

**HOUSE OF ASSEMBLY****Thursday 18 June 1998****ESTIMATES COMMITTEE B****Chairman:**

The Hon. G.M. Gunn

**Members:**

Ms L.R. Breuer  
 Mr R.L. Brokenshire  
 Mr J.D. Hill  
 Ms A.K. Hurley  
 Mrs E.M. Penfold  
 Mr I.H. Venning

*The Committee met at 11 a.m.*


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Department of Primary Industries and Resources,  
 \$102 050 000.

Minister for Primary Industries, Natural Resources and  
 Regional Development—Other Items, \$70 840 000.

**Witness:**

The Hon. R.G. Kerin, Minister for Primary Industries,  
 Natural Resources and Regional Development.

**Departmental Advisers:**

Mr D. Mutton, Chief Executive, Department of Primary  
 Industries and Resources.  
 Mr K. Freeman, Director, Corporate Services.  
 Mr R. Wickes, Director, Sustainable Resources.  
 Mr B. Windle, Director, Agricultural Industries.  
 Mr R. Lewis, Executive Director, SARDI.  
 Dr G. Morgan, Director, Fisheries.

**The CHAIRMAN:** I declare the proposed payments open  
 for examination, and I invite the Minister to make an opening  
 statement.

**The Hon. R.G. Kerin:** I am pleased to present the 1998  
 Estimates for the Department of Primary Industries and  
 Resources. As you know, Mr Chairman, we are a key  
 economic development agency within Government, focused  
 on delivering services which increase the prosperity of South  
 Australia and ensure sustainable development of the re-  
 sources base of the State for future generations. With the  
 merging of the former Primary Industries South Australia,  
 Mines and Energy South Australia, SARDI, the Office of  
 Energy Policy and the Rural Communities Office, we have  
 a great opportunity to plan for the future to ensure a very  
 high level of contribution to the wealth generation in South  
 Australia and the wellbeing of the community, particularly  
 within regional areas.

The department works with and delivers a wide range of  
 services to the agriculture, aquaculture, natural resources,  
 fisheries, minerals and petroleum research and development  
 energy sectors, as well as to regional communities and  
 Government throughout 58 locations around the State, with  
 a total agency staff of about 1 450.

The strategic planning process undertaken by PIRSA has  
 culminated in the strategic plan 1998-2000, which will  
 position the agency as a key driver of economic and sustain-  
 able development into the new millennium. We also acknow-  
 ledge the changing needs of business in the community,  
 which in the future must place competitive products in the  
 global marketplace.

The goal of developing sustainable competitive industries  
 can be met through the implementation of sound policy,  
 strategic alliances and a cooperative approach with the  
 industry and the community. For the department to achieve  
 its objectives over the next three years, it will need a commit-  
 ment from industry to work in partnership with Government.  
 The five industry development boards, which I have previ-  
 ously established, are now in full swing and are producing  
 new strategies for implementation. In addition to these  
 industry boards, I will shortly appoint the South Australian  
 Primary Industry Research and Development Board, and we  
 are considering the most appropriate way to engage all  
 components of the petroleum and mineral sectors in a similar  
 industry/Government partnership.

I recently announced a \$23 million program for a four year  
 targeted exploration initiative, which represents stage 2 of the  
 South Australian Exploration Initiative, which will specific-  
 ally target additional areas within the Gawler Craton and the  
 Musgrave block. PIRSA will principally acquire state of the  
 art information and develop the associated data management  
 systems for the use of industry. The initiative was designed  
 to stimulate the exploration sector.

The South Australian Government has collected high  
 quality geoscientific data over the prospective and under-  
 explored regions of the State, particularly the Gawler Craton  
 and Curnamona province.

Over the past five years, the enormous growth in mineral  
 exploration activity has been reflected in the expenditure by  
 private explorers, and has grown from \$17.2 million in 1991  
 to \$53 million for the calendar year 1997. On-shore petro-  
 leum company exploration expenditure shows a similar  
 picture, with outlays of \$38 million in 1993, increasing to  
 \$85 million in 1997.

It is in South Australia's economic interest to ensure that  
 mineral and petroleum exploration continues at high levels  
 in the State's prospective regions and, at the same time,  
 capitalise on the emerging interests by major companies in  
 the State. The initiative will be of enormous assistance to the  
 exploration industry and the State at a time when companies  
 are experiencing financial pressure related to the downturn  
 in global mineral commodity prices and confirms the  
 Government's continuing commitment to facilitating the  
 growth of the mining industry in South Australia.

In the mining industry, Olympic Dam is a shining example  
 of excellent regional growth. WMC's \$1.6 billion expansion  
 of Olympic Dam is approximately 70 per cent complete. The  
 expansion represents a further substantial investment  
 by WMC, bringing the company's total investment in South  
 Australia to over \$2.6 billion, and the company aims to spend  
 about 70 per cent of the expansion budget in South Australia.

As you will know from visiting Olympic Dam recently  
 with me, Mr Chairman, it is great to see the number of people  
 employed in the construction area both up there and at  
 Whyalla and Port Augusta, where much of the prefabrication  
 work is occurring, and the skills those people will pick up  
 will put us in good stead to bring other industries into those  
 areas.

The Liberal Government is putting considerable effort into moving the food industry forward into the next century. The Food for the Future strategy aims to increase the food industry's contribution to the South Australian economy from \$5 billion to \$15 billion by the year 2010. Already, we are seeing some marvellous achievements which are a direct result of trade delegations which have been led into Asia: lamb into Malaysia, cabbages into China, seafood into Japan and Singapore, wine into many of the growing markets throughout Asia, and a whole range of other horticulture products winning new markets and increasing share in existing markets. Products such as almonds, citrus, broccoli and other vegetables are certainly in demand.

I am therefore pleased to advise that horticulture exporters in South Australia have received a boost from the State budget as a result of the exporters payroll tax rebate scheme, and I welcome the support shown by the Treasurer for the food industry through that initiative.

PIRSA will continue with these initiatives, which require substantial interagency and cross-portfolio cooperation to achieve the best outcome for South Australia. This has been highlighted by the work on the State food plan and fibre and fabric plan, which are joint projects between the two economic development agencies, PIRSA and the Department of Industry and Trade, with important support from other departments. This support, shown by a range of agencies to the Premier's Food Council, is extremely pleasing. Much of the work in building those linkages is being coordinated by the Food Council's Issues Group, which is convened by the member for Mawson, and I thank him for his involvement and the enthusiasm which he brings to that job.

There are a number of initiatives which PIRSA is undertaking with other Government agencies and/or the private sector, including the drainage scheme for the Qualco/Sunlands district; an investigation into the feasibility of storing the surplus reclaimed water from the Bolivar sewage treatment works in a deep aquifer beneath the Northern Adelaide Plains; the assessment of the sustainability of ground water resources in the Clare viticulture region with new state-of-the-art techniques; and the piloting of six regional service centres to provide access to Government services for country people. These six regional offices will be established through the South Australian Rural Communities Office.

Our commitments to economic development are reflected in the financial statements which identify that the total appropriation for PIRSA in 1998-99 is \$102.05 million, and this represents an increase of \$15.942 million compared with the estimated result for 1997-98 of \$86.108 million. The State Government has an extensive program to protect South Australia's multi billion dollar agriculture industries against menacing locust plagues, and we are committed to a massive aerial spraying program. During 1997-98 we therefore spent an additional \$700 000 above the budget for locust control. That has been adjusted back to the normal funding base in 1998-99, but funding will be increased if the conditions warrant. Conditions in the Flinders Ranges and Mid North continue to be monitored for locusts and grasshoppers and time will tell what we need to do there.

The Riverland Rural Partnership Program and the Murray Mallee Strategy have received funding and we are now awaiting final approval from the Commonwealth. The budget includes the State's contribution to provide the first year costs of a package of innovative measures under the joint Commonwealth-State and Community Rural Partnership

Program. This package has been designed in consultation with primary producers and associated industries in the Riverland.

The proposed Riverland program titled, 'Partnership for the Future', is about the need to invest in a number of areas to ensure that the region adequately accesses the development and export opportunities now presented with substantial benefit to the State and national economies in a way that is consistent with long-term environmental improvement and sustainability.

We are also continuing to fund the successful Eyre Peninsula regional strategy which is now more than halfway through its time frame. The Minnipa Research Foundation is an example of how external funds have been attracted for research of high priority to South Australia, and I congratulate the people involved on Eyre Peninsula for their efforts.

Funding for a number of major investment capital projects include further development of research centres with an emphasis on livestock research activities at Struan, Flaxley and Roseworthy. We also have allocated funds for the Loxton irrigation district rehabilitation, but we are now waiting for the Commonwealth Government to commit to this scheme. The drainage component of the upper South-East dry land salinity and flood management plan will be constructed over six years. Works scheduled for 1998-99 include the finalisation of the upgrade of the Bakers Range watercourse between Tatiara and Ballater and commencement of the stage 2 outlet works at Salt Creek.

The growing importance of aquaculture to South Australia has been revealed in a major economic study into the industry. The farm gate value of aquaculture has more than doubled over the past three years and the industry has helped boost State employment, directly creating work for more than 600 people and an additional 900 jobs through flow-on business. It is helping to boost regional confidence by broadening the skills base and providing work that is less seasonal and higher paid than many traditional rural jobs.

The farmed seafood initiative will continue and is supporting and assisting the development of the emerging aquaculture industry in the State. The State has committed \$5.2 million for the five year project, which is expected to facilitate the growth of aquaculture to \$200 million in the next five years and provide a further 1 000 jobs, mainly in regional South Australia. The Liberal Government has a strong commitment to agriculture, seafood, mining and to rural South Australia. My portfolio certainly represents the State's key economic development agency: together the sectors provide about 70 per cent of the State's exports. We are often asked about jobs in regional areas and, while we can always improve, we are heartened by the latest ABS employment figures for many areas in South Australia.

We are seeing a range of initiatives, which has the Government working with industry in regional South Australia to create economic growth and new jobs. The first wave of South Australian programs funded under the National Heritage Trust are under way and indeed I was pleased that in the South Australian budget the Minister for Environment and Heritage announced an increase in the State's commitment to that important program. We are seeing many new projects under way in regional South Australia, which means new jobs. This is the community and Government working together to invest and provide jobs that will address major environmental protection and sustainable agriculture industries.

South Australian grain growers continue to generate income for the State with improved crop yields and the \$1 billion generated by this industry is responsible for thousands of jobs in regional South Australia. Just as the grain industry continues to be an important part of the State's economy, so too does the horticultural industry, which is now worth more than \$800 million. The development in key regional areas such as the Murray Mallee in the Upper South-East, on the Adelaide Plains, in the Riverland and on the Fleurieu Peninsula is leading to more people in these areas. For example, where a farm which traditionally had one or two workers in the Mallee with cropping, now under irrigated horticulture this land is giving jobs to 10, 20 or more people. This is happening with Government assistance. We are working with industry to identify suitable soil and water availability for irrigation and horticultural crops. We are mapping our country areas to identify potential areas suitable for horticulture, which in turn is increasing production and employment. There are many examples of Government and industry working together to create economic development for South Australia and jobs in regional areas.

**Ms HURLEY:** In his address the Minister said that primary industries account for 70 per cent of South Australia's exports, and primary industries are indeed the mainstay of the State's economy and that the support provided by Government through Primary Industries and Resources South Australia is essential to the continuing growth of these industries. It is therefore disappointing that this Estimates Committee has access to less information about the activities of the department and the 1998 budget generally than at any time since the introduction of these Committees almost 20 years ago.

Under the guise of accrual accounting the Olsen Government has chosen to provide expenditure for the new and enlarged department in aggregate only, omit almost all information relating to inputs to the department and omit the previous year's budgeted expenditure. The existence of SARDI and the activities of the former Department of Mines and Energy are scarcely recognised in the 1998 budget allocations. Both these institutions—SARDI and the Department of Mines and Energy—had their own entries and detailed program estimates in the previous budget. In place of the program of financial detail which has accompanied previous budgets and which is available in other States such as Victoria, which has adopted accrual accounting, the Olsen Government has given us a new bureaucratic jargon. In place of program titles that everyone can understand, such as rural finance and development, agricultural industries or fisheries policy development, we now have KRA1, KRA2 and KRA3—the 'key result areas'. In place of specific performance indicators we have a few vague and fairly trite statements about how PIRSA will measure its success, and these make a joke of Liberal Government promises at past elections to improve accountability in government operations. We can only hope that further development of accrual accountancy in the years to come will provide much greater information and that we will be able to see more out of the budget in the future. However, the fact that PIRSA is the lead agency for the Government management framework reforms does not inspire much confidence that things will improve, given the shape of its budget this year.

Finally, in place of financial information which is tied to specific administration within the department, we now have 'Output class 1, 2', etc. One is entitled to be cynical about this structure, when we note from the Outputs Operating

Statement that allocations to output classes are indicative and based on what are described as 'broad costing methodologies'. Again, we are warned in the fine print that appropriations were not developed on the basis of output classes for 1998-99 or 1997-98, and have also been allocated on a broad basis. You have to wonder then how much value this new budget format is, as distinct from accrual accounting, to the managers within the department, let alone the general public. For example, none of these budget format changes tell us anything about the activities or budget for SARDI or the minerals and energy section of the department. The Opposition believes that the Government must provide more meaningful information in future budget papers, including a greater number of and more tangible measures for Government performances.

The primary industries sector of the South Australian economy is currently in a period of great turmoil. National competition policy has turned or is about to turn many industries upside down, and I notice that the Minister skated over this aspect in his address. Some of the policy changes now being thrust upon rural industries by federal bureaucrats have much more to do with dogma than providing benefits to the Australian community. When applied with common-sense, national competition policy can deliver benefits to the Australian community. Misapplied, it can damage the national interest. How will the Australian community benefit, if rural interests compete against each other to force down the price at which we sell our commodities to overseas consumers, particularly when in many cases we are already competing with countries which have a single desk marketing structure?

Another great concern facing rural industries at this time is the fallout from the Asian financial crisis. Again, the Minister skated over this aspect. While talking about some of our increased exports to Asia, he did not mention that, while the falling Australian dollar will assist many industries to compete in world markets, we must also expect that the Asian crisis will dampen demand for some of our primary industries commodities. This is a time for courage and resilience not only on the part of primary producers—and they are qualities they have always shown—but also on the part of the Government, which has not necessarily shown those qualities. The Government must play its part in helping primary industries through this period. There will be new opportunities as well as the challenges we have already seen.

In the light of the Asian economic crisis I mentioned, has PIRSA carried out an industry by industry analysis of the impact of the economic downturn in Asia on South Australia's agricultural industries and, if so, will the Minister provide details of this breakdown?

**The Hon. R.G. Kerin:** I thank the Deputy Leader of the Opposition for her comments, many of which concerned the format of the budget and changes that have taken place. I will not comment in that regard, but she has inquired about the financial crisis in Asia and the impact that is having in this country. This is an important, valid and vital question: it goes to the basis of primary industries and where they are heading. It goes without saying that we are very reliant on exports and that, therefore, we need to be extremely export focused. Several primary industries contain some real growth opportunities to increase income for the State and, more importantly, put jobs back into regional areas and improve the health of many of our communities.

The impact of the position in Asia is something that we are monitoring very closely. Some pertinent comments could

probably be made in that regard. I will spend a bit more time on this question than on others because I think it is central to what we need to understand. The size of our domestic market is such that we are very reliant on growth in exports, particularly in areas such as horticulture, because if we do not export our horticultural products they lob on the market, the price goes down and growers go broke. It does not matter how much product they grow, the price of many of these commodities is sensitive to over-supply, so we must encourage export.

With regard to the Asian crisis, some key fundamentals need to be watched, because they tend to change on a daily basis. What is happening in Japan is important in the context of the whole of the Asian situation. Each Asian country is different. Some of those countries are performing quite well. It will be interesting to see whether China can ride it out, because China is important to our growth prospects.

Mining is part of our 70 per cent of exports. The mining industry is doing it much harder than the food industry as far as exports to Asia are concerned. Once you understand the Asian economy you note that the first industries that suffer are the construction industry and some of the big consumable industries. They are the first industries to cut out. That has very much of an effect on the minerals sector and, unfortunately, within the primary industry sector it has also impacted to the detriment of the wool market. So, the wool and mining industries in my portfolio are suffering badly from what is happening in Asia.

Food is a different commodity. Because of the Asian culture or way of life many of those other sectors will suffer badly before the food sector starts to feel the pinch. The depth of the crisis in Indonesia has caused our food exports to Indonesia to suffer badly. In many of the other countries that are badly affected, it is quite amazing that food and wine exports have not suffered badly. In fact, it appears that some opportunities have opened up. The department is much more involved in the marketing end of primary industries than it was a couple of years ago. I think that was absolutely necessary, because primary production needed the impetus to go to Asia and sell its products rather than rely on people coming here to buy. We have been able to do that.

The commitment of the Government to the South Australian Government offices in Asia and trade delegations is extremely important, and quite a deal of success has been achieved as a result. I give industry much of the credit for this. There is a bit of a mind-set growing within the primary industry community here that we cannot control the depth of the financial crisis in Asia. If we understand what is happening in Asia and work hard, we can capitalise on some of the opportunities that are opening up. Some countries are starting to turn a bit of a blind eye to Asia. We noted that when we took a delegation to Singapore and Malaysia about six weeks ago. It was obvious that the presence of South Africa, which had been very noticeable in that region, was almost non-existent at the food fair and in general around the region.

We found that some American promotions which had been programmed had been cancelled. We found that the Singapore and Malaysian people were very grateful for the fact that we were there with such a strong presence. Those opportunities at the moment might not translate into massive export dollars but what they can transform into in the short term is an increase in our market share of what we get in Asia. If we can increase our market share at times when the markets are quiet then, hopefully, when those economies recover, over how ever many years that may be, on those higher market

share figures we can actually increase our overall figures. I am quite confident that, if we do the right thing in Asia over the next couple of years, in five or seven years time when things have recovered we can sell more dollars worth of goods, particularly food, into Asia than if the crisis had not occurred. From the last delegation to Malaysia and Singapore there have been some absolutely fantastic results from the people who have put their hand in their pocket and who have gone over there and worked hard. There has been some reporting in the press in the past couple of weeks of some excellent results, and some from people who just went for a look and actually came back with orders.

Our Food Team, which basically runs across PIRSA and Industry and Trade, has a very good understanding. We are getting excellent feedback from our officers in Asia. The officers over there really have their finger on the pulse. That is being done extremely well. This is to industry's credit because, from what people have been hearing about Asia, it does take a bit of determination by industry to actually write out a cheque to pay to go on these delegations and to go over there and work hard. It is one thing we are getting right. While what is happening in Asia at the moment is not good for anyone, it is no good our crying about it. We need to use the opportunity to get in there and work hard and to turn what is not a good situation over there into an opportunity for us, and that is certainly the line that we are pursuing.

**Ms HURLEY:** If I could ask a follow-up question: most of what the Minister said appeared to be sort of anecdotal or a gut feel. Has there been any detailed investigation in economic terms by the department?

**The Hon. R.G. Kerin:** Yes, there has been. On each of the times I have been away briefing papers have been prepared, which give some breakdown not just of what trade is occurring but of what some of the opportunities are, and an indication of the differences between the various countries, which is very important. Too often we put Asia into one basket. Certainly, the department has been preparing for me, on an ongoing basis, profiles of what the opportunities are in each country and also in relation to the current economic situations in each of those countries, which is very important, because you can make some pretty big mistakes in these countries if you do not understand the dynamics that exist.

With that side of it we work very closely with the Office of Asian Business, which actually is the connection to those offices in Asia. I must say that some of the people that we have in those South Australian offices overseas are excellent operators, and they really do understand the local markets over there, and I think it is giving us not only a big advantage over the rest of the world in those regions but also a big advantage over the other Australian States. We have had a couple of interstate people who have connected up with us on delegations and the feedback we get from them is also excellent. Austrade is also an enormous help in many of these countries. I think one of the keys to this is that industry here is now well and truly willing to use those resources which are at the other end. For too long people have just gone into Asia without having anything prepared for them.

**Ms HURLEY:** I would now like to move on to some discussion of competition policy. I refer to Portfolio Statements, page 10.7. Key Result Area 2 states that it seeks to improve industry competitiveness by reviewing legislation, removing unnecessary impediments and identifying regulatory, logistic and infrastructure support required to improve efficiency. What legislation is scheduled for review under national competition policy guidelines in 1998-99 and is

PIRSA's national competition policy legislative review program on schedule for completion by the year 2000?

**The Hon. R.G. Kerin:** I will have to get that list. While for many Ministers there might only be a couple of Acts, we have in excess of 20 Acts which are up for review, which is quite a lengthy list. As far as being on schedule goes, basically we are on schedule but, because of some of the rigours of this and the fact that we really need to proceed with some caution with a lot of these reviews, there are a couple that you might find are a little behind what the initial schedule was, but I think that is for a very good reason. Barley is one of those, where we are going through a process of trying to make absolutely certain that we get it right and that we do not let, as the Deputy Leader referred to, senior Federal bureaucrats, I think was the terminology, run roughshod over elected governments. I think legislated governments ought to have a fair old say and not be dictated to in the manner that some senior Federal bureaucrats might think, in dictating to elected governments. That may cause slight delays in a couple of areas, but overall we are pretty much on line.

While there are 20-odd Acts that need to be reviewed in the next 12 months, some of those are lot more contentious than others, of course—obviously the barley and the dairy industry Acts. As you would know the poultry one has been quite slow, but slow for very good reasons, in that negotiations between the growers and industry have been continuing for quite a while. The ACCC has been involved in that as well, to try to make sure that we put something in place to protect the rights of those people. Of course, in the mining area there are also Acts which need to be reviewed; but I can give the Deputy Leader a list of those Acts rather than read them all out.

**Ms HURLEY:** Minister, what—

**The CHAIRMAN:** Order! The Deputy Leader has had three calls. If there are complaints I point out that yesterday a very large percentage more questions were put by the Opposition than by the Government. I propose to do the same thing today, in the interest of facilitating proceedings. If you want to be pedantic and jump up then I will go three, three. Yesterday we had three and a maximum of two, mostly one. If you want to go down that track we will use Standing Orders to that effect. I was very flexible yesterday.

**Ms HURLEY:** I thought I had asked the Minister a first question, then a follow-up and then my second question.

**The CHAIRMAN:** It is pedantic nonsense talking about supplementaries. If you ask three questions, we will then proceed on the Government side and then I will come back to you.

**Ms HURLEY:** If I can clarify the procedure: if I feel that the Minister has not answered or understood my question properly I am not allowed to follow that up?

