or not it is adequate for the site that they have selected, rather than the other way around.

**The Hon. D.S. Baker:** As a Government we have been quite aggressive in saying, 'Let's get something established and monitor it very closely to see, as it goes along, whether there is an effect and then you can always draw back a little.' We have done that with the tuna operation in Port Lincoln. That is monitored closely but it is in place. We are doing it in the South-East which has just started with seaweed gathering. We are saying, 'Okay, you start gathering the seaweed and harvesting that from onshore, but you have to follow these guidelines to make sure it does not cause any damage to the environment.' Instead of saying 'No' and not letting business get up and running, we are saying, 'Yes,' but we have to monitor it on the way through.

**Ms HURLEY:** I refer to page 424 of the Program Estimates where one of the targets for 1994-95 is to implement management arrangements relating to exotic fish, fish farming and fish diseases. Can the Minister outline what will take place there?

**Mr Jefferson:** The fishery's regulations have requirements for monitoring of fish diseases, prohibition on the importation of exotic fish and the regulation of fish farms. The regulations have been in place since 1984 and are due for review not only because of the length of time the regulations have been in place but also because of changing practices and the higher focus of aquaculture and fish farming in the State. We need to address fish disease issues, how to coordinate the testing of imported fish for specific fish diseases and to make sure that the protocols are reflected in the regulations. It is an upgrading exercise of the regulations to reflect the current situation and to make sure that industry works properly under such regulations. The department intends to review those regulations in consultation with the industry. The industry in this instance covers the fish farmers, aquarium operators (because they import fish) and then there is the exotic fish question that has to be looked at. We have a fairly major task to address but the idea is to provide industry with a workable set of regulations.

**Ms HURLEY:** Can the Minister also explain the new arrangements proposed for the Blue Crab Fishery and the impact on receipts and expenditure?

**Mr Jefferson:** The department recently issued a discussion paper in relation to the Blue Crab Fishery. This particular fishery has been classified as a developmental fishery for some eight years. We have received input from scientists at SARDI giving some indication that the fishery could be set up as a full fishery in its own right. The discussion paper addresses these issues and at the present time we are awaiting for comments from interested parties to be put back to us. Once those comments are received we will put a recommendation to the Minister.

As far as the financial side goes, there should not be any major impact as the current licensing arrangements provide for a licence fee for the current operators. We envisage that the revised regulations will continue so that there is no impact on Government resources. We will receive similar amounts of licence fees, and any money expended in research,

monitoring and administration will be covered by those licence fees.

**The Hon. D.S. Baker:** Those fishermen came to see me the other day and that will proceed with all haste.

#### Additional Departmental Advisers:

Mr R.F. White, General Manager, Forwood Products.

Mr D.M. Curtis, Manager, Corporate Services.

**Ms HURLEY:** I refer to page 427 of the Program Estimates under supply of forest products which has one objective as responding to recommendations of the forestry review handed down in July. Can the Minister provide any preliminary indications of what the response to the review will be, particularly the future of central and northern forests like Bundaleer and Wirrabara?

**Mr Millard:** The consultant made a number of recommendations which included that: we establish a global market focus; we ensure customers requirement for quality, quantity and service are met; we optimise financial returns to the owners; we be a world competitive supplier of forest products; and that we have flexible management practices that are responsive to market demand. In response to that, as an organisation we have sat down and gone through the report. One of those issues that you raised is the central and northern forests. We will be undertaking a detailed examination of the cost benefit of those forests. We will be looking at ways in which, by management practices, we can reduce the costs and increase the returns.

When we have fully examined the profitability of that forest and the way that we can improve the return from those forests by tight management, then we will be making a recommendation to the Government about what the next move should be. We want to consult with industry and we want to make sure that, first, we get the most we can in terms of financial performance from that forest.

**Ms HURLEY:** When will that recommendation be available?

**Mr Millard:** I do not think it will be available before the middle of next year.

**Ms HURLEY:** Referring again to page 427, with respect to the South Australian company Brisk Shaving Aust. Pty. Ltd. operating from Mount Gambier, I understand that in 1993 Brisk Shaving had been supplied with bales of wood shavings which were contaminated with PCP and which were subsequently sold and used to pack seafood for export to Japan. Subsequently, Brisk Shaving was liable for compensation for spoiled seafood and it has been attempting unsuccessfully to obtain compensation from Forwood Products to cover its loss. The company was left with a large batch of contaminated wood shavings which it could not dispose of properly and subsequently incurred considerable cost to do so. It has also paid out a large amount of compensation to the company to which it sold contaminated shavings.

