

**HOUSE OF ASSEMBLY****Wednesday 7 August 2002****ESTIMATES COMMITTEE B****Chairperson:**

Ms M.G. Thompson

**Members:**

Mrs L.R. Breuer  
 Mr P. Caica  
 Mrs R.K. Geraghty  
 Mr R.M. Goldsworthy  
 The Hon. W.A. Matthew  
 Mrs E.M. Penfold

*The Committee met at 11 a.m.*


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Department of Primary Industries and Resources,  
 \$103 461 000  
 Administered items for Department of Primary Industries  
 and Resources, \$85 915 000

**Witness:**

The Hon. P.F. Conlon, Minister for Energy.

**Departmental Advisers:**

Mr J. Hallion, Chief Executive Officer, Primary Industries  
 and Resources South Australia.  
 Mr G. Knight, Executive Director, Corporate, Primary  
 Industries and Resources South Australia.  
 Mr S. Archer, Director, Finance and Business Services,  
 Primary Industries and Resources South Australia.  
 Mr C. Fong, Executive Director, Energy SA.  
 Mr M. Hancock, Adviser, Minister for Energy.

**The CHAIRPERSON:** The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. The committee will determine an appropriate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I ask the minister and lead speaker for the opposition to indicate whether they have agreed on a timetable for today's proceedings.

**The Hon. P.F. CONLON:** One hour for Energy SA.

**The CHAIRPERSON:** Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the Clerk of the House of Assembly by no later than Friday 23 August. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule.

A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete

their questions during proceedings may submit them as questions on notice for inclusion in the assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee. However, documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committee there will be some freedom for television coverage by allowing a short period of filming from the northern gallery.

I declare the proposed payments open for examination and refer members to appendix D, page 2 in the Budget Statement and part 4, pages 4.1 to 4.33 of the Portfolio Statements. I invite the minister to make an opening statement if he wishes.

**The Hon. P.F. CONLON:** I do not have an opening statement. The Hon. Paul Holloway is primarily responsible for PIRSA and if he wishes to do that he can do so. I will leave it to the opposition to say what it wants to say.

**The Hon. W.A. MATTHEW:** I will make an exceptionally brief statement. I simply draw members attention to the *Hansard* of Estimates Committee A of Wednesday 20 June 2001 when, as the then minister for minerals and energy, I gave the government's outline of the program for the 2001-02 financial year. That stands as a record of what was achieved during the past 12 months. From there I wish to proceed with questions.

I note from the budget documents that the department's appropriation in 2002-03 has dropped by more than \$4.3 million from \$107 795 000 in 2001-02 to \$103 461 000 in 2002-03—a drop of some 4 per cent. Of this amount, how much has been removed from the budget allocation for the energy portfolio within PIRSA and, in particular, in which areas?

**The Hon. P.F. CONLON:** I will indicate in general terms some things about Energy SA. I assume you will have some omnibus questions which will go to this issue, and it would be best for that detail to be provided there. While I look for some detail, we will bring more back. There have been some savings in Energy SA and there have been costs driven out of there, too. The entire budget of Energy SA is quite modest. When you look at how it operates it is made even more modest by the fact that a substantial proportion of Energy SA involves the responsibilities of the technical regulator, which of course is funded by our licence fees and therefore it is probably not appropriate to consider within budget savings.

I indicate that Energy SA was asked to make some savings, along with other government agencies. In a very small budget, it is Energy SA's contribution to the overall savings program, but it is not a substantial amount of money. We are looking at some savings in the remote areas energy supply scheme and the State Energy Research and Advisory Committee. The discipline imposed across government, in view of the budget situation we inherited, was that the agencies would be required to find savings. We would prefer to not have to do that, but we made some firm commitments coming into the last election. Those commitments indicated that we would spend more on health and education as our priorities, that we would protect the police from the sort of things that happened in the past and that we would balance the budget, so savings in Energy SA is part of the overall discipline and overall approach of keeping the promises we made to the people of South Australia.

There are savings of about \$400 000 a year in the remote areas energy supply scheme and about \$100 000 in the State Energy Research and Advisory Committee. We would prefer not to make those cuts, but we are all subject to budget discipline and that is where they are. The remote energy areas supply scheme, as people would know, is essentially the cost of subsidising some remote area energy supply. The subsidies attempt to bring the cost of energy in remote areas—and I can deal with this in more detail—more into line with the normal cost of energy. I see the member for Giles is here. Coober Pedy and her electorate is a component of that scheme.

Unfortunately, one of the consequences of a likely increase in retail electricity prices is that that margin is not likely to need as much subsidy in the coming year to keep the comparison. That is an unfortunate thing and part of the position we inherited. The outcome is that the increase in retail price is likely to occur on 1 January as a result of very bad policy and planning by the previous government and will make the margin between remote areas and local prices less costly to maintain. I would prefer that it was more difficult to maintain that margin because it means that we will be facing significant retail prices. In that light, that is where the bulk of savings have been found in Energy SA. When you have to make savings we have probably made them as well and as intelligently as we could.

**The Hon. W.A. MATTHEW:** I would like to ask a clarifying supplementary question so that I have what the minister says absolutely right. From what he is saying, he expects the price of electricity for South Australian households to go up and as a consequence the raised subsidies for the electricity price will not need to be as high so that he can scoop \$400 000 back. I want to know whether that \$400 000 is totally attributable to his assessment of the price of electricity for householders next year. That is the first part of the supplementary question. The second part relates to—

**The Hon. P.F. CONLON:** Just so I do not have to write down a long list for the former minister, we will give him plenty of time to ask his questions, so if he wants to ask his questions one at the time we will take them one at a time. Is it all attributable? No; I have indicated that it is a cost savings, and we will bring back full details of the full cost savings. When you choose cost savings you try to choose them in a place where, shall we say, it is wisest. I would indicate that those sorts of measures were some of the reasons why we would have thought that cost savings in a very small budget like this were wisest made there.

We do not apologise for making our savings. We made very clear what our priorities would be. We made very clear that we believed we needed to do more in health and education and to protect the police, and we made very clear that we intended to balance the budget. It has been an extremely difficult process. It was done in a compressed time frame, largely through the shortcomings of the previous government, in particular, its unwillingness to call an election and, once an election was finally held, its unwillingness to concede that it had not actually won it.

**The Hon. W.A. MATTHEW:** You did not even get 50 per cent of the vote. So, let's stop the games and just answer the questions.

**The Hon. P.F. CONLON:** The former minister can interject and waste his time all he likes. All I am saying is that I believe the new Labor government is a breath of fresh air for the people of South Australia. We set out our priorities and told them what they were. We told them we would balance the budget, and we have done that. Further work is

still to be done under the accrual accounting terms of the budget in getting our receipts against our expenditure structurally right. That is something which we are committed to doing and which we told the people of South Australia we would do. We have told them where our priorities were, so we will not apologise for doing what we said we would do. In respect of the full detail savings across agencies, that is detail you have sought in omnibus questions and we will provide it.

**The Hon. W.A. MATTHEW:** I seek further clarification in relation to the SENRCC funding, where the minister indicated an approximately \$400 000 reduction.

**The Hon. P.F. CONLON:** It is \$100 000.

**The Hon. W.A. MATTHEW:** Thank you for that clarification. SENRCC is a program that provides grants for research into sustainable energy. I would have thought that that was entirely in keeping with the Labor government's promise not only to preserve the money that was there but also to increase it. Certainly, that was the clear impression you left with the South Australian constituency.

**The Hon. P.F. CONLON:** What was the impression we left with the South Australian constituency? That we would give extra money to SENRCC? It is news to me.

**The Hon. W.A. MATTHEW:** That you would be a government that would champion sustainable energy and therefore—

**The Hon. P.F. CONLON:** We can talk about that.

**The Hon. W.A. MATTHEW:** In fact, I am staggered you have cut this budget. I expected your response to be that you would increase it across the board.

**The Hon. P.F. CONLON:** I am sorry to disappoint the opposition. I guess one of the reasons it would not hand over was that it was disappointed not to be the government, and it continues to be. It will not help us for me to find out what the former minister would have done instead of what we are doing. Let me take this opportunity to say a few things about sustainability, energy and planning in general. We make clear that we inherited an absolutely disastrous situation in energy, particularly electricity but also in gas.

**The Hon. W.A. MATTHEW:** That is not true. You keep saying that, but it is not true. You cannot expect me to sit here silently and listen to you put forward information—

**The Hon. P.F. CONLON:** You will, eventually; that is the great thing about having this chair. Do keep going; when you are finished I will talk.

**The Hon. W.A. MATTHEW:** But it is not true, and you know it. Just answer the questions and be honest.

**The Hon. P.F. CONLON:** I repeat that we inherited an absolutely disastrous situation. Let me indicate the difference between this government and the previous government.

**The Hon. W.A. MATTHEW:** If you want to see a disaster, you should have been there when the State Bank went down, Sunshine! That's what we had to fix up.