**The CHAIRMAN:** The Chair will be most flexible and you will get a pretty good cut of the cake. If you want me to read the Standing Orders and apply them I am quite happy to do so. I have not been doing it to this stage, except when people have become pedantic. If you just let the thing flow you will get a good cut of the cake.

**Mr VENNING:** My question refers to the Budget Paper No. 4, Volume 2 page 10.10. I would have to agree with the comments of the Opposition Leader about lack of papers, but it is a new format, and no doubt we will have to get used to it. I refer to the status and implementation of the State's Food For The Future and the Fibre and Fabric Plan, as referred to in the paper. What is the status of the implementation of the

State's Food for the Future program, and what is the future of the fibre and fabric plans?

**The Hon. R.G. Kerin:** The Food for the Future program and the future of fibre and fabric plans are extremely important. If they are to achieve what we want, it is vital that there be industry ownership of these plans. So far, that has been encouraging. They are joint initiatives between PIRSA and the trade portfolios. The staff who are working on this really have taken a lot of ownership and are doing an excellent job. I am sure that they will become a model for the way that Government works together with industry to promote economic development within the States. We have an absolute framework to which we work.

The Premier's Food for the Future Council has been established, and its contribution to the food industry in the State has been recognised, along with its potential for growth to which I referred to before: from \$5 billion to the target of \$15 billion by 2010. The council consists of the Premier, the Deputy Premier, myself, the chief executives and senior officers of the Departments of Industry and Trade and Primary Industries, the chairs of the industry development boards, such people as Jim Kennedy, from Supermarket to Asia, many of our chief executives and, in some cases, proprietors of some of our major exporters. It has pulled together a lot of the major players in the food industry, mainly from South Australia but also with some interstate componentry, because it is vital that we work in coordination with what the rest of Australia is doing.

The acceptance rate from industry to join the food council was excellent. It shows in South Australia that those successful people are quite willing to share their knowledge and be mentors to get other people into entering the market. One thing I found—not just with the Premier's Food for the Future Council but also with the industry development boards—is that the rate of acceptance we get from the major players in industry to make a contribution to the food industry in this State has been excellent, and that is gratefully accepted.

The role of the council, which met for the second time on 5 June, is to identify any impediments as well as opportunities that will ensure the growth of the food industry. The energy with which the members of the Food Council are attacking that is terrific. It really has opened up an opportunity for Government and industry to work together, to really work out how we can do things better and how we can attain the growth quickly. It also brings together a lot of that understanding of what is happening in Asia, as the Deputy Leader referred to before as being important. We have a lot of the major players in that area drawn together in the same room, and that is all for the benefit of the industry.

**Ms HURLEY:** In a previous answer, the Minister mentioned that, in the review of the legislation under the national competition policy guidelines, there were delays for good reason. He said also that some areas are more contentious than others. Indeed, he mentioned the Barley Marketing Act review. How does the Minister intend to protect the needs of agricultural industries against the demands of the National Competition Council? In saying so, I mention the arm's length approach that was utilised during that Barley Marketing Act review, and there was a lot of industry dissatisfaction with the outcome of that approach.

In yesterday's Australian *Financial Review*, for example, the National Party Senate Leader, Senator Ron Boswell, said:

Chemists, newsagents and agricultural commodity boards should be totally exempt from national competition policy.

Further, he addressed commodity boards again, saying:

The Government should tell NCC's influential President Mr Graeme Samuel to keep away from the rural commodity boards. As far as the commodity boards are concerned they work, they actually make money, and they allow farmers to lock in when they can get high prices.

Given that sort of attitude, which I believe epitomises much of the industry dissatisfaction with the barley marketing review, I wonder whether the Minister will change the approach to that arm's length sort of review in protecting the needs of agricultural industries?

**The Hon. R.G. Kerin:** The Deputy Leader has raised some important issues. Senator Boswell's statements are a bit of a generalisation. Certainly, there are elements which warrant a fair bit of attention, but it is a fairly general statement. In a lot of the reviews of the marketing boards, I think you will find that industry in many cases will acknowledge the room for some change. Some change is acceptable to them and some is not.

It is quite interesting in relation to the barley review. While statements were made about industry's attitude to the barley review, industry's disenchantment is not so much the review but the report that came out; they do not agree with a lot of modelling done in the report or the conclusions that came out. They have had an opportunity to go through that report and they have put together some rebuttals of some of the things that were suggested.

*Ms Hurley interjecting:*

**The Hon. R.G. Kerin:** Well, there will be.

**Ms HURLEY:** On the review panel?

**The Hon. R.G. Kerin:** No, the report was done by consultants. With stage 2 of the review it has always been our intention to have industry representation on the panel. Stage 1 is a report to a review committee which has industry representation on it.

The President of the National Competition Council, Mr Samuel, might not totally agree that that is the way of going, but that has been my approach. We are working with the Victorians as to where we actually go from here, and agreeing on terms of reference has been the difficulty. There are some areas which I do not feel are all that negotiable, and that is why there has been a hold-up with that. I think it is absolutely vital that we do not base deregulation on the views of a consultant, and that is certainly the reason why we want to ensure that stage 2 of this review comes about. Mr Samuel may feel that once we have a report we should just act on that report. I do not think that is fair on industry and that is why we have taken the tack that we have taken.

There have been some positives as a result of the review of the Barley Marketing Act. The Barley Board, with virtually total industry support, is looking at its structure and how it can become an organisation which can survive well and truly into the future. Some of the regulation concerning barley was not being used, and it has brought about the removal of that legislation which was sitting there and which was being dealt with through a permit system. That has been a tidy up from it.

There is still a distance to go with the barley marketing review and we will continue to head down that line. At the moment, we are not totally in agreement with the NCC about where it should go but we are working towards a resolution.

**Mrs PENFOLD:** My question relates to the wool industry's development board. I notice strategy 1.2, page 10.10 of Budget Paper 4, Volume 2, refers to the food and fabric plan. Will the Minister advise what the industry

development board for wool is doing to improve the long-term profitability of the wool industry?

**The Hon. R.G. Kerin:** The Industry Development Board-Wool has commenced an initiative to foster the development of alliances between wool producers and through early-stage wool producers to look at another way to maximise value back to the grower. It is designed ultimately to improve the efficiency of wool marketing, the quality of the wool process and the profitability of the industry. It really is about trying to get better returns by the processor knowing what he is actually buying, rather than the big lot system which it has been. Many growers felt that there was no point going down the line of quality assurance because there was no reward when the wool was going in with so many other bales of wool in a big shed. It provides an opportunity for a linkage to occur between the grower and the end processor. As a result of the processor having more control over the wool he receives, he is able to reward the growers and, as I said, increase the returns to them.

It has been an interesting situation with the Industry Development Board-Wool. The wool industry has been in constant turmoil for many years. One of the problems it has had is that when you get a group of wool growers on a board, because of the depth of some problems, they tend to focus backwards rather than look ahead. The Industry Development Board has brought together a couple of growers with people further down the chain, even to the extent of having people from the fashion industry being there. People outside the industry see things in a different way, and I think it is starting to give some good alternatives to South Australian wool growers on how they can increase their income.

**Ms HURLEY:** Referring to competition payments, during the recent Dairy Industry Association conference in Adelaide it was stated that competition payments to New South Wales, which were related to dairy industry reform, were in excess of \$100 million. Will the Minister say what the estimated competition payments from the Commonwealth to South Australia are in relation to each of South Australia's rural industries, such as barley, which are subject to national competition policy review over the next two years?

**The Hon. R.G. Kerin:** No, except to say that they are a magnitude less than New South Wales because of the size of the two States. We are talking in the vicinity of tens of million dollars in penalties if, in fact, we are found to be tardy or to have gone against the competition policy, which has had bipartisan support in the past going back to Paul Keating and others.

The dairy industry is looking at competition policy with enormous concern. The comments made at the time of the dairy conference really followed the New South Wales Government taking a bit of a line. It got the review and I think it looked at it and, out of a combination of thinking, 'This all looks too hard; this will be difficult for industry and this will be hard to sell,' it has rejected virtually all the findings that the reviewers put to them.

I am not sure that is the best way of doing it, and New South Wales at the end of the day will pay the penalty if it cannot achieve it. My reading of the New South Wales dairy situation is that it is a very regulated industry and there may have been opportunities in New South Wales to get some improvements. What worries me with the press release—and I base my comment only on the press release—is that it basically states, 'No, we will not deregulate for all these reasons,' and it then talks about some of the political factors of the past. However, there is an important qualification in the

press release which states, 'We will not be deregulating unless threatened with competition payment penalties.' That left the door open. If the NCC says, 'We will fine you \$100 million if you do not deregulate,' they have left the way open to do that. I am not sure that that response is helpful in trying to remodel the way that competition policy affects our marketing boards, but time will tell. We are not that far off entering the review of the dairy legislation ourselves, but we have not got the extent of dairy regulation in South Australia that they have in New South Wales, so hopefully the findings here may mean we can go ahead.

**Mr BROKENSHIRE:** I refer to comments on page 10.15 regarding the term of appointment of the current phylloxera and grape industry board, the membership of which expires on 31 August. It is an issue of great interest to my own electorate and it is seen as a strength in the wine industry that we are phylloxera free but it is also seen as a potential threat to the industry. My constituents are keen to hear the Minister's comments on what action he will take to ensure continuity of the board.

**The Hon. R.G. Kerin:** As the honourable member knows from constituents in his area, the phylloxera and grape industry board is seen as vital by the industry. Phylloxera is the one thing that could set back the industry from the current fantastic path down which it has been going. The board consists of a chief inspector, a member nominated by myself with expertise in viticultural research and up to seven members nominated by a selection committee. The three year term of the members expires on 31 August. The Act sets out the appointment process and, among other things, requires the selection committee to nominate up to seven persons for appointment to the board. We need a new selection board as the term of the current board has just expired.

Under the Act I invite organisations or bodies that have significant involvement in either grape growing or wine making, which includes the Farmers Federation and the South Australian Wine and Brandy Industry Association, to put forward 10 nominations for the selection committee and to choose five from that. Nominations have been sought from SAFF, the Wine and Brandy Industry Association, the Viticulture Council of the South-East, Women in Horticulture and the CCW Cooperative in the Riverland. Once nominations have been submitted and the selection committee appointed, applications will be sought from persons who wish to be considered for the board. I am confident the appointment process will be concluded by 31 August, so the board will have continuity. I have no doubt that they will be closely watched appointments as it is a very emotional topic for many people in the industry.

**Ms HURLEY:** In relation to the New South Wales approach to the dairy industry review, the Minister found that it was questionable because they gave themselves an out at the end that, if the competition payments were under threat, they would review the position. Might that not be a very effective approach because the NCC will make that determination? It will be a political decision of the Federal Government whether those payments will be refused so, rather than leaving it to the bureaucrats, we put the Federal Government on the line to say, 'No, you cannot have those competition payments,' and that is a different ball game.

**The Hon. R.G. Kerin:** I do not think the New South Wales response to it is the type of response we need to go ahead with this. I was quite disappointed. On the surface a lot of the dairy industry might have been happy with that type of response, but it was a predictable political response that gave

credence to the fact that, if the Competition Council is going to bang us, then we will have to do what they tell us to do. A slightly different approach would have been better. As far as competition policy goes, there needs to be some modification of the powers of the NCC.

Those of us involved in these reviews see that, but whether you can break down the whole system and go back and say that we do not want competition policy after everyone—the States or political Parties—have signed off on it is debatable. It is not so much about revisiting the principles of it but it is about the methodology of reviews and who is the umpire. I have a personal feeling that we have created one hell of a powerful bureaucracy that seems to have the whip hand in penalising States to an enormous extent. With barley, for instance, there are valid arguments that have to be sorted out on what should happen. I would hate to see those arguments short cut by a senior Federal bureaucrat who feels that, while we have the report, we should make decisions consistent with that report when in fact there is evidence to show that some of what is in the report is flawed.

The Deputy Leader and I probably agree on some of these points, but it is about the methodology used and not about going back and canning the principle as we are too far down the track for that. At the end of the day, if competition policy is implemented properly, the gains for Australian industry overall are enormous. We need to continue down that track. Senator Boswell's reaction is probably a little too much of a knee-jerk reaction to other events that have occurred over the past couple of weeks. We need to have a more pragmatic approach to where we go rather than just be reactionary to all the little things that happen around the place. That was lacking a little in the New South Wales Government's response to what was put to it about dairy review. A better approach might have been a bit more pragmatism and a decent look at whether or not there could have been improvements in the dairy industry regulation in New South Wales, rather than what seemed to be a reaction of 'Hell, this is tough; this is too hard' and walking away from the whole thing, would have been better.

**Ms HURLEY:** I think the New South Wales approach was very pragmatic and worth having another look at. The Minister again mentioned reviews and flaws in reviews. I refer to the make-up of those reviews and ask whether the Minister intends to continue outsourcing South Australian industry reviews to interstate consultants.

**The Hon. R.G. Kerin:** It is a real mixture. Some of those reviews can be done internally. There is a set of guidelines on how you can conduct reviews. Some can be done internally. If they are to go out to a consultant the importance of these reviews is such that we look at whether there is a better consultant interstate, as these are specialised areas. Some reviews need skills beyond what is within Government and a lot do not. We need the best consultants to do those reviews. Out of the 20-odd a range of approaches will be taken. Some are quite easy, but there are 10 or 12 there that will require a lot of work. A couple of reviews in the mining industry are quite complex.

The other point is that with several of these Acts we need an approach consistent with Victoria on some and with Victoria and New South Wales on others, otherwise we will create other risks for industry if there is not uniformity. Perhaps the examples are of some industries which are placed along the River Murray where the border is really just a line on the map, and there needs to be consistency between what we do in South Australia and what happens in New South

Wales and Victoria. So some of them need to be joint reviews with the other States. We are assessing the reviews individually as well as the correct approach to take.

**Mrs PENFOLD:** My question relates to the apple industry's fire blight threat. I refer to Strategy 4.1 on page 10.15 of Budget Paper 4, Volume 2. What outcome has there been for South Australia's apple and pear industry after the fire blight emergency that was so much in the news during the past year, and was it determined whether or not South Australia had fire blight in its orchards?

**The Hon. R.G. Kerin:** I thank the honourable member for the question about what was a very important issue at the time. It excited more media attention than Primary Industries normally enjoys. I think 'fire blight' might have had some football connotations as a headline to sell papers. One thing that came out of it was that when the Government and industry work together we can perhaps achieve a lot better than when we work in isolation to each other. I think the response of the apple and pear industry was fantastic. It is a very professional body.

I acknowledge that we received considerable help from the media in the handling of the issue as it was able to distinguish it as a plant health issue rather than as a food safety issue. That did not happen interstate, but here in South Australia the journalists were excellent. It was put to the media that it was a plant health issue rather than a food safety issue and it did run it in that way, and that meant that we did not have the dip in consumption here that was experienced elsewhere.

Fire blight was initially suspected in the Melbourne Botanic Gardens in May 1997, and that was closely followed by a suspicion of symptoms on several plants in the Adelaide Botanic Gardens also in May. Members may remember that our friends from New Zealand helped out with the identification of it. Primary Industries and Resources staff were mobilised to undertake a survey of the State's 2 500 hectares of apple and pear orchards, a task that was accomplished by some 120 people in 10 days. Those people put their shoulder to the wheel; it was fantastic to see the effort that they put in.

In addition, surveys of Adelaide's parklands, home gardens and roadside vegetation were undertaken because fire blight does affect a range of hosts. The all-clear on these areas enabled the trade in apple and pear fruits to resume in both the Sydney and Brisbane markets, this trade having stopped following the initial scare in Adelaide. As I said before, the industry worked closely with PIRSA during the program to ensure that it could be completed efficiently and effectively.

A subsequent spring survey of the industry and ornamental hosts for fire blight in late 1997 as part of a national spring survey confirmed the findings of the initial survey that we are all-clear. No evidence of fire blight symptoms can be found in the State's apple and pear orchards. Movements of apples and pears to interstate markets from the State's packing sheds has recently returned to normal following the lifting of the remaining restrictions on fruit from commercial orchards in South Australia. However, there is still some mystery over the initial findings.

**Mr BROKENSHIRE:** I refer to page 10.16 of the statements. I congratulate you, Minister, and your department for what I think has been an excellent commitment to an important industry. In particular I want to congratulate SARDI. I think you know that I am a strong believer in the work that SARDI is doing and often I do not think it gets the accolades it should for the contribution it is making to the growth of the economy in this State. I refer to the wine

industry in my electorate. Strategy 5.2 states, 'Reform and establish research and development priorities that concentrate on those areas that will benefit industry in South Australia.' I would like to know how SARDI is contributing to what we need to see as the sustainable development of South Australia's rapidly growing wine industry?

**The Hon. R.G. Kerin:** Like several other members in the room the honourable member shares a great interest in this industry. The Southern Vales area in his electorate has taken off enormously. I recently attended the 'Sea and Vines' event and it is great to see the prosperity that is occurring in that area. As he said, SARDI has a team of experienced scientists to carry out research and do a variety of evaluations which include the sustainable use of soil and water, which is absolutely vital; integrated pest and disease control; and systems for the production of high quality wine grapes. SARDI has established collaborative programs with the University of Adelaide, with its Department of Horticulture, Viticulture and Oenology, and with the CSIRO Division of Plant Industry at the Waite Research Precinct.

The Centre for Horticultural Crop Improvement provides to industry the latest in biotechnology combined with conventional breeding and evaluation methods to develop new highly productive grape varieties. An application has been submitted to the Australian Research Council to develop a key centre for horticultural crop improvement which will further strengthen the capability for developing improved grape varieties at the Plant Research Centre.

Some of the outcomes of SARDI's R&D programs include the staging of the inaugural South Australian Viticultural Technical Conference 'Staying Ahead' at the Plant Research Centre which over 150 industry technical officers and consultants attended. This really does help with getting the messages out to growers a lot more quickly. Another is contributing to the integrated pest management research to practical programs, which aims to maximise pest and disease control and minimise pesticide residues in wine. There is the development of irrigation strategies which reduce water use and improve the quality of red grapes intended for production of the premium quality wines we know that we can grow.

SARDI also has a key role in research programs coordinated by the Cooperative Research Centre for Viticulture based at the Plant Research Centre and has provided leadership for the soil and water program. SARDI is supporting the Viticulture 2000 initiative for a CRC bid and has submitted 16 preliminary projects addressing the four priority programs of biotechnology, education, sustainable production and grape quality specification identified by industry as a high priority for R&D.

**Ms HURLEY:** I refer to the statements at page 10.17, Objective 6. Pork producers are currently extremely unhappy with the Federal Government's decision to allow subsidised imports of Canadian and Danish pork into Australia. This has caused severe financial hardship for South Australian pork producers who are now selling pigs at a loss. What approach has the Minister made to his Federal counterpart concerning the disastrous situation facing pig growers in South Australia? In particular, what action has the Minister sought from the Federal Government concerning, first, the importation of Canadian pork; secondly, the correct and clear labelling of Australian grown pork; and, thirdly, additional assistance to the industry?

**The Hon. R.G. Kerin:** There is no doubt that this is a very important topic and that pork producers are doing it hard at the moment. Certainly during the past six or eight weeks



we have been in constant touch. We have met with the Pork Council representatives on several occasions and have constantly been in touch with SAFF. People from within the department and my office are working with SAFF and the industry representatives on where they go from here. There have been some simplistic solutions put up for this. The problems within the pork industry at the moment are rather complex—a lot more complex than some people have put forward. There are some very short term problems as far as cash flow goes, and some medium and long term problems as far as how the industry improves into the future.

There is a whole range of issues: importation is one issue; labelling is another issue in itself; and there is also the issue of how people survive to take part in the industry in the future. One thing which may have gone a little wrong and which might be a management problem—and we discussed this when the current course was taken—is the debate that has been raging about one of the risks run by pork producers. They have had a bit of a belting in the financial press over the fact that a decision was made about the debate being so concentrated on the trade issue. That has been the issue that has excited the newspapers, that is, whether or not tariffs or import restrictions should be imposed on pork. As far as GATT goes, the Federal Government is facing enormous difficulties in attacking this problem. There have also been some misunderstandings over the significance of imports in this whole argument. There is no doubt that imports have had an effect, but whether the effect has been as great as has been put forward in the past few months is somewhat debatable. The level of imports has actually dropped over the past six or seven months from where it was in, say, November last year.

We should acknowledge that we must sort out an important area where the pork industry is missing out badly at the moment, although few people realise it. I am told by the Pork Council that the industry's total export works capacity is being utilised. So, given that everything the industry can produce for export is being exported, if its export works capability was to increase, surely part of the solution is to get those works sorted out. That is one of the areas that the Federal Government has picked up.

The Deputy Leader asked about three specific issues, which I will now address. One is the basic question about what we have done with my Federal counterpart. We have been in constant touch. We contacted not only the Federal Minister for Primary Industries, John Anderson, but also the other States, and we found that the South Australian industry was lobbying a lot harder than they were. We were well and truly the first to make contact federally and, when we contacted some of my interstate colleagues, we found that they were not getting the same level of lobbying or pressure from their local industries. I think they are, now; the people in our industry may have had their finger on the pulse a little more. We have taken up a range of issues with John Anderson.

On the matter of the importation of Canadian pork, I understand GATT well enough to know that tariffs are an absolute no-no and would do enormous damage to virtually every other export industry we have. We are far too reliant on exports to take that track. However, on the subject of the importation of Canadian pork I asked them to look at what level of imports the GATT legal measures would allow. I think that timing might be a bit of a problem with this, but through the Productivity Commission they have now hinted that they will look at that.

Correct labelling has been a major issue for a long time. Virtually for as long as I have been Minister approaches have been made over getting the labelling laws sorted out. There have been problems in the parliamentary process in Canberra. They are virtually in place now, but for a lot of people in the pork industry that is too late. People in the pork industry might say in hindsight that they could have done more over the past couple of years to differentiate their product on the shelf from overseas product through labelling and marketing. Too often we underestimate the loyalty felt among Australian consumers. Certainly labelling laws are part of that issue, because people have tended to lose trust distinguishing between Australian made products from those that are just processed in Australia. Perhaps marketing could have got them around that problem, but we have constantly talked to the Federal Government about that.

With regard to assistance, I applaud the package offered by the Federal Government as far as medium and long term solutions are concerned. South Australia in particular needs those export works, because we are at the tail end of the Eastern States. Without an export works, the fact that we rely on domestic trade means that if there is a glut in the Eastern States we miss out badly. So, we get the rough end of any excess of pork in the Eastern States.