The owner of Brisk Shaving, Mr Ken Gibbert, and his legal advisers, claim that the losses accumulated so far amount to approximately \$908 000, but they have received no realistic compensation offer from Forwood Products. Is the Minister aware of this situation and will he instruct Forwood Products to negotiate with Mr Gibbert and his legal advisers to ensure that a satisfactory compensation arrangement can be agreed before the crayfish season is open and before Brisk Shaving is forced into bankruptcy?

**The ACTING CHAIRMAN:** Before the Minister answers the question, I ask if the matter is *sub judice*?

**Ms HURLEY:** I understand not.

**Mr White:** The settlement of the claim being made by Mr Gibbert is being negotiated at present by the Crown Solicitor on behalf of Mount Gambier Pine Industries and Treasury. Certainly it would not be appropriate to canvass the details of the claim. I am happy to talk about the background of the claim but not the details.

**The ACTING CHAIRMAN:** With the concurrence of the member for Napier, it might be better if the question is put on notice and answered afterwards.

**Ms HURLEY:** That is fine. I refer to page 418 of the Program Estimates regarding payments of a recurrent nature. Special Acts payments have increased from an estimate of \$139 000 in 1993-94 (actual \$149 000) to an estimate of \$157 000 in 1994-95. Will the Minister run through the special Acts payments and why there is an increase in those payments?

**Mr Hill:** That element of the estimates is the figure provided to us by Treasury in which we have no involvement.

**Ms HURLEY:** What does it relate to?

**Mr Hill:** The Minister's salary?

*Members interjecting:*

**The Hon. D.S. Baker:** Seriously, would the honourable member like a detailed response?

**Ms HURLEY:** No. I refer to the Minister's office budget line, which has also increased from an estimate of \$714 000 in 1993-94 to an estimate of \$750 000 in 1994-95. What is the reason for the cost increase and the benefits expected?

**The Hon. D.S. Baker:** Why do we not give you a detailed response on that? I think it warrants it. If you are not happy with Mr Madigan's response, we will give you a detailed one.

**Mr Madigan:** The budget for 1994-95 is \$592 000 plus \$163 000 for the Minister, which includes an electorate allowance, totalling the \$750 000 that is in the papers. This amount actually includes a larger electorate allowance than was available for the previous Minister, because this Minister is in a country electorate. In fact, the operating budget has been reduced below last year's figure.

**The Hon. D.S. Baker:** What has happened is that the electorate allowances paid to each member are put into that Ministerial budget, so that would vary whether it was a city or country member.

**The ACTING CHAIRMAN:** There being no further questions, I declare the examination of the vote completed.

---

South Australian Research and Development Institute,  
\$24 525 000

**Departmental Advisers:**

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

Dr D. Plowman, Director of Research and Development.

Mr K. Stacey, Manager, Corporate Services.

Mr M. Williams, Manager, Financial Services.

**The ACTING CHAIRMAN:** I declare the proposed payments open for examination. Does the Minister wish to make an opening statement?

**The Hon. D.S. Baker:** No, Sir.

**Mr CLARKE:** As an example of by partisanship, there is no opening statement from the Opposition, either. I refer

to page 433 of the Program Estimates and to the Liberal Party's agricultural policy released in October 1993 which states that a Liberal Government would '... review the concept of SARDI as a separate body for research and development in South Australia'. The policy also went on to say that:

We believe that removing the research and development section from the Department of Primary Industries to SARDI, a stand-alone body, has the potential to create tension within Government departments and become remote from the client and extension officer.

In the light of this, has the review of SARDI as a separate body been undertaken and, if so, what were the outcomes of that review? If a review has not been undertaken, when will it be conducted and finalised? Is the review budgeted for in the 1994-95 budget?

**The Hon. D.S. Baker:** A review has taken place, and I have had meetings in the last fortnight with the CEOs of both the Department of Primary Industries and SARDI. We are working through the management structures and I would think that the Government will make an announcement in the near future.

I think the Deputy Leader asked a question earlier about morale in the departments, and concerns were raised about the management structure, which was causing some tension, and we are endeavouring to sort those out. As the honest broker sitting in the middle, I can say that we are working through those problems. I would expect a favourable outcome in relation to those matters in the near future.