**The Hon. P.F. CONLON:** As soon as you have finished I will continue to answer this question. It is your time; it is fine with me. Let me compare the difference between the new government which, as I said, is a breath of fresh air in South Australia and the previous government on a couple of energy issues, the first being electricity. That government spent 8½ years basically doing nothing about our future electricity needs. We got from it the Northern power station that was driven by factors beyond its control. What we saw was a driven mob that for the last four years was obsessed with nothing but privatisation, as if it would solve the state's and all its problems. We were opposed to that and continue to be

opposed to it. We have inherited from it a disastrous situation.

Let me explain about the entry into the national electricity market at the same time as it was obsessed with privatising the assets and not addressing some of the underlying energy policy issues we have. These people opposite were so obsessed with this belief that if you sold the electricity assets it would fix everything at the last transit contestability when 160 Megawatt Plus customers became contestable, that we had the former treasurer Hon. Rob Lucas's unit running around telling businesses, 'This is great news for you, because this will be your opportunity to get cheaper electricity.' This was the former government. We know what happened on that occasion: electricity prices went up by an average of 35 per cent for those customers. Some of them were scrabbling around looking for contracts, not sure whether or not they would get electricity, and some of them faced increases of up to 100 per cent.

I want you to contrast that with what has happened since we came to government. Next week we will be debating the Essential Services Commission legislation and amendments to the Electricity Act to put in place all the protections that are necessary and possible for small retail customers at full retail contestability on 1 January. We have made very plain that, despite all the nonsense coming from the previous government, there are enormous price pressures as a result of the total, abject failure of the policy of the previous government. At least we have been honest with people, which is something it was incapable of doing at the last tranche of contestability. While it was disaggregating and then privatising electricity assets, it was doing very little about gas. The SEA Gas pipeline is on line.

**The Hon. W.A. MATTHEW:** That is just not true. You continue saying that, but it's not true.

**The Hon. P.F. CONLON:** The only thing they did about gas was make a complete mistake. One of the things that we have been doing—

**The Hon. W.A. MATTHEW:** Madam Chair, he is not telling the truth.

**The CHAIRPERSON:** Order! The member for Bright will refer to the minister by his title and not interrupt.

**The Hon. P.F. CONLON:** The simple truth about electricity in South Australia is that between 60 and 70 per cent of our base capacity is generated with gas. We have only one coal powered station, NRG Flinders. While they were working out how they were going to save us all by selling the electricity assets, they were doing nothing about gas, leaving us reliant on one pipeline from the north. When finally they mandated something about gas, it was the SEA Gas project. Let me say here that I am a great supporter of the SEA Gas proponents; they have done everything right and according to the law, but it was the wrong idea from the previous government.

The reason we know it is the wrong idea is that we had Duke Energy, now TXU, all talking about (and this is incredible) building another pipeline to go from the same place to the same place in South Australia to carry gas for them. If there are two pipelines when there should be one, you do not have to be Einstein to work out who will pay for it; it will be the consumer. I indicate to the opposition that one of the things we have done is try to fix a further mistake of the former government. We have been talking regularly to and encouraging the SEA Gas proponents. I must say they have been responsive and good. We have been encouraging them to talk to the other proponents about getting more gas

through one pipeline, which is the sensible and sane thing to do.

**The Hon. W.A. MATTHEW:** Which is exactly what I did—exactly the same thing. There were five proposals when you came to power. Stop trying to recreate history.

**The Hon. P.F. CONLON:** I have heard so far from the former minister that he was going to establish the Essential Services Commission and do all the things we are doing and, despite the fact that his government mandated a single pipeline with two proponents, he was going to fix it. Why did he not fix it in the first place, one must ask? Apparently this was going to be the fix-it year for the former government. It was going to get over all the mistakes it made with Hindmarsh stadium and wine centres and it was going to come good. It was finally going to fix all the problems it created. I can tell you what we inherited; we inherited a slow march to full retail contestability in electricity, with absolutely no preparation for it. I can indicate what preparation was made for it when we picked up the portfolio: that is, absolutely nothing.

South Australians know this. I would like to take a poll and find out whether South Australians are now more confident about the handling of electricity and energy by this government than they were by the previous government. We go to the rural areas, which the former government did not do, where it says that it has a natural constituency and we talk to people and they are much happier with our approach because they believe someone is finally taking responsibility and facing up to the issues.

Let me round off by saying that, if the opposition believes that the difference between this government and the former government regarding energy matters is that we are not providing the \$100 000 to SENRCC that the former minister wants to provide, I am afraid that he is very much like the Bourbons of France: he forgets nothing and learns nothing.

**The CHAIRPERSON:** Member for Bright, do you have a further question?

**The Hon. W.A. MATTHEW:** I still have two more of my first three questions to ask, Madam Chairperson. I have been able to get only one question asked in 20 minutes. The minister continues to filibuster.

**The Hon. P.F. CONLON:** As I said, if you want to keep interjecting and keep arguing, I will wait for you to stop and then I will answer your question, and you will be punished for it.

**The Hon. W.A. MATTHEW:** The minister may say that, but rewriting history seems to be something that his government likes to do.

**The Hon. P.F. CONLON:** When you get to a question, I will answer it.

**The CHAIRPERSON:** The member for Bright had the opportunity to make an opening statement. If you wish to avail yourself of that opportunity now, I am happy to enable you to do so.

**The Hon. W.A. MATTHEW:** No, Madam Chair, but I might hang on to that offer until the end. It might be the only way we get any questions and points up in this—

**The CHAIRPERSON:** However, we will finish at 12 noon.

**The Hon. W.A. MATTHEW:** —amazing debacle that this minister has turned this session into this morning.

**The Hon. P.F. CONLON:** Is the member for Bright's problem that he has stopped writing letters to businesses asking them to tell him what questions to ask so he has to

think of some for himself? I think he would rather filibuster than find a question.

**The CHAIRPERSON:** Will the member for Bright please proceed with his second question?

**The Hon. W.A. MATTHEW:** Thank you, Madam Chair. I have questions, unlike the minister when he was shadow minister: he used to flip through and make up his questions at the time. Madam Chair, my second question to the minister relates to a statement that he made in the estimates committee on 30 July when he advised during questioning in relation to the electricity component of the Treasury portfolio that about \$360 000 has been allocated to Energy SA to help facilitate the implementation of full retail contestability. I ask the minister whether he can confirm that this figure is precise and, if not, provide the precise figure. Further, can he reveal what funding has been provided in the financial years beyond 2003-04 to maintain the effort required for full retail contestability administration?

**The Hon. P.F. CONLON:** I go back to what I told you before. It is \$360 000 expended out of the Media Unit and a further \$400 000 to be raised from licence holders. It is not intended to extend that beyond this year. I am not aware that that has been an approach in any other state in regard to FRC. Again, without wanting to deprive the opposition of asking what really amounts to Dorothy Dix questions, our preparation will be better than it would have been had the government not been replaced. We will face up to our responsibilities. We are addressing the policy issues that underlie the difficulties in wholesale electricity prices. I spoke about that before and I am happy to talk about it again. We have a commitment to balance the budget within the means that we have in light of the practical realities we face in FRC. The obvious policy and planning failures of the previous government made sure that when we faced FRC we did it with very little preparation and, as a result, we had very little preparation to achieve any retail contestability in electricity.

At day's end, the program has been addressed. We will not waste money advertising things that do not exist but we will prepare people for the realities of full retail contestability, and we will do that within a budget that is as much as we believe we can afford to impose on the taxpayers of South Australia. It is not our intention at this stage to continue an education campaign beyond entry to FRC. I do not understand, and I am happy to check it, that other states that have already undertaken FRC have continued to advertise beyond that date.

One of the things that the former minister and the opposition need to accept is that once you privatise an industry—once you take the money and run and leave South Australia with all of the problems—it becomes the responsibility of the privatised industry at some stage to advertise its own product and to make its own marketplace attempts to bring about competition and seeking customers. We will discharge our obligations and we will do it, as I said, with \$360 000 from consolidated revenue and a further \$400 000 levied on the industry in what will be a sensitive fashion.

As I say, I note that it has not continued in other states and I also note that in other states the Liberal oppositions, after FRC, complained most about how much the Labor governments had spent and criticised it as being too much. I have no doubt that, down the track, we will hear that criticism as well. But we are working day by day on this. Only yesterday, I attended a meeting in my office of the working group on the full retail contestability communications campaign. We are cutting every corner we can, we are using every efficiency we can and we are doing it the best way we can. We believe we

have made a wise decision—as always, because we are a good government.

**The Hon. W.A. MATTHEW:** My third question to the minister relates to the new gas pipeline from the south-east of South Australia and south-west of Victoria. When discussing the development of the second gas pipeline with gas pipeline proponents SEA Gas and now TXU, is the minister endeavouring to encourage the companies to consider a route through the Adelaide Hills to the southern suburbs of Adelaide or, alternatively, is he encouraging both proponents to consider a lateral extension into the southern suburbs?

I will explain my question to the minister. As the minister will be aware, gas tariff structures are such that companies are likely to be required to pay for their gas based on the distance that it is piped. Southern industries will be at a disadvantage when compared to their northern counterparts if this type of tariff regime is applied. If the new pipeline, therefore, enters Adelaide via the northern end rather than the south, it would mean, for example, that Mitsubishi would pay more for gas than would General Motors-Holden. Similarly, Port Stanvac Refinery would be significantly disadvantaged. As the minister is aware, both of these companies are being pressured to reduce their costs and, clearly, such a situation would not assist them.