The financial assistance that has been given to people for them to upgrade to export can be very useful for South Australia, and we are working with the industry at the moment to ensure that South Australia gets its fair share of those funds. Some projects can be put forward, and we are making sure that we get that assistance separated off from the more emotional arguments to ensure that we have our go.

As far as other assistance goes, we helped SAFF put together an exceptional circumstances claim for South Australia. The Federal Government has rejected the Pork Council's exceptional circumstances application, which is a national application, so perhaps that does not help the SAFF claim. We have worked with SAFF on putting that together, and we continue to encourage the Federal Government to look at what has been put forward. Because South Australia is in a different situation, there may be components in our exceptional circumstances application with which it may be able to help us. The long term goal is a vibrant pork export industry, and the immediate risk is of losing too much of the critical mass as people find it very difficult in the short term.

**Ms HURLEY:** In his answer the Minister concentrated on export markets, and I suppose everyone has to accept that that will be an important aspect of the pig market. However, in fact, the pork producers rejected the financial assistance package offered by the Government because it was directed at export market development and is of no benefit to pig producers. Has the Minister been listening to that point of view, and has he rejected it?

**The Hon. R.G. Kerin:** That is not the message which is coming through. I do not think anyone in the pig industry does not realise that, in the medium and long term, the solution really does lie with two things. One is better marketing here, given that we are seeing a drop in domestic consumption, which will obviously be a problem for any industry. But the big opportunities for the pig industry are in export. The argument would be, 'That is a medium and long term solution to this; we need some solutions to get us through the short term.' In recognition of that we have been working with the industry on this exceptional circumstances claim to the Federal Government, and that is more of a short term measure. Even the labelling laws are not a short term

solution for the industry, either: that is a marginal measure which we hope will build consumers' confidence that they are actually getting what they think they are picking up off the shelf.

We are listening closely. We are meeting and are in regular contact with those people. People in the industry have varying views. The other night I was at a meeting where one of the growers got up and said that all the pig industry was asking for was better labelling laws. Sure, they been asking for that for quite a while, but that is not all the pig industry is asking for at the moment. A central message is coming from the Pork Council and the pig section of SAFF here in South Australia, and we are listening to that very closely but, out in the field, various growers feel that there are different solutions to the problem. Some pig producers to whom I have spoken do not think the imports are a problem at all: they see the problem as being elsewhere. The problem is complex; it involves imports, labelling and the drop in domestic consumption. To some extent, the problem is also probably to do with market power in an overall sense. They are not saying that export is not the long-term solution, but it is a big part of the long-term solution. It is a very complex problem.

**Mr VENNING:** My question relates to the food and fibre awards. I refer to strategies 1.1 and 1.2 on page 10.10 of Budget Paper 4, Volume 2. What are some of the projects that are under way as a result of the State food plan, and what has the Premier's Food Advisory Council identified as the issues?

**The Hon. R.G. Kerin:** The State food plan has identified many issues. It has given us the structure and the level on which we need to work towards the future. As the honourable member would realise with his background, it is about a whole range of issues from research and development to production and marketing (domestic or export). In order to achieve results, we need to create a partnership with industry. In the past, Government and industry have not worked closely together. Government has made decisions on what it wants to do with the industry without listening hard enough. That matter is being well and truly addressed, and Industry Development Boards are playing an important role in that regard.

In a micro-sense, one of the things that has always worked, whether it be at football club level or within any organisation, has been rewarding effort and giving recognition to those who excel. That has been missing from this industry for quite a while. Members are aware that over the past couple of years the Farmers Federation and other bodies have introduced awards such as 'The Farmer of the Year' and 'The Rural Woman of the Year'. I applaud these types of incentives as they focus the attention of people and give recognition to those who do well.

The Premier's food and fibre awards will be launched by the Premier on 1 July. They are an integral part of the food plan. They are designed to encourage best practice and innovation in a 'paddock to plate' approach across the food and fabric industries. These awards will recognise achievement in the meat, seafoods, field crops, horticulture, dairy and wool sectors of our primary industries. The fabric plan adopts a similar approach to the food plan. It aims to double the value of the fibre and fabric industry from \$500 million to \$1 billion by the year 2010. The Industry Development Board (Wool) has provided strong support for the plan and will be actively involved in implementing these strategies.

The key message of this plan is the need to target higher value products and new markets for South Australian wool and other natural fibres (such as, tanned hides and sheepskins,

ostrich leather and other products) that are not doing as well as they should. One thing that has been identified as a key opportunity is the possibility of repositioning South Australian wool in the interior textiles market. Over time, we seem to have become hung up on using wool for clothing. The recent delegation to Kuala Lumpur was able to see at first hand that South Australian woollen fabrics had been used to cover a couple of hundred chairs in the world's highest building, the Petronas Towers. The Adelaide company, Team Textiles, which won that high profile contract, has also won several interstate contracts giving that company the attention it deserves.

In line with the Government's commitment to the fibre industry, the Department of Primary Industries and Resources will use Australian wool for office fitouts in the future. That is an acknowledgment of the fact that through the textile market we can increase returns to our growers for the type of wool that we produce. In summary, the Government is fully committed to the successful implementation of its food and fabric plans. I am encouraged by the positive response that we have received from all areas of the industry—growers and value adding parts of the industry, particularly exporters—that are getting behind these plans.

**Mr VENNING:** I refer to Portfolio Statements Budget Paper 4, Volume 2 (page 10.8)—'KRA3: Accelerating industry growth for wealth generation'. My question relates to grain production, which is another favourite subject of mine and yours, Mr Chairman. Grain farmers in our electorates frequently tell us of their improved crop yields and increased grain production. Upon questioning them, I find that, as we know, the introduction of new technology has been crucial to their success. I am also aware that PIRSA's Right Rotations programs are very effective vehicles for getting farmers to adopt new technology. The transfer of information to growers in the past has been a barrier to their reaching and maintaining their full potential. Will the Minister comment on these successes?

**The Hon. R.G. Kerin:** New technology has helped the grain industry closely. Once again, it comes back to creating a partnership. SARDI has done its job, but the grain industry has been prepared to pay levies and have lots of research funded. More importantly, the grain industry is one rural industry that has not seen change and opportunity as a threat but has adapted to the changes that have taken place. Over the past decade, our cereal, pulse and oilseed producers have increased their production from 3.6 million tonnes per annum (valued at \$600 million) to 5.5 million tonnes per annum (valued close to \$1 billion). That degree of increase in productivity in any industry will stand it in good stead.

The area sown has risen slightly from 2.8 million hectares to upwards of 3 million hectares. The principal reason for this increase has been greater efficiency and the willingness of farmers to do that. The ability of farmers to understand the factors limiting crop yields and to introduce the technology to overcome these yield limiting factors has been significantly enhanced by a range of PIRSA programs including Topcrop, Canola Check and Right Rotations. These programs, which have brought farmers together so that they can share their experience, have been absolutely vital. The Right Rotations program, which has been delivered through the Agricultural Bureau movement and facilitated by our agronomists and field crop development officers, has been extremely successful.

Following on from its successful 1997 seed rates and time of sowing workshops, which reached 1 000 farmers, last

winter Right Rotations addressed the critical production issues of rotation planning and rotation gross margins. Across the State, 950 farmers participated at 60 workshops. This year, the 1998 spring workshops will feature improving soil health with emphasis being placed on soils management and agronomic principles used to analyse soil health and to determine management strategies best suited to South Australian soils.

The honourable member would know from his time as a farmer and as a member of this place that the willingness of farmers to attend seminars and field days has increased enormously. Even though we may have fewer people out there, it seems that many more seminars and field days are happening than ever before—and they are being better attended than ever before. The attendance rate of farmers has been fantastic, and that is a large part of the reason they have been able to achieve these productivity increases.

**Mr VENNING:** Many people such as Reg French, Albert Rovira, Gill Hollanby, Andrew Barr, and others have done a lot of successful work in the past, as you would be aware, Mr Chairman. Part of the Right Rotations business has been that we have now included in the third year a very successful legume, and those who been able to grow beans have been doing the best. There has been a problem with beans, but we do have a new bean, the Nardu. Minister, do you know much about that? Is there much research going into that?

**The Hon. R.G. Kerin:** Are you talking specifically? Rotations are continuous—

**Mr VENNING:** To maintain that rotation. I thought you would know that one off the back of your hand, Minister.

**The Hon. R.G. Kerin:** I am not as in touch with the actual varieties as I might have been in the past. But, yes, there is continuing work. You mentioned some people there, some who are still in the game, some who have made terrific contributions and then have moved on. I am sure that Andrew Barr would be thrilled to have been named with those other gentlemen, who are generations ahead. There is some fantastic work out there. Certainly the rotational side of it is absolutely vital. It is not just the bean work. It is vital that we have the crops available to fit these rotations. That is where industry has done a terrific job. You have probably heard me say before that I think the biggest improvement that we have actually had in the research and development area has been the willingness of these people to work together and to abolish those barriers between the various Commonwealth, State and industry organisations that were there before. They have been able to work closely together and have been able to work closely with industry as well. That has been a major factor in being able to deliver the results.

**Ms HURLEY:** I refer to Portfolio Statements, page 10.7, Key Result Area 2. The Minister will be aware that the Gepps Cross sheep yards are due to trade for the last time at the end of this month. Last year Livestock Markets Limited sought a public float to raise funds to build new saleyards at Dublin. When this failed an Adelaide businessman, Mr Alex Karytinis, offered to take over the venture. Three months ago LML announced a private investor would fund the project. Nothing has happened yet. Is the Minister concerned that the lack of suitable saleyards will adversely affect South Australia's livestock industries and, if not, why not?

**The Hon. R.G. Kerin:** It has been of concern for quite a while, and there has been a measure of frustration throughout the negotiations which have occurred in relation to the livestock markets. As to the current situation, as was addressed by the Deputy Leader, about three months ago the

Karytinis family stepped aside because of Livestock Markets Limited having an investor. They stepped aside because there was no point in having two people trying to do the one thing. Livestock Markets at that stage announced that it had an investor and that the announcement could be made very quickly. That has not actually occurred to date. We are in reasonably constant touch. There have been some problems which I cannot go into here, and I do not know absolutely all the finer detail of it. Once again, the latest assurances that we have had is that it is very close to actually happening. That only addresses the longer term thing of getting the saleyards up and going at Dublin.

There is no doubt that the Karytinis family previously came to the rescue when the livestock markets float fell over. We were able to put Mr Karytinis and LML together and, while initially it looked as though they would come to some accommodation with each other about the transfer of the project, that did not happen. That is commercial between those two parties, and I will not go into that; but obviously that fell over. Livestock Markets Limited then found another investor who resurrected their project, but that has been held up in the financing stage. I am not aware of all the detail of that, although we have been assured many times that it is not far from actually happening.

The stock agents have kept in touch, and there are contingency plans that, if in fact Gepps Cross is not operational, and there are problems with Gepps Cross, it is possible that the markets will be able to continue there. The sheep markets will not be on their current site but management of Agpro at Gepps Cross has been keen to run the sheep markets on the cattle site there. He is talking to the stock agents, and the last I heard is that the stock agents have contingency plans that, if that is not the case, they will be able to run markets, anyway. It has been a long and difficult issue but there are contingency plans for the next few months, because obviously there will now be a gap between 30 June and the new saleyards. That has been obvious for a while now and certainly the agents have assured us that there are contingency plans.

**Ms HURLEY:** You mentioned Agpro but I understand that those cattle yards are not really suitable for handling sheep, so that is very much a stopgap measure, if at all. You spoke of other contingency plans apart from that. Does that revolve around the Gepps Cross saleyards or other saleyards, and for how long will that contingency be able to last?

**The Hon. R.G. Kerin:** I will defer to the Deputy Leader's jillaroo skills as far as determining whether the Gepps Cross yards are suitable. As far as contingency plans go, one of the possible contingencies was put to me that if that was put in place it would take the pressure off how long it would actually be. Industry has accepted the responsibility for the contingency of finding another way of keeping markets going in the short term. As far as the suitability of Gepps Cross is concerned, once again, while I will defer to your skills as a jillaroo, I think that is better judged by industry than by me. I know that there are certain views there and there have been talks between them and Agpro as to the minimum requirements of changes that would need to be made. That is a negotiation between those two parties.

**Ms HURLEY:** On the Agpro contingency, you say they are having talks with the industry; would that entail permanent change to Agpro's stockyards or are you talking about just a stopgap measure?

**The Hon. R.G. Kerin:** That is really up to Agpro. Agpro has purchased some new yards from elsewhere. The reason

why I cannot give you a straight answer on that is that Agpro has floated both possibilities. It has purchased equipment, but while it may be able to put a solution in place there I do not really see that it can be a long-term solution. If the LML proposal were to fall over, Mr Karytinis has not written off the possibility of returning to the fray if need be. The long-term solution is probably not at Gepps Cross; but that is a function of what Agpro would be prepared to do at Gepps Cross. There are several issues there. One of the issues is yards that are good enough for industry to market their stock, but there are also some environmental and planning factors which come into play at the Gepps Cross site. The solutions to some of those problems are probably quite expensive. That probably limits the ability of the Gepps Cross site being a long-term solution to the saleyard problem.

**Mrs PENFOLD:** I refer to Budget Paper 4, Vol. 2 (page 10.8). What range of products are available on the electronic services, and what plans are being made for new services?

**The Hon. R.G. Kerin:** The Primeware range of CDROM and computer disk software products available from PIRSA is rapidly growing in popularity as more farmers not only pick up on how to use a computer but really are becoming aware of the benefits that can be gained by understanding them. The range that we have include a wheat identification guide, which provides information on wheat identification (and the member for Schubert would know how important that is) and cereal diseases (what we call the 'Ute Guide'), which provides information on a wide range of diseases. Of course, the identification of weeds and diseases is absolutely vital so that farmers can deal with those problems.

The range also includes Weed Watch, which is a herbicide database for weed control in cereal, pulse and oil seed crops to assist with decision making; Crop Calc, which is a spreadsheet for crop gross margin analysis, and Stock Yard, which is a spreadsheet for livestock gross margins; Take Away, which is a lease/cost rationalisation for sheep and cattle; and Prime Notes, which are basically a collection of around 1 000 fact sheets on the CDROM.

PIRSA has produced information management kits for the Right Rotations program and Bizcheck manuals for the Top Crop program, which were used by an estimated 1 000 farmers across South Australia involved in monitoring farm financial performance indicators. The 'Ute Guide' series is extremely popular, with sales of 1150 CD ROMs and diskettes, and 14 000 Ute Guides in book form in the past two years, which is incredible penetration. New multimedia products being produced include a national canola information CD, and that will provide the industry with the complete reference covering growing of the crop, marketing and processing.

**Ms HURLEY:** I refer to Estimates Statements (page 194). There is an allocation there of \$70.8 million for uniform pricing of water and waste water services to country areas. What else is in your regional development budget, and what is the total budget for regional development?

**The Hon. R.G. Kerin:** With regard to the regional development budget, regional development boards and the regional development section remains in the Department of Industry and Trade. That information is available from the department; I cannot give that figure to you. The \$70.84 million referred to is basically the pricing subsidy for water and waste water in country regions. I think the Deputy Leader would understand the reasoning for that—to ensure that country people pay no more for their water and services than city people.

**Ms HURLEY:** That is the only thing in your budget for regional development?

**The Hon. R.G. Kerin:** Within the budget. The Office of Rural Communities, which is part of the reference within my portfolio title, is within the PIRSA budget. However, the regional development budget is such for regional development boards, and the associated activities are in the Industry and Trade budget, which is being dealt in the other place.

**Ms HURLEY:** The budget for industry grants and industry development is entirely under Industry and Trade and you have no say in the allocation of those grants; is that correct?

**The Hon. R.G. Kerin:** I have no direct say over the allocations of money within the Industry and Trade budget. I take it that the honourable member is referring to those types of moneys.

**Ms HURLEY:** Yes.

**Mrs PENFOLD:** I refer to Budget Paper 4, Vol. 2 of the Estimates documents (page 10.17). Crop protection strategy 5.4 is aimed at facilitating technology and intellectual property transfer to convert research findings into application and, where appropriate, to commercialise. One of the significant achievements that occurred in 1997-98 was the launch of a new national root disease testing service for farmers based on the tests using DNA, robotics technology and service delivery through agribusiness outlets. The linkage between the development of new technology and its uptake is critically important. What is this service about, and what are the principles upon which it operates?

**The Hon. R.G. Kerin:** SARDI has established a world first national crop disease testing services for cereals. It is a service that offers rapid tests capable of detecting and quantifying inoculum levels of the major cereal diseases (Take All and rhizoctonia) and is close to developing a test for cereal cyst nematode. Additional tests will be added to this service as they are developed. Those using the service can use the same paddock samples collected for soil nutrition tests. The results provide farmers, consultants and researchers with a quick and reliable indicator of the diseased status of a paddock or trial site well before the final cropping decisions are made. Anyone who understands cropping would find that that is an extremely useful service, and is important to increasing productivity.

The key to the service is the partnership established between SARDI and Australia's major fertiliser companies or their nominated agents to market the tests. These companies already offer a soil testing service and provide farmers with quality agronomic management advice. As part of the program's quality assurance, all agronomists who take part in the service are required to attend an accredited training course provided by SARDI, and the accredited agronomists work with the farmers to develop management strategies to achieve target crop yields and to increase productivity.

**Mr BROKENSHIRE:** I refer the Minister to strategy 4.1, (page 10.15). I appreciate the work that the Minister's department has been doing in the dairy industry with John's testing, because it is a major threat to that industry. Another prominent disease is ovine John's disease, and that has been mentioned in the *Stock Journal*—as I am sure the Deputy Leader would have noted—on numerous occasions. Does this State intend to provide funds to ensure that South Australia remains free from ovine John's disease?

**The Hon. R.G. Kerin:** The general farming public's awareness of ovine John's disease has risen enormously over the past 12 or 18 months. For something that is not all

that present—or at least we hope it is not—it has raised an enormous amount of concern, and it is good that industry is on the front foot in dealing with this matter. Almost \$100 000 has been committed for OJD control in South Australia since September 1997. As the honourable member would know, the Government has been working hard with the industry, through the OJD committee under Tom Hanson, on a program for OJD controls since early last year.

In addition to the direct financial support, the Government has offered high level support for policy through the Chief Veterinary Officer and other senior staff at both State and national levels, and a senior veterinary officer is employed full-time to coordinate the program within South Australia.

The South Australian program is directed at control and eradication of the disease through control of introduction of sheep into the State, vigorous tracing and investigation of all suspicion of the disease, promotion of safe buying practices and facilitation of programs that provide such assurance of low risk. A submission for South Australia to be declared a protected zone for OJD is in preparation.

Further submissions from the industry for advanced funding of \$73 000 for new OJD initiatives to support the protected zone submission, including a media campaign to enhance movement controls, are currently being considered. In addition, under the ARMCANZ approved interim program and a long-term national program, expected to commence in August 1998, the State has been required to fund activities costing about \$165 000 in 1998-99.

The other issue is that as a State which has been reasonably clean of ovine Johne's disease it has allowed us to put the case strongly at a national level. New South Wales and Victoria had a lot of disease; others had none. I think we were able to play a strong role in brokering a deal across the States, so we have been able to have a national approach.

**Ms HURLEY:** Deer, goats and alpaca also are susceptible to OJD. Has the department a similar strategy to protect those breeds?

**The Hon. R.G. Kerin:** The Deputy Leader has done her homework on ovine Johne's to know which species are affected. One of the important features is that we have bovine Johne's and ovine Johne's which need to be treated as separate diseases. They are different diseases. The bovine Johne's, to which the honourable member referred, is different from ovine Johne's. Alpacas contract bovine Johne's which is the same as the cattle, whereas the others can get ovine Johne's.

They are part of the strategy because the movement of deer and other host animals can cause the problem with sheep. Yes, they are picked up in the whole strategy. Not only are they important within their own industries as far as these diseases go, but they can be a very important vector into the sheep industry which is the bigger industry and which has funded most of the work. There is an interconnection and we take that fully into account.

**Ms HURLEY:** Late last year the Opposition released a leaked document internal to SA Water that canvassed possible privatisation and outsourcing of country water and waste services. Have you discussed this possibility with the Premier and your other ministerial colleagues, and what is your attitude to the privatisation or outsourcing of country water and waste water services?

**The Hon. R.G. Kerin:** I was going to try to give a 'Yes' or 'No' answer, but that is a question outside my portfolio responsibility.

**The CHAIRMAN:** Order! The Minister is only responsible for his portfolio and I will rule other questions out of order.

*Ms Hurley interjecting:*

**The CHAIRMAN:** The Chair will not have its rulings questioned.

**The Hon. R.G. Kerin:** It is a good try, but my responsibilities in this area lie with the payment of the community service obligation which was referred to before. That is there to protect the regional areas as far as water pricing and that is my area of responsibility. For any other questions to do with water services, the Minister for Government Enterprises might be the appropriate recipient.

**The CHAIRMAN:** I think everyone has performed very well and we will have an early lunch and be back at 2 o'clock.

*[Sitting suspended from 12.55 to 2 p.m.]*

**Ms HURLEY:** Recently the Minister extended a 2 500 tonne quota of pilchards to the Australian Tuna Boat Owners Association. This is in addition to an allocation made to the 14 existing pilchard fishers, who are required to hold a marine scale fishing licence. Of the 14, seven are sponsored by the ATBOA. Why has the ATBOA been given the power to recommend to the Minister how the 2 500 tonne quota is to be distributed amongst its members and will he confirm that under this system some of the original seven ATBOA sponsored fishers will also receive an additional allocation under the 2 500 tonne quota?

**The Hon. R.G. Kerin:** As far as the allocations of the pilchard fishery go, over the past several years the quota for the pilchards has been 3 500 tonnes. That has been kept there because of the pilchard kill, which we all remember well. This year on the basis of science the pilchard working party, which was formed to help with the management of the pilchard fishery, agreed on a much higher quota than previously. The existing quotas of the 14 fishers were extended from 250 tonnes to 625 tonnes each and the pilchard working party, which is an amalgam of the interested parties, made a recommendation to me that that be the case and the 14 be given 625 tonnes each and that an allocation of 2 500 tonnes, to be taken only in Commonwealth waters, be given to the ATBOA.

That recommendation came to me from the committee. I looked at it and talked to the department along the lines of coming up with an alternative proposal whereby we might put some of the extra to tender. One of my concerns with the pilchard fishery is that next year it may well be back to 3 500 tonnes or 5 500 tonnes, depending on the science and what happens with the bio-mass of pilchards. With the help of the department I put to the pilchard working party an alternative to what it had put forward. It rejected that alternative and signed off on the fact that the 14 fishermen should be given the 625 tonnes each and the ATBOA be given 2 500 tonnes on the condition that it is outside the waters.