We have a very eminent board of people, which at present is the advisory committee to the Minister in SARDI. My view is that we should give that board more teeth and more incentive by handing it the money and getting it to run SARDI. Many of its members are involved in universities, such as Waite and Roseworthy, so we are working through a management change with that board, which is an advisory board only to the Minister (members know full well my views on advisory boards), and I am expecting a very good outcome from that.

**Mr CLARKE:** These questions are of a statistical nature; referring to page 433 of the Program Estimates, how many TSPs took effect in SARDI after 11 December 1993? What are the number of TSP packages budgeted for in SARDI for 1994-95?

**Mr Lewis:** Up until now effectively 51 TSPs have been taken in SARDI. The net result has been a reduction of 48 staff employed by the organisation because there were three trade-offs with TSPs within other Government agencies. We have invited another 10 people to take TSPs between now and the end of the period for which TSPs will be available, one of which we expect will be taken up.

**Mr CLARKE:** SARDI wants 10 employees to take up TSPs and only one has accepted?

**The Hon. D.S. Baker:** Ten were offered and one was accepted.

**Mr CLARKE:** I understand what the Minister is trying to get at, but if SARDI has offered 10 TSPs presumably it would like 10 people to leave, and only one has been accepted.

**Mr Lewis:** SARDI has not actually been targeting people; it has carried out a very rigorous review of its priorities for its activities within the organisation, and it targets groups and then makes an offer to those groups if they are classified as lower priority. Effectively, we believe that, given the current indications of budgets available to SARDI over the next three

years, we will not have to make any additional offers after this current process is completed.

**Mr CLARKE:** Would it be proper to suggest that basically SARDI now is about as lean as you can get it to maintain the effectiveness of the unit?

**The Hon. D.S. Baker:** It would not be proper for you to put those words in the Chief Executive Officer's mouth, as you tried to do with an officer from the Department of Primary Industries.

**Mr CLARKE:** Or words into your mouth, Minister.

**The Hon. D.S. Baker:** Yes; that's right. That would not be proper because there may be some other areas where there can be some pruning in business management, but we are ever striving for greater efficiencies and delivery of service.

**Mr CLARKE:** I refer to page 435 of the Program Estimates—'Horticultural Research and Development—Viticulture'. I know that South Australia's viticulture industry, which took a hiding in the horticultural section of the primary industries budget, will take another hiding in SARDI's budget for 1994-95. How will the reduction in funding for viticulture research and development from \$456 000 in 1993-94 to \$369 000 in 1994-95 be achieved? What effect will it have on research and development in this vital South Australian industry?

**Dr Plowman:** The reduction in the budget from the estimate of 1993-94 to the estimate of 1994-95 is due to the reduction of one FTE in a technical person at the Nuriootpa Research and Extension Centre. We believe that we have covered in other ways the duties that that person undertook.

**Mr CLARKE:** So, there was a reduction of one full-time equivalent, which made the saving? The difference between \$456 000 and \$369 000 is around \$87 000. Do you say that is for one person?

**Dr Plowman:** The numbers have been reduced by one FTE, and some on-costs would be involved in that as well as operating costs in other projects. However, the major reduction was in one position.

**The Hon. D.S. Baker:** Would the Deputy Leader like that detailed?

**Mr CLARKE:** I think that would be appropriate. I understand that there are on-costs and so forth.

**Mr KERIN:** Having a large interest over the years in the South Australian barley industry, and perhaps sharing some of its disappointments over recent years, I ask what SARDI is doing to ensure the international competitiveness of the barley industry in South Australia?

**Mr Lewis:** We agree that barley and malting quality barley is a major industry in South Australia. It is common knowledge that the industry has been disadvantaged through lack of suitable varieties, and Australia is experiencing difficulties in competing with countries such as Canada. As a result SARDI, Primary Industries in South Australia and the university have restructured the South Australian barley breeding program, which is a subcomponent of the national barley breeding program. Jointly, between SARDI, the Grains Research and Development Corporation, and a number of maltsters we have jointly funded a senior barley breeder position in the University of Adelaide.