**The Hon. P.F. CONLON:** I thank the opposition for the question. It is a matter that has occupied my mind a great deal since coming to government, particularly after receiving a visit from Santos in about April telling me that it might have to revise downwards its reserves which, after about 1 January 2004, would have a very significant impact on gas prices. So I can tell the opposition that our first priority was to get more gas into South Australia. As I have said before, there was one very disappointing aspect, and I do not address this criticism at the SEA Gas consortium, which I think has done a very good job because it is never easy to get in place a big infrastructure over state boundaries.

I was assisted by speaking to the Victorian minister Candy Broad about some of the issues in terms of acquisition of easements and other planning issues. They have done a very good job but it was disappointing that the proposal was that there would be gas essentially for only the two proponents, and we have worked very hard on that. So I do not apologise that that was our first priority. We are still encouraging—and I say this publicly—SEA Gas to talk to TXU about what can be done about increasing the size of that pipeline. That has been a priority. I am aware of the issues and I think there are realistic proposals for lateral connections that would address some of that. But let us make it absolutely plain that the first priority is to get more gas and more gas competition into South Australia.

Further, if we hope to get some relief for electricity prices through electricity competition, we have to get more gas and more competition into South Australia because the issue of the provision of dual fuels by retailers is essential to make full retail competition work. So we have been addressing the priorities as they arise. I can tell you that the bureaucrats have done an excellent job with the resources that we inherited. We have had to put together from scratch Essential Services Commission legislation and amendments to the Electricity Bill. We have had to do the other work that is essential for full retail contestability. In the meantime, we have also addressed the major priority in gas and, to be absolutely clear, the major priority is to get more gas into South Australia.

I pointed out before that we rely on gas for about 69 per cent of our base generation, yet we have one pipeline supplying it. We have had a couple of gas problems and I have had to issue curtailment orders on some major businesses, including Port Stanvac, which potentially affects the supply of fuel, as well. The reliance on that gas pipeline out of Moomba is enormous and quite frightening, and it is long overdue for it to have been addressed in an intelligent fashion.

I have spoken briefly to the proponents about the issues raised by the opposition and we will be speaking further, but I am sweating off on one other decision first, and that is whether there will be one pipeline or two. Obviously it will be much more sensible to address those issues when we find out how much gas is coming through and whether it is coming through one big pipeline or two smaller ones.

**The Hon. W.A. MATTHEW:** There were initially five gas pipeline proposals, now it is down to two. I would like to see it as one, and the opposition will join with the government in any effort we can make to ensure there is one. If the minister believes legislation might be appropriate to get one, I do not think that should be ruled out. We would receptively enter into discussions with him to make that occur because, like him, I believe there should be one pipeline from the south-west of Victoria in the state's overall best interest.

**The Hon. P.F. CONLON:** I certainly appreciate bipartisan support on this because it is essential not just next year but for the next 30 years in South Australia. Gas is crucially important. I have met with people who believe that we can turn our wet salty coal into better energy uses, and hopefully we will be able to do that. I appreciate the opposition's support. In terms of legislation, we have made it very plain that we will not change the rules on the SEA Gas consortium. It operated under a set of rules, it is a good corporate citizen, it has done everything it should have done, and we will not change the rules *ex post facto*. However, we will encourage and support, and I am hopeful that we will get a good outcome that way. I appreciate the bipartisan support of the opposition.

**Ms BREUER:** I refer to Budget Paper 4, volume 1, page 4.11. Can the minister explain what the government is doing to reduce energy use within his department and agencies?

**The Hon. P.F. CONLON:** One of the very important responsibilities of Energy SA is to look at means of improving our energy efficiency and playing our role in reducing greenhouse emissions. As I mentioned earlier, as a result of the last tranche of contestability in electricity, we as a government faced very significant increases in electricity prices. We were fortunate in that we were not at the higher end of the increases, but it was a very significant increase, and the annual cost of energy used in government operations exceeds \$100 million. If, on the face of it, we get a saving of 1 per cent, we are saving \$1 million that we can address to other priorities. Of course, the connection is not quite as clear as that, but there are very significant cost savings as well as improvements in greenhouse emissions to be made by addressing energy efficiency in government.

There is also the issue of leading by example and establishing standards for the private sector to follow. In that regard, we have had quite recently the report of the Demand Side Task Force, and aspects of that we will be seeking to incorporate in government programs. The government's plan is to reduce energy use in government buildings by 15 per cent before 2010 and, given some of the measures, we are hopeful of achieving the reduction before 2010. It is a

comprehensive energy management program that will improve energy efficiency and reduce costs across all sectors of the government's operations.

It requires agencies to implement cost effective energy efficiency measures in the operation and maintenance of established buildings, construction and refurbishment of buildings, new leases for office accommodation, vehicle fleet operations and equipment purchases. The 15 per cent target will be achieved through cost effective measures, and we estimate the cost savings will progressively increase to \$8 million per annum, which are always useful funds to address to other areas. Under the plan, agencies are made accountable for managing their energy use and are required to report their energy use and progress in meeting target reductions in their annual reports. This is a clear demonstration that the government attempts to take the lead.

I acknowledge that the former government was working on such programs. We are not shy in picking up good work by the former government, where it has been done, and in acknowledging it. Some of the work was done there. We have added other measures ourselves and we have addressed other measures in terms of renewable energy including, as I reported to the parliament, the conversion of 6 per cent of one of the government's electricity contracts to renewables, which has helped encourage, among other things, the establishment of the wind farm at Starfish Hill on Fleurieu Peninsula.

I indicate that, as people know, the Premier himself is almost a notorious supporter of green energy. He has photovoltaic cells in his house, he has managed to get them on the Art Gallery and there are further plans. We are a government that leads by example, and we also intend to put out incentives that help others, and the stick and carrot that will help others to achieve energy efficiency.

**Mr CAICA:** Earlier the minister referred briefly to gas pipelines and supply, and I refer to Budget Paper 4, volume 1, page 4.13. Can the minister explain the issues surrounding the security of gas supplies to South Australia and what can be done about this matter?

**The Hon. P.F. CONLON:** I will not give a long answer because I have dealt with this issue. In addition to the matters that we have discussed, I indicate that Epic Energy recently came to see me to discuss the issue of a connection between Ballera in Queensland and Moomba—a short interconnector pipe. On the face of it, that appears to be a useful proposal, and there also appears to be some scope in attracting some of the coal seam methane gas from that market into Moomba and hence to South Australia at competitive prices with Moomba, which would then give us what we seek—not only more gas but more competition in the supply of gas. I will not go further than that because I have traversed the issue, but I will stress that the issue of gas security is about energy security. We cannot think of electricity in South Australia without thinking about gas.

**The Hon. W.A. MATTHEW:** In the previous state budget, moneys were allocated for a solar hot water rebate scheme. I cannot see within these budget papers any mention of the continuation of that scheme or moneys allocated, so I ask: has that scheme been continued and, if so, what moneys have been allocated?

**The Hon. P.F. CONLON:** The short answer is yes. I understand that there has not been any change to the solar hot water scheme. It was not one of the areas where we sought savings because it is a very good scheme. The budget expenditure on the rebate scheme for the financial year was \$648 000 compared with the allocation of \$700 000. We have

continued a similar level of funding because it appears to be on the mark. It has one more year to run after this year. We have continued it as it was in the forward estimates. It seems to be about the mark. We have not changed everything the former government did. If it is right, we will keep doing it. I am sad to say that there were just not many things that you were doing right.

**The Hon. W.A. MATTHEW:** I have not seen you change too much out of my portfolio.

**The Hon. P.F. CONLON:** I think that is a bit cheeky.

**The Hon. W.A. MATTHEW:** Leave the others to defend themselves.

**The Hon. P.F. CONLON:** I just hope you support our legislation next week on the Essential Services Commission and the electricity bill. I understand my staff will talk to you on Friday

**The Hon. W.A. MATTHEW:** Your staff will give me a briefing; that's right.

**Mr GOLDSWORTHY:** In addition to the solar hot water rebates, the previous state budget also provided an additional \$200 000 for remote energy efficiency grants, an additional \$130 000 for energy research development and commercialisation, and an additional \$100 000 for the provision of energy efficiency advice to business. The previous state budget also provided for the establishment of the Liberal government's sustainable energy award program and provision for targeted information through the Sustainable Energy SA web site. How much has been allocated in the 2002-03 budget for remote area energy efficiency grants, energy research, development and commercialisation and energy efficiency advice to business? Of this amount, how much is state money and how much is federal money?

**The Hon. P.F. CONLON:** I will check all the detail, but I have already indicated where the cuts are. There is a cut in research funding of \$100 000. There is no cut, as I understand it, in the energy efficiency program for remote areas. I can bring the member back further detail, but I think I have indicated where the cuts already are, and the other programs are in accordance with the forward estimates. What I will say to the member is that earlier I identified where savings were found in Energy SA and, if there is any change to what I have told the member, I will come back with it.