The principles of the allocation within the ATBOA were not my decision but a decision of the pilchard working party. It is up to the ATBOA how it splits it up within guidelines put forward by the pilchard working party. With regard to the current seven fishers getting extra, I will ask Gary Morgan to comment as the pilchard working party was handling that allocation.

**Mr Morgan:** The seven existing ATBOA fishermen have been given a quota by the ATBOA as part of the 2 500 tonnes. There is nothing additional.

**The Hon. R.G. Kerin:** So, some of the seven have been given extra, but they will need to be taken in Commonwealth waters.

**Ms HURLEY:** Who comprises the pilchard working party?

**The Hon. R.G. Kerin:** There is representation from each of the two groups of seven fishers, the ATBOA, SARFAC (the recreational fishing association), and the department. So, it takes into account all stakeholders.

**Mrs PENFOLD:** I refer to the identification and removal of business impediments and the implementation of competition principles to increase access to markets. I refer to strategy 4.1, page 10.15 of Budget Paper 4, volume 2. Will the Minister inform us of the cost-sharing arrangements with the commercial fisheries licence holders for the provision of services to the fishing industry?

**The Hon. R.G. Kerin:** I acknowledge the honourable member's great interest in the fishing industry. When the Liberal Government came to power in 1993 the full cost recovery policy for services provided to the commercial fishing industry was brought in. That implementation of full cost recovery has not been without difficulties, but the new arrangements introduced this year have resulted in a more cost effective and transparent process, which will give industry a competitive edge over interstate competitors in future. This year the whole cost recovery process has worked a lot better than it has done in the past. The commercial licence holders are paying on a fee for service basis, both for essential services as determined by Government to ensure compliance with section 20 of the Fisheries Act, which has regard to sustainability and optimal utilisation, and also for non-essential services the industry requires to effectively manage the fishery, which is normally done on the basis of agreement between the industry and Government.

Essential services include research services that provide annual stock assessment reports on the status of the fishery and economic analysis of the fishery to determine what strategies may be adopted by industry and Government in growing the value of the resources. Other services include compliance services, fisheries management services, licensing and regulation, industry extension services and services provided to industry by the South Australian Fishing Industry Council. Each fee for service represents a budget for the provision of that service. Call in reports of expenditure against budget will be provided this year so industry can better monitor where Government spends the dollars on services within its industry sector.

In some cases the Government will not be the service provider and tenders have been called to allow the private sector to bid for some of the services. This policy is in line with national competition policy and other issues concerning competitive neutrality. Where there is no market failure the Government has taken steps to ensure the private sector is able to bid for the services. This year it has been a lot more open. I sense from the industry that there is a lot more ownership of the process. The department and industry have both done well in negotiating this year's fees in a lot less painful manner than in the past.

**Ms HURLEY:** I understood that the Minister was saying that the pilchard working party effectively allowed the ATBOA to determine the allocation of the pilchard quota. Has this delegation of powers to the ATBOA to determine

that distribution been made in writing in accordance with section 23(1) of the Fisheries Act?

**The Hon. R.G. Kerin:** Certainly the arrangements were put to me, but how the paperwork has been done I will ask Gary Morgan to comment on.

**Mr Morgan:** The pilchard fishing working party, as the Minister mentioned, comprises membership including the ATBOA. The decision to grant pilchard quota to the Tuna Boat Owners Association was made by that committee and the decision of the committee was that the allocation of the 2 500 tonnes to the Tuna Boat Owners Association would be left up to that association.

This was done purely for reasons of industry efficiency because some vessels within the tuna fleet were not capable of taking pilchards while others were and, rather than the committee itself getting involved in the intricacies of the operation of those vessels, it was deemed to be more efficient for the committee to recommend that the Tuna Boat Owners Association decide within its group how that allocation might be undertaken.

**Ms HURLEY:** That did not answer my question, which was that section 23(1) of the Fisheries Act requires, as I understand it, such delegations and powers to be in writing. I wonder whether Crown Law advice was sought before the Minister permitted the ATBOA to advise him of the allocation of individual pilchard quotas amongst its own members?

**Mr Morgan:** No Crown Law advice was sought on that because the responsibility lay with the pilchard fisheries working group to advise the Minister on the allocation.

**Ms HURLEY:** Did they make a delegation in writing?

**Mr Morgan:** I would have to take that on notice.

**Mr VENNING:** My question relates to Top Crop and Canola Check (page 10.8). The Minister mentioned the Top Crop and canola programs. What success rates are these programs experiencing?

**The Hon. R.G. Kerin:** Top Crop, as the honourable member knows, is a farmer group-based crop monitoring service addressing grain industry development opportunities, new crops and improved agronomic practices. This service has been well supported by 750 grain farmers in 65 groups across the State's grain belt. Canola is a high value human food oilseed crop which offers good returns to growers and export income for South Australia, and many in the industry see it as one of the real opportunities over the next decade or so.

The establishment of a successful and viable canola industry has been facilitated through Canola Check. It is a crop which is a bit different agronomically than many that they have grown in the past. Canola Check is one of those methods which has facilitated farmers being able to learn more about the crop in a hurry to give them the confidence to go in and grow the crop. The program brings agronomists, researchers, marketers, processors and farmers together on the farm to ensure that canola is grown using the best practices and to achieve the best outcomes.

**Mr BROKENSHIRE:** I refer to the Livestock Systems Research and Development Program (page 10.16, section 4.4), where it is stated that new contracts are being negotiated with seed companies for commercialisation of new cultivars and that royalties from the sales are reinvested in the SARDI lucerne breeding program. I understand that there is a premium out there at the moment for lucerne seed and that things are going fairly well in that industry. What new projects and outcomes can be expected? How do you see South Australia benefiting from this initiative?

**The Hon. R.G. Kerin:** As the honourable member said, the SARDI lucerne breeding program has new cultivars, new contracts and new research programs which are planned over the next three years. These activities will see benefits to South Australian primary producers through increased seed sales, improved farm profitability and more sustainable farming practices, which importantly in a lot of the State can lead to reduced salinity. Three new cultivars will be released from the program over the next three years targeting meat, dairy, wool and cereal producers across Australia.

Animal producers can expect a 25 per cent increase in stand life and forage production through increased disease resistance and broader adaptation; and crop producers can expect significantly to lower their water tables and reduce the risk of dry land salinity whilst maintaining good gross margins of \$300 to \$500 per hectare. Benefits will include hay production, quality grazing and improved yield and protein levels in subsequent crops. As most members will realise, the introduction of new lucerne varieties is very important as we try to battle the salinity problems that we experience in much of the State.

**Mr BROKENSHIRE:** In this plan, are they looking at developing species for the higher rainfall areas?

**Mr Lewis:** In all agronomic areas, including in higher rainfall areas.

**The Hon. R.G. Kerin:** Any special comment on that we can get for you.

**Ms HURLEY:** Again on the tuna allocations, did the Minister place any constraints on the manner in which the ATBOA could allocate individual pilchard quotas amongst its members? For example, would he have accepted a recommendation from the ATBOA to allocate the entire 2 500 tonne quota to just one member?

**The CHAIRMAN:** It is not very productive to ask hypothetical questions. I suggest that the honourable member rephrase her question and ask a direct question, because I do not want to rule her out of order.

**Ms HURLEY:** Did the Minister place any constraints on the manner in which the ATBOA could allocate individual pilchard quotas amongst its members?

**The Hon. R.G. Kerin:** The pilchard working party which made that decision I believe put some constraints on how it was to be spread out, and for a couple of reasons, one being that with a quota fishery such as this it did not want just a few tonnes given to a lot of different people because of the compliance problem that that would bring about. I will ask Gary Morgan to touch on the constraints that the pilchard working party put on the distribution of that quota.

**Mr Morgan:** The constraints that were put on the operations of the Tuna Boat Owners Association operating in the pilchard fishery—and these constraints were recommended by the pilchard fishery working party to the Minister—were, first, that all the catch be taken in Commonwealth waters and, secondly, that each of the vessels involved in the taking of that portion of the quota be in possession of a marine scale fishing licence.

**Ms HURLEY:** So there were no constraints on the actual allocation number?

**Mr Morgan:** No, the pilchard fishery working party recommended, as I mentioned earlier, a global quota of 2 500 tonnes to be allocated to the Tuna Boat Owners Association. That recommendation was made to the Minister. The Minister accepted the recommendation of that group and, apart from the constraints that I have mentioned, no other constraints were put on the usage of that quota.

**Mrs PENFOLD:** My question relates to the commercialisation of crops. I refer to page 10.17, Budget Paper 4, Volume 2, Strategy 5.4, 'Facilitate technology and intellectual property transfer to convert research findings into application and, where appropriate, to commercialise'. One of the significant achievements that occurred in 1997-98 was the commercialisation of eight new crop varieties. This seems to be a significant output from the crop breeding programs in one year. What is the reason for this output and to what end-users are these new varieties targeted?

**The Hon. R.G. Kerin:** The reason for more commercialisation in 1997-98 was the culmination of several years' breeding activity, mainly in our pea and oat programs. Of the four pea lines, one is a traditional dun type pea that is generally suitable only for the feed markets, although there is a well established traditional export market for human consumption of those peas. The other three lines have greater potential for food processing, with large white and blue seeds suitable for splitting and for local and export markets. The three new oat cultivars ('glider', 'quoll' and 'numbat') are each targeted for different end uses. The eighth new cultivar, a vetch called 'morava', is a new, high yielding replacement for all current vetch varieties where rust is a problem (and it has been a major problem), and for green manuring and grazing, where current varieties are either too hard-seeded or lack palatability.

**Ms HURLEY:** I refer to the 2 500 tonne pilchard allocation. Given that the Minister's department recommended that a public tender of pilchard quotas may realise \$200 per ton, that is, a total of \$500 000, why has the Government effectively given the ATBOA a gift worth at least \$500 000?

**The Hon. R.G. Kerin:** I do not know how well up the Deputy Leader is on this subject. I do not think the matter of how the 2 500 tonnes is actually split up has ever really been a point of great conjecture within the industry. I point out that the allocation of 2 500 tonnes was not made by me. It was a recommendation from the pilchard working party, where the representatives of the 14 existing pilchard fishermen signed off on it not just once, but twice. When I tried to put a different point of view they wrote back in almost caustic terms asking how I dared to interfere with the decision which had been put together with the industry and on which the industry was united. After that, a couple seemed to want to come through the back door on the quiet and ask for a better allocation than they had been given, but I do not think you can argue about the fact that they put this forward and that it was well and truly examined.

I found it quite amazing that, when the recommendation was put to me to split the pilchard quota, they wanted to split the fishery up into units and then, as we changed the total allowable catch, to vary how many tonnes belonged to each unit. On the first reading I thought it was a little unfair; if next year we had another pilchard kill and we had to go back to 3 500 tonnes, I would have liked the 14 in the fishery to have their 250 tonnes back. When I put that to the committee, the representatives of the 14, as well as the rest, said, 'No; one in, all in. That 2 500 tonnes will only reduce at the same rate as our initial quotas.' The disputation about this quota occurred later. These people had previously signed off on these 2 500 tonnes; they are the ones who have put it to me; so I do not know why all of a sudden there was any fuss.

**Mr VENNING:** What part did Mr Peter Blacker play in relation to this pilchard quota, and has he changed his mind?

**The Hon. R.G. Kerin:** Mr Blacker has had a long history with this matter, being the previous local member there. I

believe that Mr Blacker was employed by the Marine Scale Pilchard Fishermen's Association, which represented seven of the 14 who, understandably, wanted to look after their interests in all this. He also represented that body on the pilchard working party, so he was a signatory to these decisions as they were made. Mr Blacker later tended to change his mind on it, as the honourable member intimated, but it is a little unclear whether he had a change of mind or whether he went back and there was a dispute within the organisation as to what he signed off on. I am unsure of that, but there was a change of mind. Mr Blacker was further involved from there and, as the honourable member knows, Mr Blacker and one of the fishermen appeared before the ERD Committee, which the honourable member chairs. I have read that evidence and I find some of it a little difficult to understand in the light of the facts and the series of events that led to this allocation being made.

**Mr VENNING:** We heard 1½ hours of this, and what the Minister says is dead right: it is a little confusing and concerning. My next question relates to electronic information services, and I refer to page 10.8 of the document. Like yourself, Mr Chairman, I am interested in the new electronic and computer age, but I have trouble keeping up with it, as I am sure most farmers do. Will the Minister outline the benefits to primary producers of PIRSA's electronic information services; how well have they been accepted and understood by the farmers; and are they using it?

**The Hon. R.G. Kerin:** The electronic information systems are providing farmers and the agri-businesses that service farmers with better access to vital information and technology for the day-to-day running of their enterprises. PIRSA is at the forefront of developing this technology for the benefit of South Australian farmers, and some of the other States certainly get a flow-on from our efforts. I see a great future for electronic information systems for farmers and the rural community. Increasingly, the availability of hardware is not the limitation. Farmers are purchasing computers with CD ROM and access to the Internet and fax machines that enable them to take advantage of the wide range of relevant, up to date information that can be provided by these electronic information systems.

Within Primary Industries the vast array of information provided traditionally by fact sheets is now obtainable via the PIRSA Fax Service and on the Prime Note CD ROM. The popularity of the fax service is demonstrated by the 15 000 documents accessed over the past three years by primary producers and agri-business across South Australia. There is no doubt that farmers are becoming more and more used to this technology, and its use is increasing rapidly.

**Ms HURLEY:** In a previous answer the Minister said that the ATBOA members who were granted an allocation were required to hold a marine scalefish fishing licence. In a letter to the shadow Minister for Primary Industries, dated 20 May 1998, the Minister stated:

Members of the ATBOA who are allocated quota through this arrangement are not required to obtain a marine scalefish fishery licence.

**The Hon. R.G. Kerin:** Yes; when the Director of Fisheries answered a previous question I thought there might be some confusion, because he did say they would be required to have a marine scale licence. That is only if they are operating within the non-Commonwealth waters, that is, within the State waters. The correct position is that if they are operating in Commonwealth waters they do not need a marine scalefish fishing licence. That position was put down

by the Hon. Terry Groom in 1993 for the first seven. We have changed that, because we feel that, given that they are operating in State waters, those first seven should have a marine scalefish fishing licence. We have put that condition on those seven, but those operating in Commonwealth waters do not require a marine scalefish fishing licence.

**The CHAIRMAN:** My question concerns the difficulties experienced with grasshoppers and plague locusts in the North, particularly in my electorate. The Minister would be aware that there was some confusion and controversy over whether the Plague Locusts Commission could control grasshoppers. Further, some concern has been expressed that there will be further hatchings this year which could do even more damage than that which was caused last year. Will the Minister give an assurance that proper procedures will be put into place well before the difficulty arises to ensure that the maximum effort can be put into controlling plagues of both grasshoppers and locusts?

**The Hon. R.G. Kerin:** Last year, we had a normally bad locust plague of the sort that we experience every few years. What made it much worse was that associated with that we had a plague of grasshoppers which covered an enormous area from the north of Ororoo to the east of Burra and which caused on a local basis much the same sort of damage as the locusts even though they do not travel as far. In the past, these two pests have been treated separately. There is some confusion amongst landholders as to which pest they actually have. In many cases, there are mixed infestations flying together, and that makes it extremely difficult for landholders to understand why we treat one differently from the other.

We cannot sit back and assume that what happened last year was a one-off event. We must be prepared for the fact that it could happen again this year, because obviously there will be enormous hatchings of both species in that region. The Chairman may be aware that last week Malcolm Byerlee, the Chair of the Northern Region Development Board and a landholder north of Ororoo, chaired a meeting of a reference group which includes representation from local government, pastoralists and grain growers in that region. We want to make sure that we coordinate the operation to eradicate both locusts and grasshoppers. We need to make some policy decisions on the way in which to control grasshoppers, because they are dealt with differently under the Act.

Local government has some concerns about its role. Through the reference group and with better communication between ourselves, local government and local landholders we need to devise a plan to allow us to operate more effectively. As a result of last week's meeting, landholders have stated their willingness to take on more responsibility for roles such as monitoring, and local government has decided to reassess its role. Local government has an important role to play in respect of the distribution of mists and chemicals, but it may be able to use its resources to help in other ways.

Tomorrow, I will receive a deputation from that group, which will continue to meet, and hopefully we can come up with a strategic plan on how better to deal with this problem this year and in the future, because we cannot assume that we will not have this dual problem again. It is a major concern in that area, because the potential for damage is enormous. We must make sure that we do not drop our guard with respect to the locusts, and somehow manage the grasshoppers in the process. That is the current state of affairs, and I will receive that deputation tomorrow.

**The CHAIRMAN:** Last year, there was criticism about the inadequate number of available mists. Has any thought



been given to acquiring further misters so that they can be more widely distributed to make sure that an adequate number of misters is available at the critical time?

**The Hon. R.G. Kerin:** The availability of misters and the quality of some of them is a major concern. As part of this process we are talking to local government. Some interest has been shown in the purchase of misters at the local level. We are looking at some of the occupational health and safety issues related to existing misters. That has been identified as one of the areas that needs attention to ensure that the problem is controlled properly. The other problem—and this is not only anecdotal, I think it is pretty real—involves the management of misters by whoever has them at any particular time. When those misters are in demand, we do not want to have them sitting in someone's shed for two or three days. Better management—having the misters in the right place at the right time—is one of the key aspects that needs to be looked at by this committee to make sure that we get it right.

**Ms HURLEY:** The 2 500 tonne pilchard quota matches exactly an agreement to allocate pilchards to the ATBOA made between the Government and the ATBOA based on a memorandum of understanding signed before the 1993 election. This agreement to allocate a 2 500 tonne quota has been the subject of a great deal of correspondence between the Minister and the ATBOA, the department and the Minister, and the Minister and the Marine Scale Pilchard Fishermen's Association. How can the Minister therefore say that this agreement played no part in his decision to allocate the 2 500 tonne quota?

**The Hon. R.G. Kerin:** Very easily, because that figure was arrived at by a group with which Peter Blacker and others were involved. One reason for arriving at this figure would be if someone had an agenda to match up those 2 500 tonnes with something. I did not set that figure. I have consistently said that whilst I am the Minister the MOU will have no place in the management of fisheries. My understanding of the MOU, to which I am not a signatory—I was not even a member of Parliament when it was floating around—

*Ms Hurley interjecting:*

**The CHAIRMAN:** Order!

**The Hon. R.G. Kerin:** Peter Blacker knew a lot more about the MOU than I ever did. My understanding of the MOU, as someone who is not associated with it, is that the quota is not 2 500 tonnes but 6 000 tonnes. There are plenty of references to the MOU in correspondence, mainly in letters to me. Reference to the MOU in my letters to others is that I will not manage the fishery according to the MOU. I will repeat something that I have constantly said to some of these people, and that is that not only can you not manage a fishery by the MOU but you also cannot manage a fishery by threat—and that relates back to the MOU time and again.

**Ms HURLEY:** Does the Minister believe that the ATBOA considers the memorandum of understanding to be binding, because that seems to be the thrust of their correspondence?

**The Hon. R.G. Kerin:** In evidence to the ERD Committee, I think Brian Jeffriess of the ATBOA mentioned that the ATBOA gave up on the Minister at a very early stage as far as his adhering to all to the MOU was concerned. It was always made clear by me to everyone that I would not uphold any MOU. I do not know whether there is an enormous amount of confusion. It has been mentioned that they received an assurance from me. No-one has ever shown me any written assurance that I have given. They keep referring

to the Minister of Primary Industries, but when any documentation is put forward it can be traced to a previous Minister. I have never agreed to it: I never have, and I never will.

**Mr VENNING:** I refer to the Capital Works Statement (page 1-37). Significant capital expenditure will be made on the Upper South-East drainage project. This is very interesting and somewhat controversial because of the serious salinity problem. Will the Minister say how this project is progressing?

**The Hon. R.G. Kerin:** There is no doubt that this is an important project for a large part of the Upper South-East. It has required an enormous amount of work to get it to the current stage, largely because of the engineering involved, on-ground rehabilitation works and funding issues. The Commonwealth Government formally endorsed the scheme and agreed to initial funding of \$4.5 million over three years. The South-Eastern Water Conservation and Drainage Act has been amended to allow the Drainage Board to collect the landholder contribution to the project.

As of 30 April 1998, 95 per cent of landholders had paid the first annual instalment of drainage levies and approximately \$952 000 of the local community contribution had been received. Contributions totalling \$150 000 have been negotiated between landholders and the South-East Water Catchment Drainage Board and contributions totalling a further \$36 000 are outstanding. Only two land holders formerly refused to pay, both of whom have subsequently paid, which really shows that the community down there have really upheld their end of the deal on this. Construction of the 54 kilometre long Fairview drain, which is Stage 1 of the drainage works, commenced on 3 November 1997 and was completed in late May this year.

Construction of the upgrade of the Baker's Range watercourse to accommodate the discharge from the Fairview drain and to transfer it to the wetlands in the northern section of the watercourse commenced in late April 1998 and is expected to be completed by mid July this year. An engineering consultant has been engaged to assist with the assessment of options for the outlet to the Coorong at Salt Creek. This includes assessment of alternative arrangements to avoid or minimise the impact of a drain through Messant Conservation Park. A workshop to discuss the outlet arrangements with the local community and other stakeholders in the project was scheduled for March 1998 but has been postponed because of the need to further evaluate options and discuss them with affected land holders, prior to going to a public meeting.

Environmental aspects of the increased drainage on the Coorong are to be monitored and assessed in conjunction with Environment Australia. It is now a comprehensive program covering all aspects of natural resource management, and its outcome should prove to be an economic and environmental success of which South Australia can be proud, and no doubt those landholders of that particular region will become more productive.

**Mrs PENFOLD:** My question relates to external funding to SARDI. I refer to 10.17 Budget Paper 4, Volume 2, Strategy 5.3, aimed at attracting external funds for research of high priority to South Australia. I understand that the South Australian Research and Development Institute receives grant funding from the Fisheries Research and Development Corporation. Can the Minister please explain to the Committee the nature and purpose of recent grants that have been awarded?

**The Hon. R.G. Kerin:** I thank the member for the question. I am pleased to announce that this year's round of

FRDC funding from South Australia's Research and Development Institute totals about \$600 000 per annum in new grants over the next three years. I know you would be happy about that. The member has constantly felt that we did not receive our fair share of that and it is good that largely due to her keeping on me we actually approached Senator Parer and the flow-back of that has been that, because we are major contributors, we have been given due recognition.