That position was filled last week by Mr Andrew Barr, who will take control of the barley breeding and related resources of all agencies. Mr Barr will supervise the breeding, selection, and evaluation relating to barley: the tissue culture, the pathology, and other functions. Andrew Barr, who is a former SARDI employee, is potentially still such because he reports jointly to the Chief Scientist (Crops) and to the

professor of the crops area in the university. He has an international reputation for breeding in oats and other areas. We are currently moving to recall his position now that it is vacant.

**Mr VENNING:** My question refers to page 435 of the Program Estimates. What role is SARDI playing in supporting the expansion of South Australian wine exports?

**Dr Plowman:** SARDI scientists have found that, by restricting irrigation planning at critical stages of fruit growth, we can increase the quality of wines produced. This is beneficial in enhancing the quality of wine produced from grapes grown under irrigation in the Riverland, as well as reserving water sources. SARDI is also introducing and evaluating new varieties to produce higher yields and better quality wines for export.

**Ms HURLEY:** I refer to page 433 of the Program Estimates. The Liberal Party's agricultural policy document dated October 1993, under 'Research and Extension', states:

Research is the key to increasing the economic, environmental and social benefits to rural land-holders and the national economy.

I do not think there would be any argument about that statement, and given the quality of graduates from our tertiary institutions we must look at giving them some employment. SARDI has undergone a 25 per cent reduction in staffing levels. Can the Minister explain what part research will play, given that scenario?

**The Hon. D.S. Baker:** I am glad the honourable member has read that policy, which I wrote, so closely because it has proved to be a brilliant policy. As I explained in an opening statement, just because there has been a cut in personnel does not mean that the delivery of the service in the extension areas is less efficient than before. Leading up to the year 2000 with computers, fax machines, and various other methods we can be much more efficient in the way we get the message out to rural producers. The days have gone when someone could expect an extension officer to drive out in a Government car and sit for three-parts of the day explaining how not to plant a crop upside down, or whatever.

There have been some staff cuts, but we are adamant that the maintenance of extension and the delivery of the service will be better than it has been in the past. That is a guarantee that I give to everybody.

**Ms HURLEY:** With due respect, that is a farmer's answer; I was talking about research.

**The ACTING CHAIRMAN:** The member for Napier must not reflect on other members; it was a Minister's answer.

**Ms HURLEY:** It is nice to have farmers but it is also nice to have research scientists. I was talking about developments down the track directed toward farmers. I was talking about industry directed research, which in the long term might benefit farmers, but it needs to be done now.

**Mr Lewis:** Any agency has to operate within its allocated budget, but apart from that we also, as a matter of course, need to reappraise and have an ongoing strategic and operational planning process, which SARDI set in motion when it was created. It looked at the strategic directions and areas in which it should be operating and then looked at the operational requirements and priorities to address those strategic areas. In developing that strategic and operational planning SARDI is cognisant of the many other inputs, because in excess of 50 per cent of SARDI's funding comes from external sources.

We obviously take very considerable interest in the strategic plans and directions advocated by the 16 or 17 research and development corporations. Meat, wool, grains and fish are the four main areas into which SARDI has input. An ongoing industry development planning program exists between ourselves and Primary Industries SA which looks at providing commodity and industry development plans for each of the major commodities that SARDI services; that also has industry input. As we have already seen from the barley breeding program and many other initiatives, we are restructuring the way in which we operate to ensure that we are not operating independently, either with the technology and extension transfer people or with the other research providers: the universities, the CSIRO, and private research providers.

In the past two years since SARDI has been created, we have completely revisited our priorities, looked at the industry's priorities, matched our resources and matched up multi-disciplinary and multi-organisational teams to address those areas.

**The Hon. D.S. Baker:** As someone who was very critical of the previous administration's splitting SARDI from Primary Industries, I would have to say that, once we get over the ongoing management review, in the long term it will be very good for South Australia. As Mr Lewis said, SARDI's role with the universities, Waite and Roseworthy, is very good. You are seeing a splitting, if you like, of research and primary industry doing the extension. We must make sure that the two are not further divorced and that there is ongoing dialogue between the researchers and the extension people to make sure that the research is heading in the right direction and helping the basic needs of farmers in South Australia.

**Ms HURLEY:** As a result of staff reductions, were any programs cut or not concluded, and, if so, did the Minister consult with farmers and industry on those programs and what would happen with them?

**The Hon. D.S. Baker:** We will provide the honourable member with a response detailing individual programs. We will take the question on notice.