**Mr GOLDSWORTHY:** What percentage of the South Australian Housing Trust accommodation to be constructed in 2002-03 will be fitted with solar hot water systems, insulation and other energy efficiency measures?

**The Hon. P.F. CONLON:** Bear with me for a moment because, plainly, while I am responsible for a wide range of things, I am not responsible for the Housing Trust. Before I answer the member's further question, in terms of criticisms that the opposition had about cuts in SENRCC funding, I would indicate that we have also taken other initiatives—new governments do that—including the appointment of Professor Dick Blandy, who will shortly be convening the Electricity and Energy Consumers Council, which we think is a good initiative and which will be a good net addition to what we do. In terms of the solar hot water scheme, the Housing Trust will have access to \$150 000 next year, I think in a total of \$1 million, in order to install solar hot water systems in 100 of its rental dwellings in Port Augusta through the Flinders obligation. In terms of the—

*The Hon. W.A. Matthew interjecting:*

**The Hon. P.F. CONLON:** That is NRG Flinders in compliance with section 5(1) of the Electricity Restructuring and Disposal Act. In general terms, as I understand it, the

purpose of the solar hot water rebate scheme is to reduce greenhouse emissions. One of the reasons why it is not as readily applicable to Housing Trust dwellings as it is to ordinary private dwellings is usually the ready access to gas of Housing Trust homes. Being a former minister, the member would be aware that the savings on greenhouse emissions over gas hot water heating are quite marginal and it is believed that it is better to target the replacement of electrical hot water systems.

We do not have the same application of the rebate scheme, as I understand it, to the Housing Trust for that reason. I mean, there is always a limited amount in schemes and we have to target them towards the end for which the rebate is designed, which is the reduction of greenhouse emissions. The target is to address what you might call more black forms of water heating.

**Mrs PENFOLD:** My question relates to Budget Paper 4, volume 1, page 4.13, Output Class 4. The minister has undertaken to consider a desalination plant (or possibly more than one) on Eyre Peninsula to overcome the restrictions on development that are now evident, and so increase the state revenue base and income by utilising public/private partnerships. Will the minister advise when the guidelines will be provided for these PPPs to enable private enterprises to become involved in the provision of these desalination plants?

**The Hon. P.F. CONLON:** I will go back because the PPPs are being driven by Treasury, although I have had a lot to do with it, being the chair of the infrastructure committee. There are guidelines. I thought they were on the point of being released. They are substantially established, I understand. It is not my line, but I am the Acting Treasurer at the moment. I would have to check that. What I can indicate is that they are very substantially done and will be available very soon. I have addressed this issue before. As the member would know, we released a discussion paper on the Eyre Peninsula master plan this week, which identifies desalination as one of the options.

I have also indicated and I have been absolutely frank with everyone involved about the limitations on the capital program in SA Water and the very high cost of water infrastructure, including the fact that we are extending the pipeline—and I know it does not quite come under these lines, but if you would indulge me. We are continuing with the extension of the pipeline to Streaky Bay which will address one of the immediate short-term problems. I can only indicate that, if we can find a way to make PPPs work in the public interest on Eyre Peninsula, we will seek to do it.

I would again stress that it would be much easier for the government if the opposition did not seek to play political games with the PPPs. I have noted in question times past that the Leader of the Opposition was attempting to portray this as a betrayal of our commitment not to privatise. I think that is a very unfortunate approach to take and I would simply urge the member to convey in her party room that PPPs are not privatisations but an intelligent way of delivering infrastructure. I have a note to say—

*Members interjecting:*

**The Hon. P.F. CONLON:** I think you are absolutely wrong. Kevin Foley and I have been running around the state talking about PPPs for as long as I have been here. They are still in draft form, but they are not very far away is the short answer.

**Mrs PENFOLD:** Again I refer to Output Class 4, renewable energy. Will the minister lobby to have the criteria

changed that cover the guidelines to the ACCC to approve regulated powerlines to take into account: community benefit for places such as Eyre Peninsula that have inadequate lines; the commercial benefit of having a new industry in South Australia—building wind turbines, for instance; and provide a preference for green energy over coal fired energy?

**The Hon. P.F. CONLON:** I thank the member for the question—it is a very good one and it is a topical issue. The fact is that there are proposals for a number of wind farms on the bottom of Eyre Peninsula, I think stretching across from Elliston and further. In terms of wind farms, they are very good proposals, and I think one of them has a capacity of about 40 per cent, which is very high by international standards. The difficulty with wind farms is always that the wind is not often where the grid is and in particular where the users are. One of the other considerations is that South Australia already has a very unusual demand profile in terms of building base load capacity, and it has an unusual fuel mix, as I mentioned earlier: a very high reliance on gas.

What that means is that our demand profile means we have very high demand on hot summer days and wind energy is not immediately the best base capacity to add. As I have said many times previously, if you could ensure that the wind blew on hot days it would be ideal, but that is not the case.

In terms of the high level of gas use, we do not have as high an issue with greenhouse emissions as the big coal-burning states. The difficulty in connecting wind power to the grid is not only the distance but also deciding who will pay for it. Ordinary generators, of course, pay for the augmentation or extension themselves, and that makes it very difficult to make it a viable proposition for wind farms on Eyre Peninsula.

In particular, the benefits of that capacity at a national level should be felt in the coal-burning states. At present we can either make the generators pay for it or we can smear the transmission across the users in South Australia. Neither of those would be a very fair option, and I have discussed this before. The fairest option would be for that green power to be available to those coal-burning regions. In my view, that would require a different consideration about how we fund transmission.

As a very positive step, on 19 July I met with the other national electricity market ministers to discuss transmission planning issues. It has been absolutely obvious that there has been a vacuum in terms of policy and planning on transmission in the national electricity market. One of the decisions that was taken was to review policy and planning in transmission. I have no doubt that this will be one of the issues that I will be bringing to the table. It is simply the case that the very high level of wind farm contribution of our own base electricity needs is not as valuable as it would be to areas which have a very high 'black' component to the generation, which are, of course, New South Wales and Victoria.

We have this very good resource, and we have to make the national electricity market more receptive to incorporating that resource. There is a complex range of issues, but certainly the primary one is the transmission system, and we will be addressing that through the national electricity ministers.

**Mrs PENFOLD:** Did the minister have input into the federal inquiry into those guidelines that I believe closed in May this year?

**The Hon. P.F. CONLON:** I am not quite certain to which one you refer.

**Mrs PENFOLD:** There was evidently a federal inquiry into the ACCC guidelines for regulated powerlines.

**The Hon. P.F. CONLON:** In general terms, as far as I can work out, NECA and the ACCC have more inquiries than you can poke a stick at. I do not blame them; that is driven by local policy, but you do not often get solutions. I think a lot of problems have been identified in the transmission system in general. I am not quite sure what you specifically refer to, but we need to drive some solutions, quite apart from the issue of renewables, wind farms and transmission planning.

It is interesting to see the colour-coded map of the national transmission system according to capacity, because it looks literally like a bowl of multicoloured spaghetti. There are very serious issues with transmission planning, and we have had many considerations. When we considered the failings in the test for interconnectors, we identified a problem and addressed it two years later. That is the history of addressing transmission problems.

You may be referring to beneficiary phase NEC issues. It is very plain that one of the big problems in transmission planning at the moment is getting the people who receive the benefit of the system to pay for it, and that is exactly the issue about connecting up wind farms on Eyre Peninsula. The most positive step forward will be the ministers stepping in and deciding politically to drive the issue. One of the failings has been that the people who run NECA and the ACCC do not have the political responsibility for things not working; it is the state ministers. It is a very positive step that the state ministers have unanimously agreed. A review of policy and planning in the transmission system to address issues that have been frankly identified time after time in the national electricity market has been undertaken. This review may not be finished in 12 months, but the target is to finish within 12 months.

**Mrs PENFOLD:** My question is again regarding renewable energy. Can the minister advise whether an estimate has been made of the amount of carbon dioxide to be released into the atmosphere via the coal-powered power stations in New South Wales supplying power to South Australia through the proposed SNI regulated interconnector? What measures are planned to combat this unnecessary increase in greenhouse gas emissions, particularly given that wind-generated power is environmentally friendly, to be preferred and available at a similar cost in dollars to the South Australian public—around \$100 million?

**The Hon. P.F. CONLON:** I certainly need to take the emissions question on notice. You touch on the problem exactly as I think I mentioned in my first answer—that the benefits of green energy largely flow to the coal-burners and places such as South Wales. It would assist if we had the commonwealth government taking better responsibility, in my view, for greenhouse emissions. We have made it very plain that our position is that they should ratify the Kyoto Protocol. As you would know, there is a national scheme involving renewable energy certificates (RECs) that are capable of being traded. That is a start. Frankly, however, we think there are some shortcomings in that scheme.

I think that the coordination of having a proper national approach of greenhouse emissions and getting some policy drive into the national electricity market, particularly in transmission planning, is likely to solve these issues. Unless you need more, I can hand you this material on renewable energy, the commonwealth program, the trading and RECs. At present, that is not a sufficient solution on its own. We

have made it very plain that we believe the commonwealth should ratify the Kyoto Protocol; that its targets are not as good as they should be; and that we should be able to do transmission planning that results in more intelligent decisions about how renewables are connected, who are the beneficiaries and who should be paying for connecting up the windmills, which plainly are the best technology in renewables at present.