The grants have been given to provide funding in the following areas: the sustainability of the cuttlefish fishery in South Australia—and the member for Giles would be happy about this—the evaluation of live export opportunities for value-adding South Australian freshwater and estuarine fisheries; evaluating the impact of habitat changes in Gulf St Vincent on the prawn and crab fisheries; evaluation of the marine ecosystem impacts resulting from the prawn fishery by-catch and discards; and biological studies of South Australia's blue crab fishery. All of these projects will serve to provide much needed information to more efficiently and sustainably manage the State's fisheries. The success of SARDI in obtaining such a high level of funding in this coming year does truly reflect the excellence of the State's research expertise, the infrastructure that we have and the close working relationship between SARDI and the fishing industry in this State.

**Ms HURLEY:** In a minute dated 25 September 1996 from the Chief Executive to the Minister for Primary Industries regarding the pilchard fishery, there was reference to legal advice sought on the memorandum of understanding. What was the thrust of this advice?

**The Hon. R.G. Kerin:** The thrust of that advice was basically that there was no legal status. There was nothing that said that the MOU had to be upheld and that I had no problem in ignoring the MOU in the management of the fishery.

**Ms HURLEY:** Given the precedent set by this decision for fisheries management in South Australia, does the Government intend to allow the ATBOA, or any other group of fisheries, access to any other fisheries in South Australia at no cost should there be an increase in the total allowable catch in those fisheries, or does he intend to allow any other group of fishers to determine the allocation of individual quotas within their fishery?

**The Hon. R.G. Kerin:** When we talk about precedence in this, the precedent in the pilchard fishery was set by Terry Groom in 1993 with the entrance of the tuna boat owners, sponsoring seven of those fishermen. I have no great problem with that, because without the tuna boat owners there is no pilchard fishery in South Australia. Certainly at that stage there wasn't; there still isn't. There has not been the development to go into other markets. Some of that has been happening in Western Australia and we would like to see the same thing occur here, that there be some alternative outlets for the pilchards that are caught, because at the end of the day if the tuna boat owners stop buying pilchards that industry is really in strife. They would have the pet food industry, which is very low value, left to them.

Because of the fact that the tuna farming could head towards more and more pelleted feed over the next couple of years there needs to be some real development within the pilchard fishery. I do not feel that I have set any precedent whatsoever. I think the precedent was well and truly set. It is very hard to relate what happens with a pelagic fishery such as pilchards to other fisheries. Most of the other fisheries are of a different nature to pilchards, and you would not experi-

ence the highs and lows in other fisheries that you get in pilchards.

One of the big problems with allocation of quota within a fishery such as the pilchard fishery—and this was always in the back of everyone's mind, the working party as well as my own—is that if we went out willy-nilly and took, say, some marine scale fishermen and turned them into pilchard fishermen overnight, we may well be giving them a quota for only one year. Human nature is such that they would go and invest enormously on that. I am sure that, at the end of the year if the research came back that we had to reduce it by a lot, it would make for a hard but necessary decision that we would just have to tell those people that they probably could not go fishing the next year. So there are some things about a fishery like this which are different from others. As far as allowing other fisheries to set their own quotas—

**Ms HURLEY:** Allocations within the group on the quota.

**The Hon. R.G. Kerin:** Fisheries management committees have a reasonable amount of power to make recommendations on how they manage their fisheries—if in fact they could agree. Normally the problem with this sort of thing is getting agreement. You must remember that in the case of the pilchard fishery there was agreement of all of the parties as to what they signed off on. What they signed off on is what they actually got. I cannot imagine it happening, but what would happen if the southern zone rock lobster people, who are on quota management, came to me and said, 'We want to reallocate within our total allowable catch, that some have more and some have less'? I could not imagine it happening, but if everyone signed off on that, on what grounds would I knock them back? There would be no grounds for that. If everyone agrees and there is no addition to the total allowable catch, if they agreed within that total allowable catch to a different quota allocation, then I would have to have very good reasons to say no, and I cannot think what they would be at present.

**Ms HURLEY:** Will the Minister provide details of lease payments on all aquaculture ventures, including tuna farms, in South Australia as follows: what is the tenure of the leases, annual or otherwise; do the leases vary by the type of fishery, and so on; and on what basis are these lease payments and tenure calculated?

**The CHAIRMAN:** The Chair is interested in this answer, given the difficulties my constituents have had over many years with past Ministers.

**The Hon. R.G. Kerin:** We will take that question on notice, but I will still attempt to answer the main thrust of the question. After listening to certain radio interviews, it is apparent that one of the major areas of confusion is the difference between a lease and a licence, which is not well understood. Many people talk about the time it took for them to get a lease; in fact, they quite often are talking about how long it took for them to get a licence. For a large percentage of those who talk about how long it took them to get a licence—or 'lease' as they call it—management plans that allow for aquaculture in those regions are full, so there is a waiting list of those applications that do not fit within the allocated areas. Another major problem for us involves people applying for a licence but not supplying the appropriate information. We have a lot of trouble chasing up the detail required to assess the applications.

It has been a long, drawn out procedure to get to where we are today regarding leases. Some real issues need to be addressed, not the least of the which is native title. Two trial leases have been granted. The decision to go with a couple

of trial leases first before we issue hundreds of them has turned out to be a good idea, because at least one of those two leaseholders has come back to us and said that some issues need addressing. Although we would have liked to be quicker in responding, some matters have been outside our control. Aquaculture leases should give the leaseholder certainty and tenure over their water. We are looking towards what will hopefully be a sustainable direction in which to head with them. I will take on notice the detail on costs.

**Mr VENNING:** With regard to the Deputy Leader's line of questioning on pilchards, I recommend that she read transcripts of the ERD Committee, because this issue took over three hours of the committee's time.

**The CHAIRMAN:** The member for Schubert is here not to advise the committee but to ask questions and seek information.

**Mr VENNING:** When a new quota is allocated and the size of the fishery reduces, what guarantee do the original quota holders have of maintaining their quota? I understand that this guarantee was given to the industry but the existing quota holders turned it down; is that correct?

**The Hon. R.G. Kerin:** One of my major concerns was that, if we have to go back to a quota of 3 500 tonnes, those 14 quota holders in question would be guaranteed the same quota they had before. That is one of the things I asked them; I asked them to reconsider and put a quarantine on that 3 500 tonnes. I thought that was really giving those licence holders a guarantee and looking after them. I thought that was a reasonably important thing. The working party is *de facto* a management committee for that fishery. Members of the committee unanimously agreed that they were willing to give that in in the sense of working as an industry. It was a decision that I found a bit hard to understand, but who was I to argue with the fact that they all agreed on it? There was no dissension. I accepted their decision but did so with some amazement. If that is the way they feel and they want to operate as an industry with the tuna boat owners, well and good.

**Ms HURLEY:** What terms and conditions apply to the leases—standard or otherwise—and what procedures are in place to ensure compliance?

**The Hon. R.G. Kerin:** I will get that. Once we get through this trial period, we can provide the Deputy Leader with a copy of the lease.

**Ms BREUER:** I refer to the Budget Papers (page 10.16), objective 5. During last year's Estimates, the CEO of SARDI, Mr Lewis, said:

No specific detailed research program on cuttlefish is available, because it is a species that is fished opportunistically.

Mr Lewis told the Committee:

The available data is that collected through the catch and effort returned from commercial operators, and from general recreation surveys.

Last Thursday, the Minister announced an extension of the area of northern Spencer Gulf where cuttlefish are protected—and I congratulate and thank him for that—following local concerns that the species was being over fished. The Minister has stated that cuttlefish congregate on rocky reef areas of northern Spencer Gulf each year to spawn. Does the Minister have any concerns that the threat to cuttlefish stocks could come from the commercial fishing of these stocks as they approach the reef areas rather than from fishing in the protected reef areas themselves? Is the Minister confident that

the extension to the protected area will be sufficient to protect cuttlefish stocks?

**The Hon. R.G. Kerin:** There is no doubt that the honourable member has shown enormous interest in this matter, because she has probably had quite a few people through her door. After much briefing on this issue, I am reasonably comfortable with where we are. There are a couple of different schools of thought about how this resource is best used—some say that we should just leave it for tourism and, on the other side, some say a commercial gain can be made from the taking of this fish. It is important that we balance up those two issues and make sure the stock is sustainable, because both uses will suffer if the stock is not sustainable. This year, there was an initial closure and, from all the information I have obtained, about 50 per cent of that closure contained the habitat where one would find these cuttlefish—a rocky-bottomed seabed.

In fairness to the member for Giles, she asked about fishing of cuttlefish. The biggest danger is where you get the aggregations. I can get the head of SARDI to take that matter further. Part of the anxiety within that community comes back to a difference in the reading of that initial closed area. I work off the advice I have, and the general community works off what it hears on the radio or whatever. Some statements have been made—and I am saying not that they were mischievous or whatever but that they were just a different point of view—that the initial closed off area was just sandy beach and did not contain any of the cuttlefish's habitat. That is different from my advice. My advice is that 50 per cent of the habitat was closed off in that initial closure. That there has been an increase in the cuttlefish in that area gives me some confidence. We all want to see the cuttlefish back there next year.

One of the problems is that cuttlefish are, to some extent, a little like pilchards in that they will vary naturally in as far as how many come and go. The honourable member and I have spoken about this matter quite often. It is an area in which I was pretty keen to be reasonably conservative. I have kept at the department about information on just making sure that nothing will go wrong, because we are dealing with something we do not totally understand. I invite Rob Lewis to make further comment.

**Mr Lewis:** Cuttlefish is one of a suite of species available to the industry which up until last year had very little interest in it, other than a bit of recreational fishing, and then it became more targeted for commercial and tourism activities. Last year, all we had was the catch netted data to which you made reference. The Minister has given a summary of the immediate management arrangements that were put in place, basically, to hold the ground while we found out more about it. This year, SARDI has undertaken a couple of surveys which have looked at both the original closed area and outside the closed area and which have made estimates of the standing stock or biomass of cuttlefish there.

One of the dangers for cuttlefish is that they aggregate to lay their eggs, and this is when they become vulnerable to capture and can be removed quite quickly. We have made another assessment this year based on the surveys. That has resulted in finetuning of the closures and a better estimate of the biomass or standing crop, and, as the Minister indicated in answer to an earlier question, we have been fortunate enough to attract funds from the Fisheries Research and Development Corporation to look at the sustainability of the cuttlefish fishery in South Australia. Hopefully, next year we will much more information from that result.

**Mrs PENFOLD:** My question relates to the Rural Partnership Program—Eyre Peninsula Strategy. I refer to page 278 of the statements indicating support for various regions in the State under the Rural Partnership Program. I congratulate the Minister for his continued support for the Eyre Peninsula strategy, including the upgrade of Minnipa Research Centre which has been well received in my electorate. Can the Minister advise whether the accommodation at Minnipa has had adequate airconditioning installed given the extreme heat conditions experienced during the summers on Eyre Peninsula?

**The Hon. R.G. Kerin:** The airconditioning at the Minnipa Research Centre has been an issue for quite a while. Under the previous guidelines, those houses were allowed one airconditioner in the sleeping area. Wherever it was, it was not quite sufficient. Both ourselves and industry have sunk money into Minnipa Research Centre to upgrade it. Now that it is upgraded, it is important that we attract the researchers that we need into the Minnipa area. Appropriate housing is part of that, and the issue has now been resolved and, hopefully, all those at Minnipa will be quite happy.

**Mr BROKENSHERE:** I would like to refer to research priority strategy—cherries, page 10.16 of the Estimates document, strategy 5.2, which is aimed at establishing research and development priorities that concentrate on those areas which will benefit industry in South Australia. An exciting diversification in my electorate is a further commitment to horticultural crop and stone fruit initiatives. What have been the outcomes from the SARDI stone fruit breeding program and the Centre for Horticultural Crop Improvement?

**The Hon. R.G. Kerin:** A successful cherry breeding program has been carried out by Dr Andrew Granger with funding coming from HRDC. Two new cherry varieties have been developed and are being commercialised for release to industry, and plant breeders rights have been granted for varieties which are characterised by large, sweet, crack resistant fruit—and I can certainly recommend them.

**Ms BREUER:** I refer to the statements, page 10.7, KRA1. I am talking again about fishing, an area about which I feel much more comfortable. I consider that we have the best fishing in the State—better than the other side of the gulf. A recently released discussion paper on the regulation of recreational fishing in South Australia has recommended increasing the minimum legal size of some species of fish for the purposes of recreational fishing, and also recommends reducing the bag limits for King George whiting, schnapper and other species. The paper states that a significant proportion of the total catch of many important species of fish is taken by recreational fishers and suggests a number of options to address this. Could the Minister give details of the research upon which the discussion paper recommendations have been based?

**The Hon. R.G. Kerin:** I can imagine that the member for Giles is getting some reaction to the issue. Not only has the discussion paper gone out, but the *Advertiser* printed a large article which excited quite a few recreational fishermen about what will happen with size limits and bag limits.

*Ms Breuer interjecting:*

**The Hon. R.G. Kerin:** We need to keep in mind that it is only a discussion paper at the moment and, certainly, its aim is working. There has been quite a bit of discussion, some of which I have been animatedly involved in. No actual decisions have been made. It is out there for discussion. A whole range of research would be drawn on for that. Most of it is basically commercial research, but there is also surveying

of recreational fishermen. I think members will find that, in general, recreationalists may take the line that they do not want to change either, but I look forward to their feedback.

The recreational fishing community are, obviously, the custodians of a lot of knowledge about what happens with fishing stocks. Recreational fishing committees have been a very worthwhile initiative. They are meeting and discussing this issue and collecting information from the local areas. It is something that we need to address. The interface of commercial and recreational fishing needs to be kept in mind. No decisions have yet been made, and certainly no decisions have been put to me. There will be much discussion and, I suppose, the bottom line is that we must ensure that there is still fish there in five years for everyone to take.

The honourable member has been here only for this term and might not have received much feedback, but when I first became a member of Parliament in 1993-94 there was a lot of comment about the fact that the increase in size of King George whiting from 28 centimetres to 30 centimetres would mean that no-one in Spencer Gulf would ever catch a whiting again because they do not come up here after they are over 28 centimetres. I heard that comment for a quite a while when I first became a member. Today, those same people are saying it is the best decision which was ever made, but they are also saying, 'Don't make it 32.' They are getting bag limits and getting them at good sizes. That move from 28 centimetres to 30 centimetres was very unpopular at the time but nearly all the recreationalists say that it was the best move ever made. The discussion paper is to unlock some of the knowledge which is hidden away in order to try to get some decent feedback to manage the stocks in the future.

**Ms BREUER:** You mentioned that increase in size, but do you know the impact on stocks of the last increase of the minimum legal size of King George whiting? Have there been any studies?

**The Hon. R.G. Kerin:** The Director might like to comment on the scientific side, but on the anecdotal side it is not hard to gauge from the many recreational and professional fishermen around the place that it has been very successful. If you take the part of the world that the honourable member and I know best, those statements about the fact that you will not ever be able to take a whiting over 30 centimetres because they do not come up here showed that they were not getting whiting of 32 or 34 centimetres, whereas now they are. They are getting them well beyond 30 centimetres. Anecdotally, it appears to have been a big success. When you go fishing it is not just about the number of fish because as they get bigger more kilograms of fish are taken. That is part of the success. I will ask the Director to comment.

**Mr Morgan:** King George whiting is the preferred species for recreational fishermen and as such comes under significant pressure as the number of recreational fishermen increases. A comprehensive research project undertaken by SARDI indicated that the King George whiting stocks were under threat and, as a result, the introduction of an increased size limit was introduced to help protect the stocks. The result of that, as the Minister mentioned, has been both anecdotal evidence indicating that the stocks are being maintained with more recreational fishermen being able to take quantities of King George whiting and regular catch and effort data, collected both through the commercial fishing industry and recreational surveys, indicating that there is some stability in the stock. Basic research was undertaken, plus continued monitoring of the stocks.

**Mr Lewis:** Two of the major projects we do every year in the fishery are the annual stock assessment and an extensive survey of the extent and impact of recreational fishing across the State. The increase in size recommended for King George whiting was there for two reasons: first, to increase the total egg production in the State from what was an extremely critical level to what was considered to be an acceptable level—around 20 per cent—and, secondly, because we were fishing 28 centimetre whiting (which are quite small—still juveniles and still growing), it has increased the available weight in the fishery. Our stock assessments indicate that those objectives are being achieved and we are continuing to move down that path.

**Mrs PENFOLD:** My question relates to 'public good' research. I refer to page 10.16 of budget paper 4, volume 2, of the Estimates document, strategy 5.1, aimed at identifying 'public good' research required to ensure best practice in environmental management and resource use. Will the Minister explain what positive steps the Government has been involved in during the past year to assist the fishing industry to improve its environmental practices?

**The Hon. R.G. Kerin:** I am pleased to advise that a number of projects undertaken by SARDI in cooperation with industry have contributed to an ever-increasing improvement of fishing practices by the industry in South Australia. These initiatives have led, or will lead, to more efficient fishing practices and lower the impacts of fishing on the marine environment. The first was the introduction of by-catch reduction devices to the Gulf St Vincent prawn fishery. For the first time in Australia there has been unanimous adoption of by-catch reducing devices in a prawn fishery. Not only was the by-catch reduced by more than 60 per cent, but there are significant improvements in the catch rates of the large prawns targeted by the fishery. By causing less damage to the prawns the estimated value of the catch increased by more than 10 per cent. That is achieved without any detriment to the fishery.

Secondly, SARDI has worked closely with the Southern Fishermen's Association to fish in the Lower Murray Lakes and Coorong region of the State to develop another first for the Australian environmental management plan. This plan documents a code of practice, which has been adopted by all participants of that fishery to ensure sustainable fishing practices and to minimise the environmental impacts of fishing. I went to the launch of that plan and it was fantastic to see the level of ownership within the licence holders of the fishery.

Thirdly, revised oyster environmental monitoring has been developed in association with relevant Government departments and industry and that is about to be initiated. Fourthly, SARDI has worked with relevant Government agencies and the tuna farmers to undertake and revise the tuna environmental monitoring program. This program evaluates the impact on the seabeds and the water column which may result from the intensive farming of tuna on the seabed. Lastly, together with its partners in the CRC for aquaculture, SARDI has developed a moist pellet food that is currently being trialled to replace pilchard feed in tuna farming. While this is still at the developmental stage, these pellets show great promise to enable more efficient cost effective and environmentally friendly feeding practices for farmed tuna and sea cages and spells out the need for some economic development within the pilchard fishery.

**Ms BREUER:** Will the Minister advise what has been the impact on stocks of King George whiting of restricted

recreational netting and what proportion of the total catch of each major species is taken by recreational versus commercial fishers?

**The Hon. R.G. Kerin:** I will call on one of my knowledgeable colleagues to provide the second part of the answer. With recreational netting, King George was not one of the major species taken, but whilst there is still some opposition to the move taken in the early days by the Government in its first term, some of that opposition remains. However, increasingly I am getting comment back that people, particularly around shack areas, are catching a lot more near the beach than they were in the past. That is a general comment across the range of species. Mr Lewis may be more specific.

**Mr Lewis:** We have done extensive surveys of the extent and impact of recreational fishing across South Australia, by both the fishing method and the target species. That information has all been published and I will be more than happy to provide a copy of that report later. The majority of marine scale fish in Gulf St Vincent are taken by recreational fishermen because they are closest to the high population areas. As one moves further away from the higher density population areas to the West Coast and South-East, one ends up having the majority of catch being taken by the commercial sector. The ratios change from 65 per cent recreational/35 per cent commercial to the reverse of that as you move away from the State. The data we have published present this information by each species and I will be more than happy to provide it later.

**Ms BREUER:** I refer to the Portfolio Statement, page 10.4. All fees and charges received under the Fisheries Act are paid into the fisheries Research and Development Fund. The components of the fishing licensing fee are set by the Minister in consultation with the industry. How much will be collected in fishing licence fees in 1998-99 compared with the amount collected in 1997-98, and will the Minister provide an industry by industry breakdown of these figures?

**The Hon. R.G. Kerin:** Yes, we can provide that to the honourable member. I suppose the basis of that comes back to the level of licence fees. As I indicated before, this year far more than in the past there has been negotiated agreement on what those levels are. We can supply the honourable member with a list of the licence fees as set and also with what the revenue last year was and this year will be.

**Mrs PENFOLD:** I refer to page 10.1, Strategy 5.2, on research and development priorities for apricots. What has been the outcome from SARDI's stone fruit breeding program for new apricot varieties?

**The Hon. R.G. Kerin:** Like the cherry program, the apricot breeding program is funded by the apricot part of the dried fruits research section of the Research and Development Corporation and it has produced several sweeter varieties suitable for drying. One variety has been identified as a high quality, early maturing variety suitable for the fresh fruit market. This brightly coloured, full flavoured variety is in the process of being commercialised at present. The apricot breeding program will be further strengthened by the development of a collaborative research program with a research centre in China and the establishment of a post-entry quarantine facility for stone fruit at the Plant Research Centre.

**Mrs PENFOLD:** My question relates to the commercialisation of horticulture, Riverlink. I refer to page 10.17, Strategy 5.4—'Facilitate technology and intellectual property transfer to convert research findings into application and, where appropriate, to commercialise'. What collaborative

R&D linkages have been established to support key horticulture industries in the Riverland area of South Australia?

**The Hon. R.G. Kerin:** The mention of the word 'Riverlink' probably made a few ears prick up: someone tried to steal our Riverlink name. SARDI and PIRSA play a key role in contributing to Riverlink, which, in this sense, is a network of agricultural agencies providing leadership and coordinated research and development for sustainable irrigated horticultural industries in the Riverland/Sunraysia region. Riverlink was established as a cooperative program between the Agriculture Departments of South Australia, Victoria and New South Wales, as well as the CSIRO in November 1991.

The aim is to integrate research and service delivery across the four horticultural centres situated at Loxton, Dareton, Merbein and Irymple. Four major programs were identified: viticulture, citriculture, plant protection and the area of irrigation and salinity. The number of programs was expanded to six in 1996 with the inclusion of quality assurance and stone fruit and vegetables. South Australia is well represented by Tony Meissner, who is responsible for leading the irrigation salinity programs and Adrian Dahlenburg, who is responsible for the stone fruit and vegetables program.

The profile of Riverlink has continued to grow, resulting in greater interaction with industry in the development of joint research and extension programs. Annual R&D planning forums for the key horticultural industries are a feature of programs and are used to identify regional priorities. A highlight of the past two years has been the continued expansion of joint extension initiatives leading to improved information transfer to the dried vine fruit, wine grape and citrus industry.

Successful viticulture programs include 'drying for profit' and 'IPM research to practice'. Presentation of citrus training modules in collaboration with ciltgroups and the marketing boards has been well received by citrus growers. Major field days for the key horticultural industries are now typically planned and presented as Riverlink activities.