**Mr ANDREW:** I refer to page 435 of the Program Estimates, and the program for horticulture research and development of citrus. The Minister would be well aware of the significant increase in citrus exports to the USA from the Riverland, and he has more than adequately explained earlier today issues with regard to import protocols from the US Government in relation to that and specifically in relation to research SARDI is doing. What research is SARDI doing to improve the quality of navel oranges exported from the Riverland of South Australia to the USA at the moment?

**Dr Plowman:** SARDI has initiated a collaborative research project with CSIRO and New South Wales agriculture to develop techniques to control oleocellosis rind blemish of oranges. SARDI scientists are also storing navel oranges to determine ideal temperatures for maintaining quality during shipment. SARDI is also contributing to the production of a citrus growing manual which will form the basis of a quality assurance program for citrus growers. A research program has been commenced to develop post-harvest treatments to control insect pests on oranges as an alternative to fumigation on arrival in the United States.

**Mr CLARKE:** I refer to the Program Estimates 1994-95 Specific targets/objectives on page 438. One of the objectives for 1994 is the development of a science policy for South Australia. What funds are being made available for the development of this policy? Is it being developed in concert with Federal Government science policies and with the

assistance of South Australia's tertiary institutions, industry and other interested bodies?

**Mr Lewis:** Part of our broader research and science mandate or charter is to develop a science policy. We are slowly developing and looking at the various components of that. We are developing an overall science policy and also a suite of subpolicies which go below that. Some of these subpolicies include such things as genetically modified organisms, commercialisation of intellectual property, CRCs, biohazard and animal ethics. At the broadest level we are considering what is required to go into such a policy, and we are taking advice and consulting with national colleagues in this. In fact, in a month Adelaide we will be hosting with the Economic Development Authority a meeting of a group which is under the auspices of ASTEC—the science and technology advisory bodies of Australia and New Zealand where there is the major forum where we coordinate on science policy throughout the State.

With regard to consultation with tertiary institutions and other Government agencies, on a number of occasions we have written to tertiary institutions and every Government agency and statutory authority with specific components of the science policy to get their view. For example, just this week I have been provided with a suggested draft policy on the update of commercialisation of intellectual policy and how to address that. As far as genetically modified organisms are concerned, Dr Plowman represents South Australia on a national committee and a national cooperation group which for many years has very seriously and assiduously developed the policy from protection and the release of GMOs, as they are called, through to the public awareness-raising to allay any fears in relation to GMOs. We are working very considerably in a broad area to update and develop new policies where possible. Your question specifically asked about funding. The funding for these activities has been absorbed in SARDI's marketing and strategy area. It is part of the normal roles of particular officers who have particular expertise in these areas.

**Mr CLARKE:** I refer to crop research and development on page 434 of the Program Estimates. I note that there will be a reduction in funding for crop research and development from the amount expended in 1993-94 from \$5.101 million to \$4.847 million in 1994-95. How will this reduction be achieved and what effect will it have on crop research and development?

**Dr Plowman:** There has been a reduction from \$5.1 million in 1993-94 to \$4.8 million in 1994-95. I am happy to provide the details of that to you, as I have undertaken to do for the viticultural program, for both of these estimates together—both the State contribution to the strategic research areas and the industry or external funds. In the crop research area, for example, over 50 per cent of the funds we receive come from groups such as the Grains Research and Development Corporation, the South Australian Grains Industry Trust and similar industry bodies. The reason for fluctuations of some hundreds of thousands of dollars in the actual to the estimate can be due to some of these external projects finishing and not being replaced with new projects. There is no significant reduction in the State component going to crop research and development.

**Mr CLARKE:** I refer again to page 434 of the Program Estimates, with respect to livestock research and development. I note that there will be a reduction in funding for livestock research and development from \$3.255 million in 1993-94 to \$3.154 million in 1994-95. How will this

reduction be achieved and what effect will it have on livestock research and development?

**Dr Plowman:** The reduction in the livestock research and development program is again a mixture of funding from the State and from industry sources. In this instance, in line with the priority setting mechanism that we are working on, there will be a reduction in State resources into the livestock industries. This is done by both a combination of separation packages and a straight reduction of operating funds to those areas. Again, we can provide the details for you.

**Ms HURLEY:** On page 442 of the forward estimates under 'Aquatic research and development' there is a specific target which is, in consultation with Primary Industries (SA), to continue the development of a management plan for the first marine park in South Australia, the Great Australian Bight Marine Park. How will that proceed and when might we have a response on that?