**The CHAIRPERSON:** Previously, I offered the member for Bright the opportunity to have a couple of minutes, if they were available, to complete his opening statement. Do you wish to avail yourself of that offer until 12 o'clock, or would you like to ask a question?

**The Hon. W.A. MATTHEW:** I think I would rather ask another question, Madam Chair, but there are also the omnibus questions that I will need the committee's indulgence to deal with. These are questions for the minister to take on notice:

1. Will the minister advise the committee how many reviews have been undertaken, or are scheduled to take place, within the portfolio since the government was elected? To which matters do these reviews pertain? Which consultant or consultancy organisation has been hired to undertake this work? What is the total cost of these contracts?

2. Will the minister advise the committee how many of the 600 jobs to be cut from the Public Service will be lost from within the portfolio?

3. Will the minister advise the committee which initiatives contained within the government's compact with the member for Hammond have been allocated to this portfolio? How much will each of those cost? Will these costs be met by new or existing funding?

4. Will the minister advise the committee of the number of positions attracting a total employment cost of \$100 000 within the departments and agencies reporting to the minister as at 30 June 2002 and estimates for 30 June 2003?

5. For all agencies and departments reporting to the minister, which is the share of the \$322 million underspending in 2001-02 claimed by the government? What is the detail of each proposal and project underspent? What is the detail of any carry-on expenditure to 2002-03 which has been approved?

6. For each year 2002-03 2003-04 2004-05 and 2005-06, from the minister's responsibility within this agency, what is the share of the \$967 million savings strategy announced by the government? What is the detail of each savings strategy?

**The Hon. P.F. CONLON:** We may have answered that last part, but we will check it for the honourable member.

**The Hon. W.A. MATTHEW:** The minister gave the answer in part and said he would take the rest on notice.

**The CHAIRPERSON:** Member for Bright, I think you are very fortunate. We are not ready to change over, so you can have one more question.

**The Hon. W.A. MATTHEW:** Thank you, Madam Chair. I will continue with the theme that was started by the member for Flinders in relation to wind farm projects. Has the minister personally been involved in any endeavours to encourage wind component manufacturing facilities to South Australia? I advise the minister—he is hopefully aware—that during my time in the portfolio I was involved in discussions, as were other parts of government, with two companies, namely, Vestas and NEG Micon, both of which have been provided government costing figures and shown potential factory sites with a view to establishing their facilities here.

Their interest was contingent upon success in contracts in South Australia. Investors have been announced by Babcock and Brown, as the company that will be providing infrastructure for their installation in the South-East of South Australia. More recently, NEG Micon has been announced as the successful tenderer—as the minister knows—for the Starfish Hill project and has been selected for another project; I am not sure whether that has been publicly announced, so I will not do that here.

Has the minister been endeavouring to attract that industry here? I am told by industry that they have concerns that the opportunity is lost, and the keen bidding that was occurring from Victoria and Tasmania is now ahead of South Australia.

**The Hon. P.F. CONLON:** Certainly, we are doing that. It is largely the responsibility of Kevin Foley, as Treasurer, and the Office of Economic Development. I indicate that, along with Robert de Crespigny, I met the representative from NEG Micon at the trial wind farm. We had some discussions. To be plain, that aspect of it is a role for the Treasurer. The role for the Minister for Energy—and it comes back to planning issues as well—is that the obvious answer is that it is the weight of projects that will win. While we will certainly manufacture the towers, the issue of manufacture of the turbines will be driven by the number of projects that we can actually get started. We will need to achieve a critical mass before that will be realistic and that occupies our mind.

Again, it comes down to issues about the transmission system and how commercially viable we can make the wind farms. It is certainly something that we discussed with the representative. I have invited him back to visit Kangaroo Island, when he has some time, to see what a great place South Australia is, but the responsibility for that will fall largely to the Office of Economic Development, as it is now called.

**The CHAIRPERSON:** That concludes the time allocated for questions relating to energy; I thank the minister and his advisers.

#### **Witness:**

The Hon. J.D. Lomax-Smith, Minister for Science and Information Economy.

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

Mr G. Black, Chief Executive, Department for Employment, Further Education, Science and Small Business.

Dr J. Michaelis, Chief Executive, Bio Innovation SA.

Mr R. Lewis, Executive Director, South Australian Research and Development Institute, Primary Industries and Resources SA.

#### **Membership:**

Mr Hamilton-Smith substituted for the Hon. W. A. Matthew.

Dr McFetridge substituted for Ms Penfold.

Mr Venning substituted for Mr Goldsworthy.

**The CHAIRPERSON:** Does the minister wish to make an opening statement?

**The Hon. J.D. LOMAX-SMITH:** Yes, Madam Chair. This component of the parliamentary estimates relates to the Department of Primary Industries and Resources dealing with the appropriation for Bio Innovation SA. The reference is page 4.28 in the estimates documents and, for administrative purposes, Bio Innovation SA is recorded as a payment under the 'additional administered items' information.



I acknowledge the previous government, led by the former deputy premier and premier, Rob Kerin, in establishing Bio Innovation SA. This was established as a public corporation to foster growth in the bioscience sector. South Australia, as we know, has a very strong foundation of research and development capabilities and a history of successfully commercialising university research and development, as well as creating spin-off companies. The South Australian bioscience community has key strengths in a range of areas including medical, agricultural, environmental and marine bioscience. Recent South Australian bioscience initiatives include the development of the first commercial bioscience precinct in Australia at Thebarton which, combined with the adjacent Adelaide University commercial precinct, forms a cluster of nine bioscience companies and nearly 350 commercial bioscience staff.

The Waite campus is used worldwide as a synonym for excellence in plant research, and this recently has been reinforced with the establishment of the Australian Centre of Plant Functional Genomics. This will add 100 scientists to the already 1 500 staff and students at Waite.

In addition, a major node of the recently announced Biotechnology Centre of Excellence is to be based at the University of Adelaide. The organisation of Bio Innovation SA provides high level business expertise, assistance in company formation and policy commercial and financial advice to develop an environment for the industry and bioscience community. It was established in June 2001 and has been involved in increasing the number of established core biotechnology companies from 15, which is 8 per cent of the Australian biotechnology mass in 2001, to 22 companies in 2002. It has a focus on taking world class research to commercialisation in world markets.

Bio Innovation SA has also a knowledge of the international biotechnology industry and the local sector, its key strengths, infrastructure and capabilities. It provides an essential information source for companies interested in what South Australia has to offer when they are interested in investment. The Labor government will further lift the profile of South Australian science and innovation by establishing the Premier's Science and Research Council, which will look towards finding areas to invest in, future directions and an assessments of where our strengths and weaknesses lie. As far as Bio Innovation SA is concerned, it will operate as a link and a resource for that council and will provide information that will help it in setting a strategy for the next 10 years.

Specifically in reporting to the budget items, it is worth noting that Bio Innovation was provided with \$4.5 million for the 2001-02 financial year, but this was augmented by just over \$1 million as a carryover from previous financial years. The major Bio Innovation programs that have been supported include the operations of the organisation and the awarding of three new biotechnology fellowships to appoint three internationally renowned researchers at the South Australian universities. It also supported the bid for the Plant Functional Genomics Centre and has provided grants to spin out and start up companies to take proof of concept innovations to commercial development.

The South Australia Pre-seed Fund allows South Australian companies to lever funds from the commonwealth Biotechnology Industry Fund (BIF), and seven of these grants have been allocated to South Australian companies. In addition, it supports attendance at international conferences and has supported the establishment of seven biotechnology start up firms. It has also been important in helping organisa-

tions and individuals to make applications for the awarding of CRCs. To develop one of these bids is both time consuming and costly and Bio Innovation has helped five new CRC bid applications. During the next year these programs will be maintained, but in addition the sphere of operation will be expanded to include the maintenance of the staffing of the Bio Innovation SA organisation to support extensive programs for the science community.

We will also be establishing a business angel network and assistance in securing venture capital, with further development of industry incubation capacity and bioscience clusters. In particular, this will include the support of the establishment of at least five new bioscience companies. In partnership with research and educational agencies at the Waite precinct, we will appoint a new agricultural business manager to accelerate the commercialisation of agricultural technology and seek to appoint a similar person to the position for biomedical research. There has been active work already, and it will continue, in reviewing the state government intellectual property policies to provide greater support for public sector research managers to transfer IP, with commercial value, to the business sector.

We will be assisting new and existing companies to access federal and industry incentive schemes for the development of new research capability and assist the commercialisation of new technologies. We will particularly focus on expanding the support base to the health bioscience sector through assistance with the management of intellectual property and the establishment of new bioscience companies. We will assist in establishing a new research policy group within the Department of Employment, Further Education, Science and Small Business. I am confident that, with the level of bipartisan support this area has received, the process will continue to provide both dividends and opportunities for the community, and I hope the advances made by Bioscience SA can be attributed to the efforts of both this government and the former government, which established it.