**Ms BREUER:** How much will be paid into and out of the Fisheries Research and Development Fund in 1998-99? How much was paid into and out of this fund in 1997-98? What are the components of these payments?

**The Hon. R.G. Kerin:** Once again, I offer to provide that information to the honourable member.

**Ms BREUER:** I refer to Portfolio Statements page 10.14, Strategy 3.4. Is it the Government's policy to recover 100 per cent of attributable costs in research compliance and management from commercial fisheries on a fishery by fishery basis? Are all commercial fisheries in South Australia now contributing 100 per cent of the costs attributable to their fishery?

**The Hon. R.G. Kerin:** As far as the principle of it goes, the negotiations are done along the line of full cost recovery. In the past three years, I think, because of the situation in the marine scale fishery and the question of affordability, there have been negotiations to identify the full cost recovery amount. A subsidy has been put back into the marine scale fishery and this has brought about a reduction in its fees, and the department has picked up the difference.

**Ms BREUER:** Will the Minister provide a breakdown of the costs associated with SARDI and/or PIRSA on research compliance and management for each commercial fishery and the proportion of the costs which are recovered from the commercial sector of the fishery?

**Mr Morgan:** We can provide that information. So far as the proportion that is recovered, 100 per cent is recovered in each of the fisheries with the exception of the marine scale fishery, where there is an element of subsidisation.

**Ms BREUER:** The Portfolio Statements at page 10.14, Strategy 3.6, states, 'Facilitate restructure of inefficient industry sectors, eg marine scalefish; implement restructure and adjustment scheme for marine scalefish sector', this being under a five year plan. What is the nature of the proposed restructure of the marine scale fishery?

**The Hon. R.G. Kerin:** This refers to what I was just talking about—the subsidisation of the marine scale fishery. While some of the participants in the marine scale fishery are doing reasonably well a lot are finding it difficult to make a good living out of it. We are well aware of that. We are working with the industry along the line of coming up with some form of restructure program.

There is a restructure program in place with the amalgamation of licences, and while in theory it is okay in practice it has been too slow to take effect. When one looks at the other fisheries it becomes reasonably obvious that there are too many participants in the marine scale fishery. However, they are licence holders so there needs to be the formulation of perhaps a quicker way of bringing about some rationalisation within the fishery so that those who are in it are able to make a reasonable living. We are negotiating with industry on what form any restructure should take.

**Ms HURLEY:** I refer to the statements, page 10.16, objective 5. Following the 1997 election the Government absorbed SARDI into the Department of Primary Industries and Resources. This clearly had implications for the role and responsibilities of the SARDI board. What are the changed functions of the SARDI board; who now has responsibility for the functions previously undertaken by the SARDI board; and what changes, if any, have been made to the membership of the board?

**The Hon. R.G. Kerin:** The management side of the previous functions of the board clearly comes back to the Minister and the Chief Executive through to the management of SARDI. The role of the board has been changed fundamentally more to an advisory capacity, but we hope the board will set the direction for research. Its role is more about making sure that the research that is done is relevant, rather than having to look after the management of the organisation as well. The functions that we have drawn up for the new board are: to advise on directions for primary industries research and development in South Australia; to oversee the setting of research priorities; to assist in commercialising the outcomes of the research and identifying opportunities for partnerships in commercialising those outcomes; to identify new sources of funding and expertise; to collaborate with industry development boards with a view to identifying or assessing opportunities for research and development relevant to that industry; and to evaluate programs against projected outcomes. They are the new roles of the board. The composition of the board is very close to finalisation. There will be some changes to its composition which will mirror the change in the board's role. There is a slight difference in the mixture of skills required to perform the new task.

**Ms HURLEY:** Was the board consulted on the post election changes to SARDI; if so, what was the collective view of the board toward those changes; and was this view taken into account in undertaking those changes?

**The Hon. R.G. Kerin:** As the Deputy Leader would well know, those decisions were made between the election and

the announcement of Ministers so, obviously, the board was not consulted on SARDI's coming into the department.

**Mr HILL:** I refer to the statements, page 10.13. Strategy 3.2 discusses amending legislation that inhibits competition and/or reduces industry competitiveness. It also includes a suggestion of South-East water conservation and drainage legislation needing to be amended. What is the nature of the proposed changes to the South-Eastern Water and Drainage Act, and what are the anti-competitive elements in this Act which need to be addressed?

**The Hon. R.G. Kerin:** I thank the member for Kaurua for his maiden question. As he probably knows, all legislation has to be reviewed as part of the program. I will ask Roger Wickes, who is the Manager of Sustainable Resources, to identify for you which anti-competitive elements may be applicable within the South-East water conservation and drainage legislation.

**Mr Wickes:** At the moment a consultancy is let with the Centre for Economic Studies, which is looking at some of the activities within the Act. It is preparing that report at the moment, so we do not have any complete indication of what we would need to change. The centre is investigating some of the provisions in the Act dealing with water use across different people's properties, whether that has an impact on a neighbour and whether it changes its competitive nature. The centre is asking a lot of questions about that. When we get the report, a group will examine it and it will go to Cabinet to determine whether it identifies any anti-competitive issues in the way we have set up the Act. It is not intended to change what the Act is supposed to do but to look at what business it carries on and how it does it.

**Mr HILL:** Does the Government intend the roles of the South-East Water Conservation and Drainage Board and the new South-East Catchment Management Board to be integrated in any way?

**The Hon. R.G. Kerin:** As the member for Kaurua may be aware, initially we looked at the drainage board taking on the role of the catchment board. Several factors needed to be addressed, including the fact that the boundaries do not line up together, so the drainage board no longer has that role. Across Government we are conscious of the need for all sustainable resource legislation and activities to be coordinated to ensure that legislation and boards are not working against each other's objectives. So, from that point of view they must make sure they work together, but we are not looking at incorporating them into one body.

**Mr HILL:** Is the Minister concerned with the widespread unease amongst farmers in the South-East regarding water resource management in that area; and what has been his role in ensuring that rural interests are protected in the many changes which have been made to water policy in the South-East?

**The Hon. R.G. Kerin:** Obviously, there has been some interaction between the Minister for Environment and Heritage and me on some of the issues, mainly where the drainage board and catchment board roles may clash or overlap. But, with respect to the Water Resources Act and the catchment board, my role has been similar to that of other Cabinet Ministers, in that we have had input to what the Minister has brought to Cabinet. The Water Resources Act clearly sits in the lap of the Minister for Environment and Heritage.

**Mr HILL:** I refer now to page 10.17, objective 6, of the statements. In the middle of May the Queensland Government released a draft management plan for the Cooper Creek

system which allows for a 20 per cent increase in water storage and harvesting levels for existing industries. We understand that that would divert up to 400 000 megalitres of water from the Cooper Creek. There are obviously great concerns about what this would do to Lake Eyre and the Coongee Lakes area of South Australia, but there is also potential damage to pastoral industries in the Cooper Basin. Will the Minister provide details of the threat that this plan poses to pastoral industries in the Cooper Basin?

**The Hon. R.G. Kerin:** Obviously, we have some real concerns with the Queensland plans. The Minister for Environment and Heritage is the lead Minister, and she has taken up this matter with the Queensland Government. I take it that the honourable member will be present when the Minister appears before the Estimates Committee: she will be able to give him a full rundown on that issue. We are concerned about the outcomes of this issue within our portfolio, because it will have an effect on pastoralists in the north, who have raised some concerns. As the issue involves water resources, The Minister for Environment and Heritage, who is in contact with the Queensland Government, will be able to provide more detail.

**Mr HILL:** Has the Minister's department conducted an analysis of what will be the impact on the pastoral industry in that part of the State? If so, what does that analysis show?

**The Hon. R.G. Kerin:** I think the honourable member will find that the problems in that area are self-evident. The impact on that region will be more environmental than pastoral. The concerns of pastoralists are as much about the environment as they are about the economics of it.

**Mr HILL:** Has the Minister's department established any strategies to deal with the threat? If the Queensland Government goes ahead with it, has the department examined a strategy or an option that will try to mitigate the worst effects of it?

**The Hon. R.G. Kerin:** That is certainly being looked at within Government, but the environment portfolio is the lead portfolio in respect of that issue. We are working with the environment portfolio. The Minister for Environment and Heritage can provide a lot more detail, which no doubt the honourable member will request.

**Mr HILL:** I refer to KRA1 on page 10.7 of Budget Paper 4, Volume 2, which deals with the proposed landfill in the northern town of Dublin. Approval was granted in January this year despite concerns by the fishing and agricultural industries that that landfill could have serious effects on their industries. What is the Minister's response to statements by the South Australian Farmers Federation and the South Australian Fishing Industry Council that the Dublin landfill is a serious threat to local industries?

**The Hon. R.G. Kerin:** I have seen copies of much of the correspondence. What is of interest is that many of these concerns have not been raised directly with me. In all fairness, a couple have been, but in general I have received copies of correspondence from one of the lot feeders at Dublin. So, whilst some of these industries say to him that they have concerns and give him copies of correspondence, they do not seem to be concerned enough to raise the issue directly with me. Whether some of these groups have raised these issues with other Ministers, I am not sure in every instance.

One of my concerns—and I have put this back to the people involved—is that what has been raised with me involves the damage that can be done by the perception that there is some danger associated with these industries being

situated up against or close to a landfill. When you look at the nature of the landfill and the work that is being done, it is probably correct to say that, whilst some people can point to some up-front problems or dangers, in general most of the problems that have been raised with me are about perception. I have put back to some of these people that I am quite concerned that some of the prophesies are a little self-fulfilling. If a couple of people in the area who have the most to lose from the perception that their enterprise is close to a landfill had gone down that track having an actual chance of changing the decision, I could understand that, but if they did not have much of a chance of changing the decision they have harmed themselves to a large extent, because that perception has spread through the way in which they have opposed it.

I understand where they come from, particularly in respect of lot feeding. They say that the major danger is the perception that their lot feeding establishment is situated close to a landfill. I do not think that perception will have gone very far, because most people would not worry where a particular lot feed establishment is situated. In the light of the number of concerns that have been raised about that matter, I think that a couple of enterprises may have identified themselves as being situated close to a landfill. That is of concern to me. However, in general, most of the concerns that the lot feeder to whom I have referred speaks of have only come to me via copies of letters.

**Mr HILL:** Has the department sought any guarantees to ensure that the threats are not realised?

**The Hon. R.G. Kerin:** I do not know how you can have a guarantee against a perception.

**Mr HILL:** There are threats to the fishing industry in the gulf as well. That is one of the perceptions.

**The Hon. R.G. Kerin:** It is not much good having hindsight if something goes wrong. Scientific evidence and the approval point to the fact that there will not be a problem, but I do not know how that can be guaranteed.

**Mr HILL:** Is that the department's advice to the Minister?

**The Hon. R.G. Kerin:** Yes—and that will feed into the process as well.

**Mr HILL:** What action does the Minister intend to take to protect local industries from the potential threat? I think the Minister has answered that question by saying that he does not believe there is a threat.

**The Hon. R.G. Kerin:** We would like to work with the people involved on how to manage their perceptions. That is not happening too well at present. I do not think that a heap of signs along the roadway are particularly helpful to enterprises in that area. Emotional issues sometimes overcome practical solutions.

**Mr HILL:** My first question deals with the aquaculture industry, particularly on Kangaroo Island. The Kangaroo Island aquaculture management plan and the River Murray fishery management plan are two examples of management planning which have been criticised for having been developed without adequate public consultation. In implementing new aquaculture management plans and regional and local action plans, how does the department propose to ensure that the public are adequately informed and consulted?

**The Hon. R.G. Kerin:** I do not totally agree with the criticism of the public consultation side of the Kangaroo Island management plan. I know that that point of view has been expressed. However, the process that we go through comprises a couple of stages of which the management plan is one. Management plans are the result of much community consultation. Public meetings are held for stakeholders. We

are criticised because this process takes so long, but that is because of the amount of consultation that needs to take place. As evidenced by the recent application for a tuna farm, there is also a second stage of public consultation. The public were given the opportunity—which they took—to have their say about whether or not they wanted a specific type of enterprise in that area.

We will continue to go down the track of public consultation in respect of aquaculture management plans. Some things emerge from public consultation which are not scientific or environmental but which need to be taken into account as far as public usage of those resources is concerned. The river fishery is an interesting issue. There has been considerable public consultation. Part of the confusion about that is that councils actually made the decision to support where new reaches would be situated. It is not correct to say that those councils have changed their mind, but the composition or balance of some of those councils has changed, and therefore their decision has changed. So, we have had to go back to the consultation process.

**Mr HILL:** Last spring plague locusts damaged crops as far south as Jamestown. How will the proposed reduction in expenditure for plague locust control—page 10.34, Operating Statement—affect the department's capacity to cope with the expected major plague locust outbreak next spring? What programs are in place to identify alternative strategies to cope with plague locusts other than the major chemical spraying programs?

**The Hon. R.G. Kerin:** Basically, we have identified that there is a major problem up there. The community there obviously can be of enormous help. As to what we have tried to do at this time, last week we had a meeting of the stakeholders. We have an excellent Chair in Malcolm Byerlee, we have representatives of local government, pastoralists, croppers, and the department—all around the table looking at what we did last year, reviewing that, but also trying to find better ways of doing our on-the-ground operations, covering a whole range of issues: making sure that any chemical we do use is used correctly; occupational health and safety; the logistics of the campaign; how we work out the relationship between plague grasshoppers and plague locusts, which are two different beasts but they cause similar sorts of problems. So, a strategy is being worked through. I am receiving a deputation tomorrow to report back on what the growers and the councils would like Government to do.

On the costing side of it, it is one of those contingency items which is not written into each year's budget and normally you would expect there to be a one chance in X number that that will occur. We know this year that the probability could be higher than that, but whatever is required will be funded. I know the way it reads in the budget papers, but there really is a whole range of these things with fruitfly and locusts, and whatever. We never really know how much we are going to spend in any individual year, but we have responsibilities and we will pick them up as they come.

**The CHAIRMAN:** Does the Opposition have more questions?

**Ms HURLEY:** I have some more questions, Sir.

**The CHAIRMAN:** We are now well over the agreement. I have not called anyone from the Government benches. If it is going to go on *ad infinitum*, I will start calling members from the Government benches. Are you going to continue right through until 10 o'clock?



**Ms HURLEY:** I cannot estimate that, Sir. I have a number of questions left on the Primary Industries lines and then a number of questions on the Mines and Energy lines.

**The CHAIRMAN:** The honourable member has not answered the question. An agreement was given to me at the commencement of this day. We have gone over that by a considerable time to try to accommodate the Opposition. I want the member to answer the question because otherwise I will start calling members from the Government and I will have to give them a considerable number of questions to even it up, because the member has had about three to one already.

**The Hon. R.G. Kerin:** I might be able to clarify the matter to some extent, Mr Chairman. The agreement given to you might not have totally mirrored the discussions between myself and the Deputy Leader. If it is okay with you, I think we should allow the Deputy Leader to exhaust her questions on this and make some further decisions when we start the Mines and Energy examination.

**The CHAIRMAN:** I am not going to have a situation, Minister, where it is one-sided. These budget Estimates Committees are for all members of Parliament. The Deputy Leader of the Opposition.

**Ms HURLEY:** Page 10.2 refers to a number of key initiatives of the department, and one of those is a pilot of six local service centres to be established. Can I ask the Minister how many staff will be involved in each of those centres? I appreciate that this has not been established yet, but roughly what hours are they envisaged to be open, what number of days will they be open, and what are the expected benefits of these local service centres?

**The Hon. R.G. Kerin:** The six service centres will all be slightly different to suit the needs of the communities that they have gone into. One of the difficulties we have had is identifying in each community what the roll of the service centre will be. The existing services in each of those communities at the moment is somewhat different. One thing we became very aware of early in the piece was that if we were to go into a town—and let us use Lameroo as an example—and offer bill paying services we could hurt the viability of the post office, and the last thing we want to do is go somewhere and cause another service in the town to close down.

We have host agencies in these towns. Negotiations are still occurring but in general I believe that the hours would apply five days a week. There would be a manager in each one. They probably will not be absolutely full-time on this, because the flow through the door, as with all businesses, is somewhat staggered. The roles, as I said, will vary from one place to another, but we are looking at increasing the access to services in each of those communities and not duplicating what might otherwise be available in the community as such. So the roles do vary from community to community. It is probably not all that far from being able to identify centre by centre who is going to manage these and what the individual roles will be.

**Ms HURLEY:** If I can follow up on that: you said you are not going to duplicate activities, and that is good, but I wonder whether you are going to subsume activities of some other Government agencies. There has been some talk that ETSA offices might close down, for example.

**The Hon. R.G. Kerin:** The issue of the ETSA offices has not formed any of the discussions up until now with this particular issue. Almost with all agencies there have been negotiations about what we can offer for each of the agencies, but I am not aware of any discussions that have occurred in

light of the current media that has been running about ETSA offices. I think in most cases most people go into an ETSA office to pay an account. Those accounts are payable at Australia Post, anyway; so in most places that is probably one of the services that we would be dodging, anyway, because it would be taking revenue away from the local post office.

**Ms HURLEY:** To get on to a different issue: have all the issues of worker entitlements arising from the sale of SAMCOR been resolved or are there still matters under consideration by the Government and, if so, what are they?

**The Hon. R.G. Kerin:** As far as SAMCOR goes, I think most of the worker entitlement issues were sorted out. There was talk of some form of challenge. I am not actually the Minister responsible for that. Treasury is the relevant agency for any outstanding issues with SAMCOR. I understand that there are a couple of WorkCover issues that are still to be resolved, and I think in general Treasury has brokered an agreement with Agpro regarding outstanding SAMCOR issues. How many workers' issues are within that I am not sure. It is basically within Treasury.

**Ms HURLEY:** I have some questions on the budget presentation. For example, it is stated on page 10.2:

The development of outputs from which output classes in this Portfolio Statement have been derived was driven by the recent strategic planning process.

It is also stated in a footnote to the outputs operating statement (page 10.25):

The allocations to output classes are indicative and are based on broad costings methodologies. In particular, appropriations were not developed on the basis of output classes for 1998-99 or 1997-98 and have also been allocated on a broad basis.

Who undertook the strategic planning process, and what was its cost? Will the Minister provide a copy of that report of the strategic planning processes?

**Mr Mutton:** The strategic planning process was done by the executive of the organisation and with consultation within the organisation. We had some support from a consulting company, KPMG, to help us through that process. That was the first strategic planning process that we had gone through that actually determined outputs from the organisation, the development of key result areas and the objectives that were based on the outputs we were looking for from the organisation. The strategic planning process was output-based in the way we were going through the exercise. By recollection, KPMG charged us \$46 000 for the consultancy, and that can be confirmed if the honourable member wants that in more detail. Although that comment is in the paper, we were looking at the output structure as being the basis on which we determined our budgets for the year. We have identified our operating statements, based on output classes, and divided them into the groups within the organisation and the allocation of funds therein.

**Ms HURLEY:** Do the output classes and costing provide a clear picture of the department's activities?

**Mr Mutton:** Yes, they do. Since October last year, the planning framework for having budget documentation in place has been tight this year, and it has been under refinement.

**Ms HURLEY:** I refer to the statements (page 10.8), key result area 3. KRA3's first objective is to:

Accelerate industry growth by identifying and promoting the uptake of products, processes and opportunities that complement resources and competitive advantages.

*PIRSA will measure its success by the State's share of national product value, by investment in the primary industries and resources*

*sectors, and through industry satisfaction with PIRSA's contribution to the sector.*

What are the actual and target shares of national product value? What is the current and target level of investment in the Primary Industries and Resources sectors?

**The Hon. R.G. Kerin:** Obviously, an enormous number of measures is involved. The number of product groupings or individual products within primary industries is absolutely enormous. There are some pretty raw ones as to how we are going as a percentage of production of the various commodities. We put a lot of stock in trade figures, although they are hard to identify because, unfortunately, some of our product goes out through Melbourne and Sydney, and that makes the figures a little hard to line up. Basically, I am not sure whether I can give you any of those figures, and I do not know whether I can take that on notice. We could probably provide some examples of what we would look at. However, for each industry grouping we would probably do measures at various times to see how we are proceeding. Also, these are not absolute figures. In many cases, we would compare how we were going on yield per hectare or whatever, depending on the type of crop.

**Ms HURLEY:** Will you provide any measure of success in the next budget, because the stated measure of success will involve the figures I asked for? How will the Minister report on that in next year's budget if he cannot provide any more than indicative figures?

**The Hon. R.G. Kerin:** We will be reporting on performance indicators. However, there are ongoing figures almost with everything—whether it be production per hectare, total production for the State or percentage of national product of each of those commodity groups. There is a whole range of indicators on which we can base that. It is a pretty enormous job to start identifying them individually. Those figures are produced annually for most commodities on a State and national basis, and that gives us the opportunity to measure them. Some indications involve absolute total figures, but they do not mean as much as the actual product groupings.

**Ms HURLEY:** How will industry satisfaction with PIRSA's contribution to the sector be measured?

**The Hon. R.G. Kerin:** Obviously, we normally hear a fair bit of feedback one way or the other, which is one of the ways of doing it. Of course, the other way is by doing surveys, and that practice is ongoing. It is not all that hard to measure it. You only have to get around the bush a bit to measure that level of contentment, and at present it is not too bad.

**Ms HURLEY:** The second objective in KRA3 is to:

Increase industry competitiveness through fostering a vibrant research and development capability generating innovative technologies.

*PIRSA will measure its success by the ratio of non-State Government to State Government investment in research and development in Primary Industries and Resources.*

What is the current and targeted ratio of non-State Government to State Government investment in research? This is a particularly interesting question because, if a high ratio is considered desirable, does the Minister then concede that this objective can be achieved by cutting State Government expenditure on research and development? In fact, the ultimate would be if Government spending were zero, then the ratio would be infinite?

**The Hon. R.G. Kerin:** Funding bodies award money by way of leveraging. I would suggest that, if the Government's contribution was zero, the industry contribution would be zero. That is really what Government's role in research and

development is—we try to place our research dollars where we can leverage both the most incoming money and the best result for industry as a result of that. In this case, while it might seem on the raw figures it is open to manipulation, it really is a leveraging exercise. Correct placement of the State's dollars is vital to leverage up the best funding from industry organisations and outside to obtain the best results. In reality, the ratio system of measuring that is quite efficient in that it reflects how well you are doing things.