**Mr Lewis:** SARDI aquatic sciences personnel have been engaged under consultancy from Ocean Rescue 2 000, which is a Commonwealth-based program, to look at the potential of the Great Australian Bight as a marine park and develop a draft management plan for consideration by the Government. That process is going very well. There have been a number of public meetings and there is a community based advisory group. The officers involved at this time are putting the final touches to the draft and it will be delivered to the Natural Resources Council, which is overseeing this project from the South Australian-based area, for ultimate delivery to the Minister for Primary Industries. We expect that to happen within the next three or four weeks.

**Ms HURLEY:** I refer to page 442. What research programs are being planned for the rock lobster industry in 1994-95, how much will they cost and how will they be funded?

**Mr Lewis:** There is a very extensive research program which is funded by industry, Government and the Fisheries Research and Development Corporation. A team of six people, some employed by industry, some employed by SARDI, is doing very extensive tagging and growth study program.

We have just successfully completed a workshop which has developed a brand new mathematical model for looking at the management arrangements for the program, and that is being finetuned and taken to industry over 1994-95. As to the actual details, I would like to take that question on notice, because it involves both Government funding, Fisheries Research and Development Corporation funding and industry funding. So we will take that on notice.

**Mr KERIN:** I refer to the program for pasture and sustainable resources research and development. First, as a comment I would applaud the information we were given earlier about the appointment of Andrew Barr to his position. I have had a lot to do with him over the past 10 or 12 years and the work he has done with oats in South Australia has been absolutely excellent and to shift him into an area which is lacking, like barley, can only be a very positive move. I think that the State will do very well out of that. As to the pasture question, SARDI scientists have a national role and an excellent reputation for the development and selection of improved pasture cultivars. To what extent will these cultivars be capable of use in other countries and how are the possibilities of what we can do with them overseas being explored?

**Dr Plowman:** SARDI scientists have selectively bred many new pasture cultivars which are now used much more

widely than just in South Australia. In fact these cultivars are being extensively used throughout the more temperate regions of Australia, from southern Queensland right through to Western Australia. In recent years it has been recognised that that broad adaptability range can also extend to other countries, and SARDI scientists have been active in exploring these possibilities via the supply of current cultivars and advanced selections to interested parties in many countries. This has been coupled with follow up, which includes face to face liaison and importation of technical knowledge which will assist these cultivars to achieve their potential in these countries.

The value of this to South Australia is via return of royalties, but much more significantly via the growing and export of seed. The South Australian pasture seed industry is internationally highly competitive and it will expand in response to these opening markets and thereby return many millions of dollars extra export revenue to South Australia. Benefits are starting to accrue from this work, with markets being serviced by export of locally developed and produced pasture seed to southern Europe, north Africa, west Asia and, increasingly, to North and South America, and to South Africa, so that now up to 60 per cent of locally produced pasture seed is for export purposes, with excellent prospects of further expansion.

**Mr ANDREW:** I refer the Minister to page 436 of the Program Estimates, comprising the program description for interagency support services. I particularly note the development of SARDI at the Waite campus, which looks very impressive. Could the Minister give an update of the progress with this development of the Plant Research Centre at the Waite precinct?

**Mr Lewis:** The Plant Research Centre is almost completed. In excess of 99 per cent of the contracts for construction have been let and we expect that the building will be formally handed over to the Minister for Primary Industries on 15 October. We will plan to relocate our staff from Northfield and other places commencing late October, early November. We are depending on requirements for some of the plot work out at Northfield to be completed by April/May next year. The Plant Research Centre as a world-class research facility which addresses horticulture, viticulture, crop evaluation and breeding, and it also provides a large number of support services, including a very high-technology and controlled glasshouse complex, soil and re-potting sheds and equipment for cleaning seeds. It will be used by a number of agencies, reflecting the collaborative nature and operation of the Waite research precinct, those agencies being CSIRO, the University of Adelaide, a number of departments, SARDI and PISA.

**Mr VENNING:** My question refers to page 434 of the Program Estimates and crop research and development. It is a very general question. I want to pay the highest tribute to our agricultural scientists here in South Australia, and I do not say that lightly, considering the work that has been done in recent years and, as proof, if you go around the country now and see the sort of crops that are growing up there on the rainfall that we have had, it is a fantastic tribute to the work that has been done, particularly in the area of root diseases, work that has been done over many years. I personally have benefited from the work done. The increase in input for all farmers for the work done, and not always recognised by the industry, has been absolutely fantastic.