**Mr HAMILTON-SMITH:** The opposition welcomes the minister's opening remarks and agrees with her that a degree of bipartisanship is the best way forward in regard to biotechnology. We are of the view that biotechnology offers great promise to the South Australian economy and that we must build that future on attracting centres of excellence, CRCs, by promoting excellence wherever we can find it and building on our existing strengths here within the state. We believe that government has a massive role to play in building linkages and marriages between those centres of excellence and the small companies and entrepreneurs that are likely to take that excellence to market. We think that there is a lot to be done in that area and we agree with the minister that that is one of the key challenges facing the government.

The opposition has concerns about where this government is going with bioinnovation and the structure of the science and information economy portfolio more broadly. There are also some positives, for which the government can expect support from the opposition. I will start with concerns first and finish on a positive note. Whilst the opposition notes the minister's opening remarks, it is our view that the rhetoric must be matched with resources and hard work. We therefore note for the record our continued concern at the government's decision to eliminate the \$40.5 million innovation fund created by the former government, of which only \$12 million was committed by the previous government's decision—I keep reminding the minister of this because she keeps mentioning it as a Labor government initiative—and

commitment to the GRDC Grain Genomic Centre of Excellence in the Waite precinct.

We seized that opportunity and we used \$12 million from the innovation fund, and one of the positives is that the new government did not cut that money. I know it was quite a fight, and if the minister saved the day on that I congratulate her for it, because I know that the Treasurer was after the money and in all likelihood it may not have proceeded. It is a credit to the government that it decided to continue with the previous government's good work on that project. The \$28.5 million that is missing is a strike at the minister's stated objective of attracting further commonwealth investment and trying to stimulate the biotechnology industry.

It seems that the government has been quite critical of the former government in claiming that this or that was not covered in the forward estimates, and it is mysterious that the present government can claim that it will do a number of things whilst having not provided any funding in the forward estimates for that to occur. The minister is on the record as having confirmed that earlier. That innovation fund is important in order to optimise the opportunities from the federal government's \$3 billion Backing the Future initiative. We think it is disappointing that the money has vanished.

We also await some leadership from the government on the issue of how our universities can be better meshed in with the private sector. As the minister notes, the previous government in forming Bio Innovation SA started that process. We look forward to improved initiatives and a continuation of that good work in the years ahead, trying to better leverage off CRCs in our universities, particularly to the benefit of small business. We are watching with interest the creation of the Faculty of Sciences at the University of Adelaide and other structural initiatives under way in our three universities to ensure that they deliver real benefits not only to the universities but to the economy. Our view is that the universities are more than places of learning—they are engine rooms for the economy. We are particularly focused on the Waite Institute or the Waite campus in that respect.

We also have concerns about the government's plans to cut resources available to SARDI, and I will ask questions about that in a moment, because bioscience's funding is so important to continuing with the excellent achievements of the past. In many respects we remain of the view that the portfolio of science and information economy is in a degree of chaos and that the government itself, particularly in industry and trade, is in chaos. It has now been six months since the Labor Party came to office. Despite all the rhetoric, there has been no reorganisation of this portfolio. The minister has been critical of the former government, which had begun the process of reorganising, but we still have a portfolio spread right across the spectrum of government.

The reality is that the government is one-eighth of the way through its four year term and nothing has been done. I urge the government to start matching the rhetoric with actions now, and to get on, reorganise the department and start to answer the key questions about what will happen to people and the functions of government, and how this new portfolio will develop some energy. We have attended three separate budget sessions over two weeks, dealing with a disparate array of interests that have not been coordinated and drawn together under one portfolio. The minister says that that is coming. Good; we look forward to seeing it.

Another concern which I have expressed and wish to put on the record again is the issue of bioinnovation based small businesses that may need support from the Centre for

Innovation, Business and Manufacturing (CIBM), which is within the control of not this minister but another minister. We think it is mysterious that the Minister for Small Business and the minister for innovation biotechnology does not have control of this crucial agency of government, and we think that is to the detriment of biotechnology related small businesses. In her own words, the minister has agreed that CIBM is the main instrument for the delivery of support to small businesses. She is the Minister for Small Business, but she does not control the agency.

In regard to the Information Economy Policy Office (because, as the minister has acknowledged, there is a connection between IT and biotechnology), we are concerned about the minister's statement at estimates on 30 July that the government is still working on how it will transfer IEPO to the new portfolio. I think the minister's exact words were 'At the moment we are still working on that. . . .' We hope that IEPO successfully transfers itself to the new portfolio and that synergies emerge between that function and the bio-innovation industry more broadly.

We also have concern about the minister's understanding of IEPO. Although this is getting slightly off the track, I want to bring to the minister's attention that on two occasions on 1 August the minister said that IEPO does not write contracts. Her exact words, on page 96 of *Hansard*, are, 'We do not manage contracts; we do not write contracts'. However, Mr Martin has contradicted her by saying, 'We develop the terms for contracts.' On page 96 he continues by saying that the negotiations leading to contracts have been done by IEPO. On page 95 he states, 'Following negotiations, we go through a contractual process and enter into a contract. . . .'

I ask the minister that, before we finish today if possible, or, if not, at the first opportunity, she get on the record in the house whether or not IEPO, which is coming to her portfolio, does in fact write, engage in or manage contracts. What the minister is saying to the house in the committee and what her staff are saying are on the record as being divergent. I hope the house is not being misled. I ask the minister to clarify that, so that we have an accurate statement from the minister and that, if necessary, she apologise for the remarks she made and retract them for the record. We note with concern the minister's decision not to fund the IT Council beyond the current year, subject to a review. We hope that the associate and related biotechnology agencies and councils do not face similar threats to their support.

On the positive side, we commend the government for recognising and continuing with Bio Innovation SA as a valued asset to government. We also commend the government for retaining the Science and Research Council, which in our view is a reinvention of the Innovation and Science Council created by the former government under a different name with a couple of new members. In fact, several members on the new council are straight off the previous council and were either appointed or identified by the previous government. We think it is a good idea, although we think it is just a rebadging and reinvention of what was already in place.

As I mentioned earlier, we are thankful that the government did not scrap the GRDC initiative of the former government, and we commend the government for its initiative today regarding the fellowships at the three universities. We think that is a good initiative and shows some leadership at last, but we will be interested to know whether that is new money or whether it is simply a redirection of money already in place. We therefore have concern

that it might be to the detriment of some other innovation initiative.

Those are my opening remarks. I will move onto my first question, which has to do with SARDI, and I refer to the Department of Primary Industry and Resources in Budget Paper 4, volume 1, page 4.29. Which research activities of the South Australian Research and Development Institute have been reprioritised or cut to find the \$2.238 million removed from research and scientific services, and what level of grants or specific grants will be cancelled or not offered by the State Energy Research and Advisory Committee? Which regional committees will be affected? How do this year's funding levels for these two organisations vary from last year? The opposition is of the view that SARDI is one of our most important centres of excellence, and we are concerned that the budget indicates that there are to be some cuts in that area. I would ask the minister to provide an explanation of that, please.

**The Hon. J.D. LOMAX-SMITH:** If there is any chaos or confusion it is in the mind of the member for Waite. As I said at the beginning of this estimates session, we would be talking about Bio Innovation SA. He knows perfectly well that SARDI is part of PIRSA and not in my sphere of influence and therefore not part of the budget lines that I am able to discuss.

**Mr HAMILTON-SMITH:** So, we are not going to get an answer on that one, minister?

**The Hon. J.D. LOMAX-SMITH:** I thought I had explained that it is not in the budget for Bio Innovation SA.

**Mr HAMILTON-SMITH:** It is listed in the budget. As a supplementary question: you are the Minister for Science. The budget line actually appears in the government's paper as 'research and scientific services'. You are the Minister for Science. For the budget line Output Class 1.2, \$53.719 million is the budget for science. You are the Minister for Science. Can you just explain? If in regard to this budget line the Minister for Science has decided that we are here today purely to talk about Bio Innovation SA, I hope that as the Minister for Science she has broader roles than just Bio Innovation SA.

**The Hon. J.D. LOMAX-SMITH:** I would like to comment on the confusion in the mind of the member for Waite. I have great respect for science and probably more experience of it than he has. I would point out that science is the foundation of every engineering and agricultural enterprise, every business venture and every IT activity, and if the Minister for Science controlled everything I would take the place of every minister within the cabinet. That is clearly not an option and, as it is, we have to define my area of involvement. That area of involvement will of course relate intimately to other portfolios. It is quite appropriate that I should have some engagements with the primary industries portfolio and that I deal with the department of health, and it is clear that I would need to involve the higher education sector.

It is also quite apparent that, as well as commercialising areas of expertise in the universities, we will be actively involved in commercialisation within hospitals, within the public sector and also within government where there is expertise that could generate income, jobs and economic benefit. But, unlike the previous government, our government is made up of cabinet ministers who actually speak to each other. We are able to negotiate policy across portfolio areas and work together. It may come as a surprise to the member for Waite, but we do not need to be in control of everything to have good outcomes and, in fact, it is better for

government if we divide the responsibilities and work together.

**Mr HAMILTON-SMITH:** I suppose, Madam Chair, that, if I ask any more questions about science and funding for research, the minister will not be able to answer them. Is it correct, minister, that you will not be able to answer any more questions about science and research unless it is purely about Bio Innovation SA? Is that all we are here to talk about today, minister, because, if it is not, I will skip the next question?