**Ms HURLEY:** What is the current and targeted ratio?

**Mr Mutton:** I think the fundamental issue is that a number of these performance indicators are being developed to assist us to meet the key result areas we are looking at. Fundamentally, we are looking to increase the level and encourage the increase in level of private investment in R&D in this State, whether through private R&D or through contributions to private, good research within South Australia. We will be looking at trends and projections in those ratios in regard to the level of investment in research and development in this State. We have clear historical figures on which we can move forward to ensure that the trends are in the right direction. It is also worth noting that if we have a trend where we reduce the level of Government investment in R&D to make the ratio look better, the other performance indicators, which is industry satisfaction with this agency's contribution to the sector, would certainly be less than attractive.

**Ms HURLEY:** I must say—and this portfolio area is not the only one—that the lack of specific measurement of outcomes and the lack of specific measurement of success in achieving objectives is notable throughout the whole budget document. If we are to compare performances next year with the targets and objectives we have little to do it with, except some vague words. For example, I refer to the Victorian budget papers where measurements of outcomes and outputs are much more specific than they are in the South Australian budget. Dairy industry development, for example, has a desired outcome of farmers adopting more efficient pasture production systems, and the target is set down for 10 per cent. So, there is a very specific measure on which to operate.

The target for increased exports of milk-based products is 5 per cent for 1997-98; and for processes for adopting technology to maximise value of dairy produce there is a 2 per cent increase. That is right through the whole area of primary industries in the Victorian budget. Yet, the measures we have in this budget are so airy-fairy that it is unbelievable. We cannot pin down any of those indicators at all. Not only do we get less financial information but also we cannot measure what we have been given.

On page 10.7, Key Result Area One, it is stated that PIRSA will measure its performance within each objective strategy for each key result area. Key result area one has as its objectives the identification of South Australia's natural resource base, provision for management of natural resources based on ecologically sustainable development principles and protection of South Australia's resource base and achieving sustainable development. Can the Minister explain how the assessment of key natural resources will take place?

**The Hon. R.G. Kerin:** If anyone could get an exact measure for that they would make a lot of money because it is one of those areas where measurement as a figure is almost impossible. Certainly, each year we can talk about what we have achieved in the previous 12 months, but to get an absolute figure on natural resource management is extremely difficult. Even talking the dollars that are spent in those areas

is not necessarily a correct measure of outcome, either. To actually put figures on that is one of those impossible things. Perhaps Mr Wickes could comment on how we could measure some of those issues.

**Mr Wickes:** For a number of years we have been putting together the condition of our natural resource base as it suits primary production. We have just about completed the first cut right across South Australia and we now have a series of maps which we are joining together. So, we can report on that. By the end of this year we should have the first cut of all the land capability data and the ground water data which goes with it.

In terms of saying whether those things are against our performance, where the State's resources are being measured against key sustainability indicators, we have completed a national report into which the Waite Institute—where I am based—has had a major input. A draft report has been prepared at a State level which brings it down to that level. We can report on those and by next year we should have quite a bit of that rounded up.

**Ms HURLEY:** What are the key sustainability indicators which will measure the condition of the State's resources?

**Mr Wickes:** When looking at ecological sustainable development, we have been using economic factors so that you can determine what state the farmers themselves are in, because that impacts on how they are going and how they reinvest. We have used on-site indicators, for example, the nutrient status, the acidity and the sodicity of the soil; how they are treating it; and how much lime they are putting on. So we can pick up on those issues to indicate how we are going on the land. Off site, we have been measuring streams and doing quite a bit on stream measurements in relation to salinity.

In relation to farmers' skills (that is, how they farm their paddocks), we have been measuring the level of education, which includes how many people go to field days and how many people get involved in the broader area, and ABARE has collected many of those statistics for us. The geography department of the university has also done a sociological survey about where the people are, what is the age structure and what effect it has on production. So, a whole lot of indicators are aimed at those policy decisions which Government makes about investing in improving ESD in this State.

**Ms HURLEY:** What are the biological, natural and contaminant threats that confront South Australia's primary industries and resources sector, and how does the Minister plan to reduce those threats? As part of that, what are the established principles that PIRSA will use to measure success in this process?

**The Hon. R.G. Kerin:** Obviously, the whole range of threats. It is a management issue and many are quarantine issues. There is a range of issues, whether it be fruit fly, locusts or residues, and they all need managing. Some are quarantine issues and some are control issues. It is a very broad church.

**Ms HURLEY:** How do you measure the success?

**The Hon. R.G. Kerin:** Basically, it is by individual measures. We always get a fair idea of how the fruit fly program is going, for instance, by how many outbreaks we have a year. Certainly, in the past two years we have only had two each year, which is an excellent result. We would love nil but, if we are trying to measure, two outbreaks in each of the past two years has been excellent compared with other years. We have had only one case of ovine Johne's disease. With phylloxera and those types of diseases, you get a

measure by how many outbreaks occur. Last year, for the first time we had a lupin anthracnose outbreak on the Eyre Peninsula. Many of those things can be counted by the actual number of events that we have. It becomes a bit of a challenge within the department to ensure that there is self improvement as to how we manage many of those outbreaks and how much damage follows from it.

**Ms HURLEY:** Is there any intention to include those sorts of measures in the budget papers, as do the Victorian budget papers?

**The Hon. R.G. Kerin:** To be totally honest with you, it is something I have not thought about, but we will take on board whether we can show off a bit and put a few of those things in the budget papers.

**Ms HURLEY:** I refer to page 10.10 of the Portfolio Statements at which strategic objective 1.3 of the department states:

Complete investment attraction packages for specific agricultural and aquacultural industries within a time frame of June next year.

How much has been allocated for these investment packages in 1998-99; where does the allocation appear in the budget; and, what is the source of these funds?

**The Hon. R.G. Kerin:** It comes out of the industry development services section of the budget. These investment briefs are based in areas where, in the past, there may have been market failure or something has been identified as being needed in South Australia that is not happening without our facilitation. We can provide the allocation figure.

**Ms HURLEY:** What other specific agricultural and aquaculture industries have been targeted for attraction packages?

**The Hon. R.G. Kerin:** At the moment canola oil, the pig industry, the wine industry and abalone are all out there. Some of these are done and we are starting to experience some success.

**Ms HURLEY:** I could go on with a lot more questions on the budget. It is difficult to get information out on such things as allocations and packages and on what SARDI, Mines and Energy and various sections are doing. The Minister indicated that he may consider doing some performance measurements in the budget. Would he consider any other publications that would make some of this information more readily available to the public, the taxpayers and users of these programs?

**The Hon. R.G. Kerin:** There are a range of publications that pick up on individual bits and pieces. There is no one publication that fulfils the Deputy Leader's wishes for the collection of measurements.

**Ms HURLEY:** What amount is allocated to various programs and what programs are there?

**The Hon. R.G. Kerin:** That exists at the next level of the budgeting. We can make those figures available in the fullness of time when they have been completed.

**Ms HURLEY:** I refer to the dog fence levy. The Minister will be aware that many Upper South-East landholders have expressed objection to paying levies towards maintenance of the northern dog fence. These landholders are currently not able to access dog control funding in their area. The concerns have been heightened by recent attacks on sheep by Ngarkat dingoes adjacent to the Billiatt Conservation Park. Litigation by the Dog Fence Board against an Upper South-East grazier for non-payment of levies last year failed, and this may be used as a precedent for other landholders to refuse to pay. About 12 months ago the South Australian Farmers Federation raised the issue with the Minister. What action has the

Minister taken to resolve this issue since it was raised with him last year?

**The Hon. R.G. Kerin:** I probably lost hair or went grey over this one. It has been an ongoing issue. SAFF has been negotiating with the Local Government Association on whether local government could collect the producer part of the levy within incorporated areas. Under the current rule no-one pays unless their property is 10 square kilometres or more. It is felt that there may be a more equitable way to do it. Local government recently told SAFF that it is not prepared to collect the levy, so we are back to square one to some extent. The current system is seen as inequitable by some people. The statement of not being able to access dog control funds is wrong. There are two issues: first, the dog fence (which is what the levy is all about); and, secondly, dog control.

These people are saying that they are paying twice. If we look at the pastoral areas, I am sure that these people have not realised in the past that, if you are in the pastoral area, you pay a much higher dog fence levy than these people pay but you also pay a dog control levy, which is a separate pool of funds. In the Upper South-East, when they say that they are not able to access funds for dog control, some who have 10 square kilometres or more are paying the dog levy like everyone else in the State who owns that much land. However, they are saying that through local government they also make a contribution which pays for dog control in that area. One of the gripes of these people is that the general community should also make a contribution. However, it is little known by these people that the general community does, through a one for one subsidy, make a contribution to the levy.

Secondly, they ask, 'Why are we paying for a dog fence up north and having to pay for all the dog control here and nobody helps us?' Most growers did not realise that half the money for dog control in that area is put in by the Department for the Environment, a quarter is put in by the Animal and Plant Control Commission and only a quarter is put in by the local landholders. A general belief is that money is being collected and sent north to look after the dog fence while they are left with their problem down there. In reality, there is a net inflow of money to that region, which is not well known. That is not to say that we will not try to find another solution, but the levy for which SAFF asked initially has been in place at its behest. It has tried to negotiate an agreement to get it changed and has not been successful. We are currently talking to SAFF on how we may be able to change the current system. There has been a lot of misinformation.

**Ms HURLEY:** Some of the issues surrounding a more equitable rating system have not yet been resolved with SAFF, but is it not true that even in that atmosphere the Minister has raised the basic dog fence levy by 33 per cent?

**The Hon. R.G. Kerin:** The Dog Fence Board raised the minimum rate by 33 per cent, and that board contains representatives of the growers through SAFF.

**Ms HURLEY:** Will the Minister implement the system provided for in section 27A of the Dog Fence Act 1946 for the Dog Fence Board to raise contributions from councils instead of levying dog fence rates from landholders?

**The Hon. R.G. Kerin:** That is a track down which SAFF and the Local Government Association negotiations have gone. We need the agreement of local government and that agreement is not forthcoming.

**Ms HURLEY:** Will the Minister support the formation of a Fence Board and the gazetting of a dog fence around the Ngarkat Conservation Park?

**The Hon. R.G. Kerin:** I have a meeting coming up with growers from that area. I am waiting to see what proposition they may put forward. It is worth noting that there has not in the past been agreement between the landholders bordering Ngarkat on whether there should be a fence. There is local disagreement on what the local solution is. I will be interested in what proposition they put to me.

**Ms HURLEY:** The South Australian Farmers Federation recently warned that an overproduction of grapes in South Australia could occur within a few years. According to SAFF, this overproduction would place pressure on the industry to sell all the wine it produced. The SAFF is calling for a national vineyard register to guard grape growers against such overproduction. Does the Minister support this call and has PIRSA taken any steps to establish a register?

**The Hon. R.G. Kerin:** We basically have a register anyway, through the Phylloxera Board. I think that some of the comments that have been reported have perhaps been taken slightly out of context. Wine is very much a global market nowadays, as we see by the export figures. As far as oversupply goes, what we do in South Australia does not really have a great impact on the supply curve on an international basis. We are, on the whole, a very small player in total wine sales.

I think the issue is not about how many vines are put in the ground but about whether the marketing effort matches the plantings. There is a general feeling—and I think this is where some of the messages may have been a little misunderstood—that perhaps our wine grape growers are at the moment receiving a price that is not sustainable. I think that the issue is more that they will not keep receiving that price. With regard to how many grapes we have in the ground, if our marketing is good enough they can be sold. We do not have a lot of say in that supply curve but the demand curve is a matter of marketing, as to whether or not it is our grapes that are being sold into China or Chile as wine or whatever. I think some of those statements were misreported.

**Ms HURLEY:** I appreciate the points that the Minister has made but I think there are other issues with wine production—and I will come to ground water issues later in the evening. Does the Phylloxera Board's list of the vineyards include the small one or two hectare plots that are popping up around the place?

**The Hon. R.G. Kerin:** Down to one hectare.

**Ms HURLEY:** On 18 May this year the Western Australian Minister criticised the restructure of the Australian Wheat Board which reduced the staff members of the board in Perth. That Minister also suggested that Western Australia's grain marketing, handling and transport systems should be combined. The Chairman of the Australian Wheat Board, Mr Trevor Flugge, agreed that there was merit in this proposal. Does the Minister share the view of his Western Australian colleague about the reduction of staff numbers at the Australian Wheat Board? Would he agree that a reduction at the Adelaide office is a backwards move?

**The Hon. R.G. Kerin:** In a word, 'No.'

**Ms HURLEY:** So you agree that there should be some reduction in staff?

**The Hon. R.G. Kerin:** A reduction in staff is passed on to growers as increased returns. As long as the Wheat Board has enough staff to do the job, that is an industry issue. If the industry can make decisions which are efficient and result in

better returns to growers than I do not see why Government should argue with that.

**Ms HURLEY:** Does the Minister support the views of his Western Australian colleague that the marketing, handling and transport systems should be combined?

**The Hon. R.G. Kerin:** Once again, it is totally an industry issue. One point about the previous question is that it results in more country jobs versus city jobs, which I would applaud. What industry decides to do with its boards is very much, in the initial stages, up to industry. Once again, I do not think the Government should interfere with industry's basic thinking about where it wants to head.

**Ms HURLEY:** The Federal Government has recently decided to cease its \$300 000 funding of the national rabbit calicivirus program. The Federal Government argued that at this stage the program should be operated by the States. CSIRO scientist, Dr Brian Cooke, has stated that this decision is short-sighted and will limit the ability to control rabbits. Is the Minister concerned at the lack of commitment by the Federal Government to the calicivirus program? Does the Minister believe the effectiveness of the program is threatened by the decision? If so, what action has he taken to reverse it?

**The Hon. R.G. Kerin:** We are always concerned when Federal Government funding stops for anything. I would ask Roger Wickes to make some comments about this issue.

**Mr Wickes:** There has been quite a lot of negotiation between the States and the Commonwealth on this issue. The States feel that it is very important to maintain the research component of the program and agreement is being struck at the moment. We put our response in yesterday that we will help fund part of the research that keeps this program going. The Commonwealth is not a part of that but all the States are keen to keep that program on the ground.

**Ms HURLEY:** What resources will the State be allocating to that program?

**Mr Wickes:** Our contribution to that this year is \$54 000, and that will be the same for the next three years.

**Ms HURLEY:** Is that an increase over last year's allocation, or is it the same?

**Mr Wickes:** It is continuing for three years.

**Ms HURLEY:** Compared to last year, is that an increase to offset the Federal funding cuts?

**Mr Wickes:** No, it is not an increase but a reduction in the program. For the first two years it included a large monitoring program as well as a research component. South Australia has put a large effort into monitoring well above that component because the Animal Plant Control Commission had sites in the pastoral area which have been able to be used as areas for monitoring. That program finishes at Christmas time. We will continue a lower level of monitoring of that because we have a lot of data and a lot of that data is being analysed. In terms of how the virus operates and what carries it, we need to understand that a bit more and that is why we are keen to continue the CSIRO program. Brian Cooke, who was part of our department, has now joined CSIRO full-time to carry that through.

**Mr VENNING:** With regard to the calicivirus, are we seeing resistance to it and, if so, to what degree?

**Mr Wickes:** No, we are not seeing any resistance to the calicivirus. There are changes to do with the vector, but there is no resistance being found. It is usually a climatic event or how the insects are moving.

*Mr Venning interjecting:*

**Mr Wickes:** Young rabbits, when they are born and up to their first three months, form a resistance and carry that through. When the calicivirus first set the young rabbits, especially the young does, lived on and kept producing more rabbits. They are reaching the end of their life now and it is expected that in the pastoral country there will be quite a reduction in rabbit numbers for a while as those does die out and the calicivirus carries on. Myxomatosis also is fairly active, and both are working together.

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

Mr C. Fong, Executive Director, Office of Energy Policy, PIRSA.

Mr T. Aust, Deputy Director, Petroleum Group, PIRSA.

Mr N. Alley, Acting Director, Mineral Resources, Mines and Energy.

**Ms HURLEY:** I refer first to the South Australian Exploration Initiative which the Minister has already launched and for which he has announced continuing funding. The Opposition welcomes this; it has been a very effective strategy, and was introduced by the Labor Government and Frank Blevins in 1992. The industry has given it good support and, as the Minister has stated, it has resulted in good returns for this State for the investment made by the State Government. It has been renamed the 'Targeted exploration initiative' (TEI); I am not sure why it has this new name. I would like to know what specific targets and outcomes are proposed for that exploration initiative this time around. I return to the excellent Victorian papers on this—

*An honourable member interjecting:*

**Ms HURLEY:** I still do, occasionally, but he has some good initiatives, and good budget papers is one of them, apparently. I am not sure I like the allocations within the budget but the way he has set it out is pretty good. In the Victorian budget papers the targets for regional geological information are: strategic areas of the State covered by airborne geophysics at 80 per cent in 1997-98; strategic areas of the State covered by new geographical mapping, 35 per cent; and strategic areas of the State covered by full GIS databases, 50 per cent. In many ways, South Australia is ahead of Victoria in that we have already covered a lot of information that they have not. I believe that the South Australian Exploration Initiative covered 40 per cent of the State. What specific outcomes is the Minister proposing under the new initiative?

**The Hon. R.G. Kerin:** Certainly, some targets have been set, both in figures and in the areas that need to be covered. I will ask Dennis Mutton to elaborate, but we may be able to provide more detailed numbers if you require them.

**Mr Mutton:** This is a significant program, which will do two things: first, it will provide data for areas of the State that have not been covered to date; and it will also cover some areas of the State at a higher level of resolution than has been the case in the past. We estimate that, by the time we complete this program over the next four years, we will have completed survey work of over 70 per cent of the area of the State. It is important to understand that a significant proportion of this program is in targeted areas of the State, particularly northern Yorke Peninsula, part of the Gawler Craton, the Musgrave Blocks, which are in the far north-west of South Australia, the Pitjantjatjara lands and some further specific work adjacent to the New South Wales and South Australian border. So, it is a combination of extending our information

base and also increasing the intensity of data in areas that we wish to target for exploration.

**Ms HURLEY:** Page 10.2 states that the four year program will be completed in June 2002, subject to funding. Why has the four year funding not been guaranteed?

**The Hon. R.G. Kerin:** Basically it has. I think that anomaly might be due to its timing being not long before the budget was approved; I am not aware of anything else. So, the money is there.

**Ms BREUER:** I refer to the South Australian Steel and Energy (SASE) project. In December 1997 Ausmelt was commissioned to undertake the detailed design activities for the demonstration plant, and this task was completed in May 1998, on schedule and under budget. PT Krakatau Steel has made one payment to SASE of \$US2.5 million, as required, and the original agreements outline two further payments of \$US2.5 million each to earn 15 per cent equity in SASE. These contributions, together with a Commonwealth Government grant of \$A6.5 million awarded in December 1997, would complete the funding requirement for building and operating the demonstration plant phase of the project. PT Krakatau Steel has indicated a continuing strong commitment to the project, but circumstances in Indonesia may cause some unplanned delay in the payment. Joint venturers, including the South Australian Government, are as a contingency in the process of sourcing additional funding to prevent delay and facilitate the early commencement of the final feasibility study—so we are told. Will the Minister assure me that this plant will go ahead; and what will the State Government commit to ensure that the project will go ahead?

**The Hon. R.G. Kerin:** We are very keen for the project to go ahead. Obviously, the circumstances that have occurred in Indonesia have been rather unfortunate for this project, not only with PT Krakatau but also having lost Maritosa earlier. The future ownership of PT Krakatau has been the object of a fair amount of media reporting over there, and that is not assisting in getting the project up and going. Also, the future structure of the SASE entity is the subject of some reasonably heavy negotiation at the moment. At present, all I can say is that we are still very keen for this project to go ahead. All players have indicated a level of commitment to the project, but no guarantees can be given in that there are several players in this—not just the Government—and, without all the other players actually being in there, there is no point in the Government's trying to do it on its own. Part of the resources are tied up and the technology is tied up. All I can say is that we are continuing to work hard towards getting it up, but some things are out of our control and some are matters of commercial consideration between the various entities which we cannot really discuss here.

**Ms BREUER:** I refer to the Gawler Craton, on which apparently an infrastructure study is being conducted. Who is doing this infrastructure study, what are its time lines and when will it be completed? Will councils and economic development boards have access to the information that is provided through the study?

**The Hon. R.G. Kerin:** I will ask Neville Alley to provide some of the detail. This is an important study. It is important that there be a broad range of feedback, because it is about future planning rather than reacting after something is found. It is important that the study take into account tourism, pastoralism and other opportunities.

**Mr Alley:** A couple of years ago, Senator Parer put out a call for proposals from the States for prospective mineral provinces that would benefit from an infrastructure study.

Those kinds of studies were successful in the northern goldfields in Western Australia and the Mount Isa block to get a predevelopment idea of what was needed. The Federal Government granted us the go-ahead on the northern Gawler Craton which we identified as one of the key areas that would benefit early from knowledge of the kinds of services and support that would boost development in that area. Funding is supported by the State Government and industry, and the committee that has been established is run largely by industry. It is more or less a consultant study at this stage.

**Mr HILL:** I would like to ask the Minister a question about the department's understandable interest in exploring that section of Yumbarra which glows red in the pictures that have been developed through the study of the State. Concerns are circulating in the conservation movement that the department may attempt to use the legislative provisions of the Act which allow scientific exploration in order to justify preliminary mining exploration. In addition, there are concerns that the department may seek the planning Minister's approval to have the area declared a major development so that other planning Acts can be bypassed. Is the department looking at those options; and, if so, where is it situated along that path?

**The Hon. R.G. Kerin:** I thank the member for Kaurna for those suggestions: they may be useful in the future. I will ask Neville Alley to comment on this in a moment. A lot of energy is being put into negotiations with the Aboriginal community, which are at a pretty essential stage, to make sure that the Aboriginal community is thoroughly consulted and that its heritage and native title concerns are taken into account. There has been a lot of activity in that direction recently. I will ask Neville Alley to comment on the other issues that the honourable member raises.

**Mr Alley:** Our prime objective is to undertake consultation with all the conservation and Aboriginal groups to get their agreement for us to go in and do the kind of scientific work that we need to do. As an option, we are looking at and getting Crown Law opinion on whether it is acceptable for the department to undertake normal scientific surveys, focusing on the Yumbarra anomaly. We are still awaiting that advice.

**Mr HILL:** From what you have said, I take it that you are exploring the use of legislative provisions which allow scientific exploration to permit mining exploration to occur.