I want to list the names of some of the scientists who have done this work. There is Reg French, who has left the

department; Albert Rovira, CSIRO, who has left the department; Allan Dube, who is still there; Andrew Barr, I have just referred to; Tom Yateman, in Clare; Dr Allan Mayfield, who has left the department but is still consulting; and the agronomists—and I refer to the most notorious agronomist in the State, Trevor Dillon, a real character in his own right. These people have tremendous expertise, and most of them have retired. My concern is whether these gaps can be easily filled within the department. I know we have a lot of young Turks coming in there. So, first, what can the executive of SARDI tell us today about how we can get these young Turks up to speed? The second question is: can we utilise the people who are out there, who have left but who still have the expertise?

**The Hon. D.S. Baker:** It is a bit like politics: once you retire there is always a very good person to fill your shoes. However, I will hand over to Don Plowman.

**Dr Plowman:** I would agree with the member that the crop research and development program that has been run within this State over many years has produced some excellent outcomes for the cereal growing industries. I think it does highlight the real benefits that come from a very close collaboration between the industry and the research organisations that are supporting that industry. Fortunately, the really top-class scientists who have retired, mainly due to age, are still within the State and are still providing excellent service to the State's industries. Reg French is a regular presenter at industry workshops, conference days, etc, and Albert Rovira is still very active. Allan Mayfield as a consultant is providing valuable services to the crop industries, and people such as Dr Allan Dube, Tom Yateman and Trevor Dillon are, likewise, providing excellent services. Because of the strong funding that the industry provides, the crop area is one where there is a large influx of young scientists, so that succession planning is not a large problem. I can assure the Committee that there are very sound, highly skilled and quite experienced researchers who will be supporting the crop industries for many years to come.

**Mr VENNING:** Supplementary to that, I refer to Reg French's famous chart 'The True Potential'. Minister, I would venture to say that, using Reg's formula out there today, that true potential in relation to rainfall is almost being achieved. I think that years like this can prove to us that Reg's formula is spot on, considering the crops that we do have with such a lack of rainfall—and let us hope that we do get a rain within a week. The work that Reg did was spot on, and we can use this chart now to see how good a farmer we

are or we are not, and I certainly appreciate that. I was wondering whether you are able to use guys like Reg to have any input into teaching these young Turks. Is there anything in place that is able to bring these guys back in?

**Mr Lewis:** We certainly do not let them go. In fact, every time I have been out to Northfield I have run into Reg French. I think they keep haunting the place. Certainly, they are active still, even though they have formally retired, and I stress that for most of them it is because of their age.

**Ms HURLEY:** Referring to page 435 of the Program Estimates under 'Aquatic research and development', Dr Morgan in his review of the Gulf St Vincent Prawn Fishery observed that the work undertaken by SARDI scientists in relation to this fishery 'has been competently performed and accurately and appropriately analysed.' However, he went on to address two further issues: first, that there was a need to use all available data, including industry data; and, secondly, that it was important that there be an urgent assessment of the value of the surveys. Given this statement, will there be a comprehensive assessment of the fishery data, utilising all including industry data as recommended, and has this been budgeted for in 1994-95?

**The Hon. D.S. Baker:** As I said earlier, we are having a complete review of fisheries at present. David Hall has been taken off duties as Director Of Fisheries to review it all, and Gulf St Vincent is within that. I will ask Mr Lewis to comment on the research side.

**Mr Lewis:** We have noted the full comments, and many of them, in the Morgan report. We have given formal consideration to them and have provided formal advice as to the assessment of Dr Morgan's own analyses and comments. We agree, and have always agreed, that we should utilise as much of the data as is available. One of the difficulties with this industry is that it has been difficult to get some of this industry data, because it is not in a form that is very readily retrievable. I assure members that we will continue to try to get that data and include it in our analysis.

**The ACTING CHAIRMAN:** There being no further questions, I declare the examination completed. I lay before the Committee a draft report.

**Mr VENNING:** I move:

That the draft report be the report of this Committee.

Motion carried.

**The ACTING CHAIRMAN:** That completes the business of Estimates Committee B.

At 5.50 p.m. the Committee concluded.