**The CHAIRPERSON:** Member for Waite, the timetable that I have, which I was informed the opposition had agreed to, indicates that from 12 o'clock until 1 o'clock the Minister for Science and Information Economy would talk about bio innovation.

**Mr HAMILTON-SMITH:** That is not quite so, Madam Chair, but we will move on.

**The CHAIRPERSON:** Perhaps there has been a communication breakdown.

**Mr HAMILTON-SMITH:** I will ask my second question, Madam Chair, and maybe the minister will not answer this one, either: maybe she will flick this off to another minister. My question is about the Thebarton bioscience precinct which the minister mentioned in her opening remarks. The Thebarton bioscience precinct contains quite a number of South Australian based bioscience companies. It was largely an initiative of the former government established in 1999 when we acquired 2.2 hectares of land at Thebarton to establish a specialised bioscience precinct. Six South Australian companies were involved in that early stage. By the end of 2002 more than 480 science and technology graduate and postgraduate employees were working within the precinct. The former state government was moving to purchase an additional 4.8 or 4.9 hectares of land to expand the current precinct. The minister will be aware that companies such as Bionomics have just signed a large contract—in that case with Johnson & Johnson—and they need space to expand, and there are other companies that need to move into the space.

It has been six months since the Labor Party came to office. It has had six months to purchase this land. I see no sign of funding in the budget for the purchase of the land. The opposition is concerned that procrastination by the incoming government and a series of other delays and actions have resulted in that land being no longer available. I simply ask the minister: will the Thebarton bioscience precinct be expanded; has any money been put aside for that; has the opportunity to purchase the land been lost; and is there any hope for the companies there that the precinct will be available?

**The Hon. J.D. LOMAX-SMITH:** The member for Waite knows the history of this site and knows that there are opportunities for expansion. The government is continuing to explore those options in the vicinity of the bioscience precinct in order to optimise outcomes for the sector. He would also know—and I know that he has been briefed on this matter—that those negotiations are under way.

**Mr HAMILTON-SMITH:** I have a supplementary question. I have not been briefed: I clarify that for the minister. I was offered a briefing but it never transpired—it never became a reality. The minister has not really answered the question. Basically, I gather that the answer is that no funding has been provided in the budget to purchase that precinct. If there is no money there, it is not going to happen, is it?

**The Hon. J.D. LOMAX-SMITH:** I am sorry, I apologise to the member for Waite. I understood that he had availed himself of the briefing. If he has not, I ask that he take up that opportunity as soon as possible, because we are keen that he should know the state of play.

**Mr HAMILTON-SMITH:** I will make sure that the minister is perfectly clear on this. I indicated to the member for Port Adelaide—whom the opposition suspects is really running this portfolio—that I was available for a briefing and I was told that I would be contacted. I was never contacted, so there was no briefing. There have been questions raised about this in the house and the minister has avoided the questions. I think the taxpayers of South Australia and the bioscience industry have a right to know whether they will get the expanded bioscience precinct or not. Are we going to get any answer, or should we just move on?

**The Hon. J.D. LOMAX-SMITH:** I think the taxpayers of South Australia would like to know that we did not reveal commercial information during negotiations about the sale or purchase of property. I apologise to the member for Waite if he has not had a briefing and he should make himself available for that. I will do what I can to make an appointment for him so that he can be briefed.

**Mr HAMILTON-SMITH:** The budget papers contain contradictory information about the Australian Centre for Plant Functional Genomics, and I refer to Budget Paper 3 on page 3.4. What portion of funding will be in cash and what will be in kind? Is the table correct in stating that \$11 million will be spent, because this contradicts the statement on page 3.3 of the same paper that \$12 million will be spent on the project, and I think elsewhere in the budget papers another figure is given. I seek the minister's assurance that the state government will put \$12 million in cash into that project. Is that still the plan?

**The Hon. J.D. LOMAX-SMITH:** This is a complex set of funding involving the ARC, the GRDC, the state government, the University of Adelaide, the University of Melbourne, DNRE and the University of Queensland. The sum of cash and in kind in toto is in excess of \$60 million, but the \$12 million from the state government will be entirely in cash.

**The CHAIRPERSON:** Do members on my right wish to ask questions?

**Mr SNELLING:** What will be achieved by establishing the Bio Innovation SA Biotechnology Fellowship Fund?

**The Hon. J.D. LOMAX-SMITH:** This question is apposite, because today the establishment of the Bio Innovation SA Biotechnology Fellowship Fund was announced as a key initiative of Bio Innovation SA. Its purpose is to build depth in science in the South Australian biotechnology industry. The fund provides \$1.5 million for three fellowships, one for each university to appoint an internationally renowned researcher for a minimum of a five-year period. For each university to receive the \$500 000 provided by Bio Innovation SA, they must match contributions with cash over five years, as well as other in kind contributions.

Negotiations are under way with three eminent national and international scientists who will take up their appointments within 12 months. The calibre of these researchers is such that they will have a profound impact on the research profile of our state. The benefits of recruiting such scientists to the universities will be that they will increase the intellectual capital of South Australia and conduct bioscience research at the highest international level and individually they will attract extra research grants and increase the number

of publications in their field. In addition, they are likely to attract large numbers of post-doctoral and research workers and it might be that in the region of 15 to 20 people will work in their laboratories. Certainly it would be a good source of IP for commercialisation in the future.

The first appointment will be at the University of South Australia and we hope that the professor whom we have appointed will join us within six months. His area of expertise is biomimetics. He has come from the Max Planck Institute. His area of expertise relates to inorganic substances which will not react with organic processes so that they might be used in coating substances for a range of commercial activities. In particular, it will be used to coat inorganic substances that might be implanted or used in prostheses. The reason for that is that materials like titanium are very expensive for implants but, if we can use a cheaper material and coat it with particles that are inorganic but non-reactive, we will avoid a foreign body or rejection reaction, so those implants will last longer.

Clearly that has major potential for biomedical research in that already we have a very strong focus on the biomedical areas that might use this technology such as cardiology and orthopaedics. Having this organic chemical research in our state will allow those biomedical researchers to produce real advantages for the community, and those advantages will easily be translated into commercial opportunities, so the impact will be social, in providing better treatment, and commercial, in providing an opportunity for value adding and financial benefit.

**Mr CAICA:** Bio Innovation SA established a pre-seed fund of \$4.5 million over four years to support the development of early stage bioscience companies. What has been achieved with this fund?

**The Hon. J.D. LOMAX-SMITH:** Bio Innovation SA established a \$4.5 million pre-seed fund over four years to provide grants for early stage companies to partly match (up to 25 per cent) federally awarded grants under the Biotechnology Innovation Fund (BIF) banner. Of the two rounds of BIF funding that have been announced to date, 14 per cent of all grants totalling \$1.56 million have been awarded to eight South Australian companies. Pre-seed funds totalling \$700 000 have been committed to seven local companies.

BIF provides support to Australian companies by way of competitive grants that address the gap in the commercial path between research and the attraction of private investment for commercialisation. The South Australian companies that have been awarded commonwealth BIF funds are:

- MediMolecular Pty Ltd, a spin-off company from Flinders Technologies;
- TGR Biosciences, a spin-off company from the CRC for Tissue Growth and Repair;
- Raustech Pty Ltd, a gene chip start-up company;
- Riancorp, a start-up laser company;
- Flinders Bioremediation Pty Ltd, a spin-off company from Flinders University;
- NyPa, a wild wheat breeding start-up company;
- PrimeGro Ltd, a spin-off company from GroPep.

One of the companies which did not also receive South Australian funding was Bionomics Ltd, which is a spin-off from the Women's and Children's Hospital and the Hanson Centre.

To leverage federal BIF funds, Bio Innovation has worked closely with proponents in preparing bids and has a success rate of an astounding 60 per cent in winning grants for applicants. The third round of federal BIF funding closed on

3 June and will be announced late in 2002. In this round, Bio Innovation assisted seven applicants with their bids.

**Dr McFETRIDGE:** What will be the budget for Bio Innovation SA over the next four years, how many people will it comprise and what will be its key role, targets and objectives?

**The Hon. J.D. LOMAX-SMITH:** The stated aims of Bio Innovation SA I have given already. It is to mentor and nurture bioscience within the state. It is to establish angel networks and to help venture capital funding. It is to facilitate the establishment and financing of five new companies within the next year. We also aim to have node or sector managers, one agricultural manager at the Waite Institute, and also to develop policies to do with commercialisation of IP, which is buried within the state government. That encompasses, of course, both the hospitals and other government departments. We will also work towards applications and proposals to get federal and industry R&D funds. Most importantly, we will be working to find how to commercialise those areas of excellence that already have intellectual property that will value add for the state.

The budget in 2001-02 was \$4.5 million but there was a substantial carryover, so the amount spent was higher than that. Next year it will be \$3.754 million and then after that \$2.754 million. One of the problems with the funding model that was developed by the last government—and in retrospect opposition members might agree that it was an issue in developing Bio Innovation SA—was that there was a very strong up-front amount of money, so the bolus was very large and then petered off.