**Mr Alley:** 'Exploration' is not the correct word: it is 'scientific' investigation.

**Mr HILL:** So, you are using the provisions which allow investigation to see whether that will allow you to explore?

**Mr Alley:** That decision will be made by Minister Kotz.

**Mr HILL:** I refer to the Development Act. Is that Act also being investigated by your department?

**The Hon. R.G. Kerin:** I am not aware of that.

**Ms HURLEY:** The Penneshaw breakwater is being constructed from stone quarried from the hill immediately above Penneshaw. This is clearly visible from the town and the ferry terminal and as tourists approach from the sea. As I understand it, no mining right had been granted over this land as of two months ago when the Ports Corporation signed the contract with the contractor. I understand that it is unlikely that a mining right has been granted since because the process is quite involved.

I am told that the contractor involved is the same one who was involved with mining stone at Worrina by building a dam on top of a hill. It would be difficult to use the same reason this time, because this quarry is on the side of a hill and at this stage quarrying is being done horizontally. I am told that

a mining right takes months to achieve and that there must be a period of public discussion as well as advertisements and statutory periods to allow comment.

I do not believe that this has happened, and the probability is that such a mining right would not be issued. One of the major reasons for this is that the area that is being quarried is environmentally sensitive, partly because it is visible from the port and the ferry terminal but also because a rare cockatoo (the glossy black cockatoo), which was featured recently in the *Advertiser*, nests in oak trees on this site. Blasting and the use of plant equipment for prolonged periods poses a great threat to this bird, which is on the edge of extinction.

*Members interjecting:*

**Ms HURLEY:** I am disappointed that anyone might find that amusing. Regarding the extraction of rock from the property adjacent to the Wirrina development, has the department satisfied itself that the contractor has not breached any of South Australia's mining or environmental legislation as part of this process?

**The Hon. R.G. Kerin:** Regarding the question about Wirrina, an issue emerged last year about the payment of royalties, but that has since been sorted out, but regarding the property on the other side of Wirrina, I am not sure.

**Ms HURLEY:** I believe there is some question about whether rock quarried on the adjacent property was able to be taken onto the Wirrina property.

**The Hon. R.G. Kerin:** For the marina?

**Ms HURLEY:** Yes, without the requisite licences.

**The Hon. R.G. Kerin:** I do not think that is an outstanding issue, but we can follow that up to the satisfaction of the honourable member. I will take that question on notice. I am not aware of the Kangaroo Island matter.

**Ms HURLEY:** As the Minister is not aware of the operation that is being carried on at Penneshaw, does that imply that no mining right was granted?

**The Hon. R.G. Kerin:** I do not know of every mining right, and if one was granted it probably would have been before I became Minister for Mines. We can take that question on notice.

**Ms HURLEY:** In the last two months?

**The Hon. R.G. Kerin:** I am not aware of it.

**Ms HURLEY:** If the Minister verifies that this quarrying is going on, will he be able to stop it? Will he investigate this matter urgently?

**The Hon. R.G. Kerin:** We will make urgent investigations about the issue raised by the Deputy Leader, and we will follow that up reasonably quickly. Whether or not we can stop it depends on the circumstances, of which no-one here is aware.

**Ms HURLEY:** I now want to refer to the question of groundwater, which we touched on a little earlier. Page 10.2 lists a project which assesses the sustainability of groundwater resources in the Clare viticultural region, and I wonder whether attention is being paid to other areas. If I might be parochial for a minute, in my own electorate in the One Tree Hill area there is a bit of disquiet about the increasing planting of vineyards in that area, and concern about whether enough is known about the groundwater resources in that area and whether they will be able to sustain that level of planting, plus future horticultural areas in other parts of the township. I am sure that One Tree Hill is not isolated in this respect. I know that there are many vineyard plantings in areas around my electorate, some of them in fact with mains water, but some of them using groundwater. It is this explosion in grape

growing in respect of groundwater that concerns me a great deal, if in the end it is in fact not sustainable.

**The Hon. R.G. Kerin:** It moves across into the area of allocation policy which is with the Minister for the Environment, and Groundwater Services obviously offers services to that group, and the Clare Valley one is a project that I am looking at, in relation to fractured rock aquifers and the recharge thereof. It is more so the technical aspect. As far as the policy issue goes with respect to One Tree Hill I suggest that that be raised with the Minister for the Environment, because it a policy issue that falls within her area, and her estimates are yet come before the Committee.

**Ms HURLEY:** I refer perhaps to the more general issue of research on groundwater in mapping and determining our groundwater resources in South Australia and what is happening to them.

**The Hon. R.G. Kerin:** There is considerable work in that area and I might get Roger Wickes to make a comment or two that. The areas of identification and policy are two separate issues. I ask Roger to make some comment, because the mapping is very important.

**Mr Wickes:** The Groundwater Group does have quite extensive monitoring across the State of the levels in groundwater. When you get into the Mount Lofty Ranges a lot of the water tends to be in pockets, just because of the geology of the area, and that is more difficult to determine. But much of the work that is going on is in recharge of the aquifers. A lot of the aquifers have been overdrawn, so recharging programs are going on in the Clare and Barossa areas, and in the northern Adelaide Plains, particularly with the Bolivar water. There has been a very successful project at Clayton for its water supply, taking it out of the river, putting it underground and then withdrawing it, making sure it takes out the algal blooms. So they have good water resources.

There is a quite extensive monitoring program across the South-East, and a lot of the dryland salinity program in the South-East is managed by that. We also have the Great Artesian Basin up north, which is being managed, and quite well managed since most of those bores are now being capped and the water maintained. Also, in the South-East we have confined and unconfined aquifers which are being managed, and in particular we are looking at upgrading some of the confined areas down there. So there is quite an extensive groundwater network. In relation to the Mount Lofty Ranges you have to get fairly specific in where you are looking because of the type of geology there.

**Ms HURLEY:** I think everyone recognises that groundwater is becoming an increasingly important issue as we proceed with some of these exploration initiatives and encourage horticulture and agriculture in different areas and in different ways. What is the allocation to research and monitoring of groundwater? Is it proposed that that will increase or has that remained static?

**Mr Wickes:** The current budget is remaining about the same. The figure is at about the \$3 million mark. I can provide more specific information for you later. It is continuing at the same level. At the same time we have won quite a number of contracts with the Land and Water Resources Corporation, quite a few joint ventures, and the Natural Heritage Trust is another one that has some programs going on, which also inject quite a bit of money into the groundwater monitoring program.

**Ms HURLEY:** How many staff are employed in that groundwater program?

**Mr Wickes:** The total group is about 50, but I would have to get more detail on that, because I have to take out some other components that do not relate exactly to groundwater.

**Mr BROKENSHIRE:** I refer to page 10.12 of the Budget Paper, Strategy 2.4:

Maintain the State's competitive advantage in providing clients' data needs.

Will the Minister expand on how the petroleum database and the information delivery system are being improved?

**The Hon. R.G. Kerin:** The department is the custodian of significant petroleum data, worth some \$2.5 billion in terms of its acquisition over many years by industry and the various sources. The core of the database is data from 1 300 petroleum wells and 250 000 kilometres of seismic survey. This data was previously available in hardcopy format. It is now being converted to digital format for ease of handling, storage and transfer to explorers. All the well data are now in digital form, have been verified and will be supplied to industry on compact disk. Seismic digital data is being recovered from deteriorating magnetic tapes, verified and compacted on to Exa-byte tapes for ease of storage and reproduction for industry.

Seismic data is also being converted to 'work-station ready' form for manipulation and interpretation by industry. Hardcopy petroleum data will be scanned and added to the current Petroleum Exploration and Production South Australia (PEP-SA) database for sale to industry.

To assist petroleum companies wishing to set up offices in Adelaide, PIRSA is providing free a block of digital data to cover the sedimentary basins that the companies are interested in exploring. To promote non-exclusive studies by consultants (particularly for the Cooper Basin) PIRSA is providing free digital petroleum data. The PIRSA worldwide web is having the Petroleum Group site expanded to list data availability, and in future, with appropriate licences, data will be able to be downloaded from the Web site.

**Ms HURLEY:** Aquifer recharge was referred to in the previous answer on groundwater. I notice that there is a project involving Bolivar water. What happened to some of the smaller recharge projects in the northern Adelaide Plains, such as the Stebonheath Flow Control Project at Andrew's Farm? Have definitive results for that been achieved and, if so, what are they?

**Mr Wickes:** I cannot tell you the exact outcomes of that program. That program has been going on, and I understand there was some success in that. It was done with the Centre of Groundwater Studies and it was finishing the report, so I will have to get back to you on exactly what happened in the outcome.

**The Hon. R.G. Kerin:** There is quite a bit of aquifer recharge going on in a number of areas. It is really offering a pretty good alternative for how we actually store our water and even to the extent of moving River Murray water down in the winter for use in summer by storing it in the aquifer. It is opening up some real opportunities to better use our water resources.

**Mr Wickes:** It demonstrated that you can recharge water into the ground and use it for your irrigation, and they were using that for the oval at that site.

**Ms HURLEY:** Where will the storage site be for the Bolivar water?

**Mr Wickes:** The site is on the edge of the area of irrigation, so there is not a mixing of the water, and it is a test site to see how you put the water down and how well it will

go. It is on the edge away from where people are withdrawing water for both household and irrigation use.

**Ms HURLEY:** So, it is not near the Adelaide Plains aquifer that is already being used?

**Mr Wickes:** It is on the edge of the aquifer.

**Ms HURLEY:** Page 10.2 states that a new Petroleum Act is being drawn up linked to an outcomes based co-regulatory regime. What does that mean?

**Mr Aust:** Basically, there has been a continuing development in regulatory theory and practice, particularly over the past 10 years. That has shown that the current Petroleum Act is getting near the end of its working life. This is what is basically driving the review of the Act so that we can get in place a more modern regulatory system. To use a buzz word, it would be objective based, so you set the objectives. Rather than telling people what to do, you tell them what you want to achieve, and you set in place a consultation process so that those objectives have general community support. In that way, you cut down the whole cost of compliance for industry, because it can cost control its methods to achieve objectives rather than having methods set which, in today's climate, rapidly become out of date. Also, you can enable Government to put its resources into monitoring objectives rather than counting nuts and bolts.

**Ms HURLEY:** What function does the energy management task force, which is listed as an administered item on page 10.4, perform? What allocation does it receive and from where does it receive it?

**Mr Fong:** The energy management task force is a multi-jurisdictional contribution. It is run by the Commonwealth, and funds are put in by all jurisdictions. South Australia's contribution is about \$60 000. At present, the energy management task force is looking at such things as the efficiency standards for appliances, how to market programs for promoting efficiency. It is also looking at efficiency standards for houses, for example, how to develop schemes with the housing industry to save energy. It is also looking at co-generation, that is, how to save energy within industry. It has a whole range of wide programs, and it has been ongoing for quite a few years.

**Ms HURLEY:** In an article in the *Financial Review* of Wednesday 17 June, Boral Energy's Managing Director Mr Grant King attacked Federal Parliament's delays in passing third party access legislation and the stalled growth of gas, limited to 17.7 per cent of Primary Energy's share—well behind targets of 20 per cent in the year 2000. The Federal Resources Minister (Senator Warwick Parer) retreated from his earlier intention of ruling out Commonwealth intervention on the draft rulings, saying:

Action open to the Commonwealth could include submissions to the ACCC or the ORG.

He was also hopeful that the third party access code for gas pipelines would be passed by Federal Parliament on 30 June. South Australia's being the lead legislator in this matter, it was rushed through the South Australian Parliament with little discussion. Has the Minister any further update on that? Will that gas legislation go through the Federal Parliament in this session?

**Mr Fong:** South Australia was the lead legislator for that gas pipelines access legislation, and we did the same with electricity as well. Our Bill is ready, and it will be assented to and will come into force when all the other jurisdictions have passed their legislation. In particular, the Commonwealth has to pass its legislation. It has been promising to do



this for about six months, so I suppose it is slipping. It is the Commonwealth's intention to pass that legislation in about two weeks, and that legislation needs to be passed because there are changes to the Trade Practices Act. As soon as Commonwealth legislation is passed our legislation goes into force, and the access regime in South Australia commences.

With respect to the honourable member's other comments about Senator Parer, that relates to the gas access regime in Victoria, where the Victorian gas industry is being broken up for sale. You are probably aware there that the office of the Regulator-General and the ACCC have made a ruling on the rate of return that they believe the owners of those gas networks in Victoria should earn. It is quite low; in fact, you may argue that there has been a lot of debate in the newspapers that 7 per cent rate of return is very much on the low side.

I am aware that industry, and Grant King, speaking on behalf of the AGA, believe that that is really not in the interest of consumers or of the industry at large. Certainly, I believe that the Victorian Treasurer is very concerned about that ruling, because it clearly possibly lowers the value of the assets in Victoria and also lowers the viability of future investors in Victoria as well. My understanding is that that reference is to Senator Parer's possibly writing to the ACCC and the ORG perhaps giving a position that maybe those rates of return were a little on the low side.

**Ms HURLEY:** If that ruling was carried out, what effect would that have on the South Australian gas industry, if any?

**The Hon. R.G. Kerin:** Any result would be a very indirect result because of the fact that it is already private here, anyway.

**Ms HURLEY:** Regarding the national electricity market, do we yet have any indication of when this market might start? It is starting to assume a mythical status in my mind.

**Mr Fong:** It turns out that it has been a lot more difficulty to get the market going. There are quite a lot of technical difficulties in getting the whole pool to work. As you know, the generators all dispatch into a pool, and the energy is bought from that pool. It is quite difficult to get the settlements and the balance in working running out of two centres in New South Wales and Brisbane. So, the market has been delayed, and the latest estimate is that it will happen probably be around about October or November this year.

**Ms HURLEY:** We will get back to these KRA's for mining. KRA 3, on page 10.8, which I referred to earlier, states:

Success measure in the ratio of non-State Government to State Government investment in research and development.

I was not able to get a measure of that figure for Primary Industries for 1998-98. Is a figure available for that ratio for the mining industry?

**The Hon. R.G. Kerin:** Certainly, in the papers it does refer more in the context of Primary Industries. I suppose in mining it is a little the same. Research is a little different, but it is a bit the same with mineral exploration. The measure of success will be how much exploration dollar we can attract, and that will be in two ways. One is what we can leverage up as far as money that industry will put towards the initiative. There is some commitment from industry, but certainly the measures by which we have been able to convince Cabinet to go again have been those which I have mentioned several times in the House: the levels of dollar figure that the Government investment in exploration has brought about. While there is R&D to do in mining as well, the parallel that

can be drawn between research in primary industries is really exploration in mining.

**Ms HURLEY:** Objective 5 on page 10.16 refers to 'public good' research being undertaken by the Government in Primary Industries and it does not mention the resources industry. In fact, I would not necessarily include exploration expenditure as being research and development for the mining industry. There are a number of other areas in the mining industry where a great deal of research and development is carried out. I know that for many years a great deal of that has been undertaken privately by industries themselves or it has been paid for by companies which carry out research and development.

In the past, Government has in fact stimulated some research and development in the mining industry and has undertaken that sort of seed research which has then been taken up by private companies, whether it has been companies selling technology to the mining industry or the mining industry itself. I wonder if any of that sort of expenditure is done currently and, if so, what is the level of expenditure?

**Mr Mutton:** Strategy 5.1, which appears on page 10.16 of the papers, is in fact associated with the Primary Industries and related R&D, but obviously considerable research is done by mining companies and to a lesser degree by Government in relation to sustainable management issues and environmental management issues associated with mining and rehabilitation. An example of that is the work that Western Mining is currently doing in relation to monitoring the health of the pastoral and related country adjacent to their operations at Roxby, including fencing significant areas associated with the removal of feral animals as part of that, and the monitoring of a whole range of native species.

There is significant work, and we would have a high expectation that companies within the mining industry would be making a significant contribution in those areas. But, through the sustainable resources area of Primary Industries and Resources, which includes work that is done in regard to rehabilitation issues for mining and other monitoring work, R&D is work going on.

Getting back to your earlier comment about the issues of measurement for the mining and petroleum areas and the key result area and the measurement of that, certainly we have got extensive statistics about the investment of mining companies and exploration companies in this State, and we are able to measure those against performance within the rest of Australia. Certainly, our objective is to move our proportion upwards as part of that and we have the capacity to measure that and report on that.

**Ms HURLEY:** I was thinking of R&D in the technical sense. We know that there is a possibility that mining in the Gawler Craton, for example, might be limited by the availability of water and, certainly, there has been some research done on the more efficient use of water in mineral processing. I wondered if that was one area that the Government might look at?

**Mr Mutton:** From the perspective of the agency, the expertise and the capacity to be involved in those issues are extremely limited. It is fundamentally not the expertise that this agency would see us having, but we have significant ties with a number of the cooperative research centres associating with the mining and related industries and the universities in South Australia in the engineering faculties that have significant involvement. Our input, whether it be in kind or other, would be done through those channels.

**Ms HURLEY:** In terms of the Department of Mines and Energy, has the number of staff in the mines and mineral areas stayed the same as it was before it amalgamated with the Department for Primary Industries?

**The Hon. R.G. Kerin:** Obviously, someone might have some figures we can relate to, but one of the difficulties is that there has been considerable amalgamation of some of the tasks performed within the department. A break-down of how many people in minerals, petroleum or ground water would be a fairer measure of that. In public relations, for instance, people who were in mining are working in that area and a range of other areas, but they are working alongside other people in the department. There is no clear line that can now be drawn to say, 'This is Mines and Energy and this is Primary Industries.' There has been significant amalgamation of resources within the two departments.

**Mr Mutton:** Just to follow on from that, there has been no change in the technical component within the mineral resources, petroleum or ground water areas in the agency since the merging of Primary Industries, Mines and Energy, SARDI and the Office of Energy Policy. Any efficiency savings would be in the corporate services area between the agencies, and that is the only area where any efficiencies would be gained. We have maintained the level of technical expertise. It may be operating collaboratively in other areas of the organisation. For example, the ground water area is working collaboratively with the remainder of our sustainable resources area within the now new agency, and the industry development expertise and staff that were part of Mines and Energy are part of the broader industry development group within Primary Industries and Resources. We are now using the collective expertise to develop and promote programs across the portfolio.

**Ms HURLEY:** Page 10.11, Objective 2, Strategy 2.1, states that the department will encourage competition in the minerals and petroleum sectors by implementing market strategies. What is meant by 'encouraging competition'?

**Mr Mutton:** It refers to the fact that the South Australian Government and the Department of Primary Industries and Resources are looking to encourage competition within both the minerals and petroleum sectors in this State. We would be doing that through a number of areas. We would be looking to increase the level of awareness of the opportunities in this State through the availability of databases and a range of products, including data packages, maps and publications, and through promoting the opportunities in South Australia for exploration in high prospective areas of the State. As the Minister mentioned earlier, we have the development of the website and making the department available internationally through the agency's website and through the provision of advice. All of those areas of developing market awareness are to attract a greater level of interest in this State and through attracting such interest our objective is to increase the level of on ground activity and raising the level of opportunity to identify mineral and petroleum areas that can be brought into production for South Australia.

**Ms HURLEY:** Are there any areas of activity in the mining and resources sector where the Minister might perceive there is not enough competition, where one company might dominate?

**The Hon. R.G. Kerin:** With some of the reviews of Acts, that specific concern will probably be picked up. In particular the review of the Cooper Basin Ratification Act is one area that has had some people feeling that way and the review picks up on that. This review of legislation to remove anti-

competitive practices should address the concerns raised by the Deputy Leader.

**Ms HURLEY:** When will that review be finalised?

**The Hon. R.G. Kerin:** Comments close on Friday 19 June. They should be submitted in writing by tomorrow. I am not sure of the time line from there, but over the next couple of months we will be making the necessary decisions. The decisions will be balanced against commitments made by State Governments over the years through indentures.

**Ms HURLEY:** I refer to the impact of GST on the cost of delivering State Government services and to the statements at page 10.1. The Olsen Government has on many occasions given explicit support to John Howard's plan to introduce a GST. Therefore, my questions are as follows:

1. Has the Minister or PIRSA undertaken an analysis of the impact of the introduction of the GST at the likely rate of 10 per cent or at any other rate on the cost of delivering State Government goods and services?
2. By how much will the cost of goods and services purchased by PIRSA increase on the likely GST rate of 10 per cent?
3. By how much will the cost of each service provided by PIRSA to the public need to rise to prevent an erosion of State Government revenues?

With regard to the statements, page 10.1, my questions are as follows:

1. Will the Minister list all consultancies let by PIRSA during 1997-98, indicating if tenders or expressions of interest were called for each consultancy and, if not, why not and will he advise the terms of reference and cost of each consultancy?
2. Which consultants submitted reports during 1997-98, what was the date on which each report was received by the Government and were the reports made public?
3. What was the cost for the financial years 1996-97 and 1997-98 of all services provided by EDS, including the costs of processing of data, installation and/or maintenance of equipment, including the cost of any new equipment either purchased or leased through EDS and all other payments related to the Government's contract to outsource information technology to EDS?
4. During 1996-97 and 1997-98 were there any disputes with EDS concerning the availability, level or timeliness of services provided under the whole of Government contract with EDS and, if so, what were the details and how were they resolved?
5. What are the names and titles of all executives with salary and benefit packages exceeding an annual value of \$100 000? Which executives have contracts which entitle them to bonus payments and what are the details of all bonuses paid in 1997-98?
6. What are the names and titles of all officers who have been issued with Government-owned mobile telephones? What arrangements apply for the payment of mobile telephone accounts and what restrictions apply for the use of Government mobile telephones for private purposes?
7. What was the total number and cost of separation packages finalised in the financial years 1994-95, 1995-96, 1996-97 and 1997-98?
8. What is the target number of staff separations in the 1998-99 budget, how many TVSPs have been approved by the Commissioner for Public Employment for 1998-99 and what classifications of employee have been approved for TVSPs in 1998-99?

9. How many vehicles by classification were hired in each of the financial years 1996-97 and 1997-98 and what was the cost of vehicle hire and maintenance in each of these financial years?

I refer to the statements, page 10.34. The portfolio estimates indicate that work force numbers for PIRSA will fall by 20 in 1998-99 to 1 381. Therefore, my questions are as follows:

1. Will the Minister specify in which particular sectors of PIRSA these job reductions will occur?

2. Will there be any increase in the work force of any particular sections of PIRSA, for example, aquaculture, to deal with an increased demand for services? If so, where will the off-sets in employment occur?

3. Will the Minister provide a detailed breakdown of the work force of PIRSA by division or section?

**The CHAIRMAN:** It may not be possible for that information to be provided by the normal time suggested for answering unanswered questions. Accordingly, I direct that it not be a requirement because the department has things to do other than answering very detailed questions. There being no further questions, I declare the examinations complete and thank members for their cooperation.

#### **ADJOURNMENT**

At 6 p.m. the Committee adjourned until Friday 19 June at 9 a.m.