In reality, it was quite difficult to begin from a standing start and actually generate the programs, the criteria and the areas for investment, and perhaps with hindsight, had we been developing this program again or a similar program, we might have had a low start-up and a high terminal funding flow, because clearly having the money up-front has meant lots of carryovers and we need the money down the track. Those are the appropriations without the carryovers or other sources of income.

**Mr VENNING:** Further to what the minister said earlier about the science portfolio brushing off onto many other portfolios, my question comes from page 4.4 of the financial summary of the Department of Primary Industries and Resources, and it follows on from the question asked by the member for Waite. What resources, targets and funding from this portfolio, if any, other than that allocated for Bio Innovation SA, will be transferred to the new Department of Science and Information Technology? What will be the components of the new department's budget? The minister spoke about SARDI not coming under her control; should it?

**The Hon. J.D. LOMAX-SMITH:** The only part of PIRSA which comes under my direct control is Bio Innovation SA. The system whereby I have had areas of responsibility in other people's major portfolio areas is perhaps worth noting, because clearly there are elements of science in lots of portfolio areas, particularly in hospitals, given that our public hospitals are truly centres of excellence. My role will be to set policy but not manage the actual events, and in that light it is important that the ministers work together.

It is particularly interesting, for instance, in the area of GM technology, where the Minister for Health has prime carriage of that policy. Clearly the Minister for Primary Industries has responsibility for production, and I have some responsibility for policy. As I say, it is not possible for the Minister for Science to take over everyone else's portfolios

and it would not be appropriate for me, for instance, to line manage the research that is carried out at the Queen Elizabeth Hospital, the children's hospital or the Royal Adelaide because those areas are inextricably embedded in a larger organisation.

We have to recognise that, if the Minister for Science is involved in policy setting and communicates well with other ministers, the outcomes will be good. I think it would be entirely inappropriate to completely dismantle all other functions across government.

In line with what I spoke of earlier to the member for Waite, the issue about us collaborating and working together, that is a very important role, and the Premier's Science Council includes four ministers who have a particular interest in science outcomes. Clearly I am more interested in the basic research, the commercialisation and the training of individuals in this area, and I will advocate for funding in those niche markets, if you like, but it would be impossible to carry out medical research without the CEO and the minister of that department being absolutely congruent in their desire for those good outcomes. We have to work together, and that is what we expect this government to do.

**Mr VENNING:** I have a supplementary question. I hear what the minister says, but I question why SARDI, which is a research institute, does not come under the Department of Science and Information Technology. When it was set up by previous governments years ago there was no Department of Science and Information Technology. Surely it has more to do with the minister's portfolio than it has with Primary Industries. I note the changes to the portfolios this government has made—

**Ms BREUER:** Why didn't you change it?

**Mr VENNING:** We could not because we did not have the department. I am amazed that the government, with its restructure, did not do it. Would the minister consider doing it?

**The Hon. J.D. LOMAX-SMITH:** I think that we have tried to bring some order into what was a disparate and illogical mass of outposts of science. It was quite clear that the way in which the processes were split up before was entirely inappropriate in that they were scattered throughout multiple portfolios. It is much more sensible to try to get some aggregation with one minister, but I still think that the actual functions and the running of the institutes are not the role of the Minister for Science, because some of our key research, for instance, is carried out at the Hanson Institute, the Women's and Children's Hospital, SARDI, within government departments, universities and the Waite Institute. It would be extraordinary to think that all those organisations would be dismantled, because science is integral to our economy and it plays a part in a whole range of activities.

Similarly, with CIBM; the member for Waite does not understand that CIBM mainly provides business services, it does not provide science research in the way that he implies; and it is not sensible for the Minister for Science to go on a rampage of acquisition and empire building. The issue for us is to be collaborative and to work together to get the best outcomes without spending our time fighting over turf, which, obviously, appeals to some people but is not a good way to deal with government.

**Mr VENNING:** I have a supplementary question. SARDI is the research unit of the state but, because it is in Primary Industries, I think it is being restricted. It could be argued that it is restricted by being there. As it is a research unit, I believe that it should come straight under you as the minister, then

it can do as it wishes. It should not have any constraints at all, which, I believe, it probably has now.

**The Hon. J.D. LOMAX-SMITH:** I think we all know that SARDI is a jewel in the crown of the South Australian government. It has had a very proud history of research and development. It provides special services to the agricultural and rural centre, and I think it is greatly loved for the way it has embraced environmental and sustainable management. I understand that it is even on the brink of establishing a sustainable production and technology unit. However, putting that aside, it is important to recognise that the Minister for Science does not have to control everything, and it would be unthinkable if every department were broken up because they had, for instance, a computer management system, an IT sector, or a research area. Science is so deeply embedded in all our activities that it would be wasteful both in time and economic expenditure to dismantle all our hospitals, our research centres and all the management structures involved in those processes in order to group them under the Minister for Science.

What we are doing is not moving deck chairs: we are about collaboration and consultation and working together, and you have very good outcomes if a group of people are looking in the same direction and singing from the same song sheet and are committed to collaboration, and that is what we wish to do.

**Mr HAMILTON-SMITH:** Minister, you seem to be saying that you have no responsibility for research and scientific services but that as Minister for Science your only role is to look after Bio Innovation SA. You have also said that you will be a policy and a strategic sort of arm of science, if you like, but not involved in the day-to-day business of administering scientific programs. To be perfectly frank, I think you are quite confused about what the role of this new portfolio is and I will wait with interest to see the reorganisation and its stated roles. However, if you are interested in the policy and the strategy, if that is your function, can you tell me in Output Class 1.2, pages 4.7 and 4.17 why it is that the government's planned expenditure on research and scientific services is to be reduced from \$34.779 million in 2001-02 under the former government to \$32.541 million this year under your government, a cut of \$2.238 million; and which programs or activities are to be cancelled or cut back as a consequence?

I am assuming, because the budget paper does not tell me, that Bio Innovation SA's funding comes from within this output line. If that is not the case, I would be delighted to know it, but the minister must have some knowledge, as the Minister for Science, why there is a cut of over \$2 million in research and services to science.

**The Hon. J.D. LOMAX-SMITH:** The member for Waite never ceases to disappoint me. As I said when I began to speak, if he were to look at page 4.28 in the estimates documents he would find that Bio Innovation SA was a payment under the additional administered items information. If he could refer to that page, we might all be speaking about the same budget line.

**Mr HAMILTON-SMITH:** Thank you for that. The prime question was: why has there been a \$2.238 million cut? Minister, if you are there to look at policy and the overall strategy of where science is going, but you want to leave science everywhere else, out in the other departments (which you have said is wrong but you will do it), you must have some knowledge or some involvement as the Minister for Science as to why we are cutting \$2.238 million out of

science. Can the minister throw any light on why expenses are expected to be so much less this year?

**The CHAIRPERSON:** Minister, before you answer, I will clarify with the member for Waite whether he wishes to ask omnibus questions.

**Mr HAMILTON-SMITH:** Yes, I do have a couple.

**The CHAIRPERSON:** Perhaps the member had better ask them now. Minister, could you provide an answer on notice as there will not be sufficient time for you to answer if the member wishes to ask the omnibus questions.

**Mr HAMILTON-SMITH:** Perhaps I will leave that to the minister.

**The CHAIRPERSON:** A one word answer or we go on with the omnibus questions.

**The Hon. J.D. LOMAX-SMITH:** I cannot give a one word answer, I am afraid. I would have to give it in a longer text.

**Mr HAMILTON-SMITH:** Madam Chair, we have a couple of minutes, the omnibus questions are as related by me in the last session we had together; they are exactly the same. Could the minister undertake to answer those questions for this portfolio?

**The Hon. J.D. LOMAX-SMITH:** I would be delighted to do that for the member for Waite.

**Mr HAMILTON-SMITH:** Now if the minister could go ahead in the time remaining and answer the question that I just put.

**The CHAIRPERSON:** Yes, there is a minute remaining if you wish to use it minister.

**The Hon. J.D. LOMAX-SMITH:** The budget line which the member describes is part of PIRSA and not part of my responsibility. I can ask the CEO to give a direct response to that, but I think that the member for Waite has to understand that, in reality, every government has different priorities and that is why we have the science council to develop our strategy for the next 10 years. Unless every government came in with a different policy, we might as well have stayed with the Liberal government and that would have been the last thing the people of South Australia wanted.

**The CHAIRPERSON:** There is an opportunity for members of the opposition to ask questions of the minister in relation to the operations of PIRSA later this afternoon. The time for examining this line has now expired.

*[Sitting suspended from 1 to 2 p.m.]*

#### **Additional Witness:**

The Hon. P. Holloway, Minister for Agriculture, Food and Fisheries.

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

Mr J. Hallion, Chief Executive Officer, Primary Industries and Resources SA.

Mr G. Knight, Executive Director, Financial Services.

Mr B. Windle, Executive Director, Food and Fibre, Primary Industries and Resources SA.

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

Dr S. Nelle, Director, Food South Australia.

Mr S. Archer, Director, Finance.

Mr W. Zacharin, Director, Fisheries Policy, Primary Industries and Resources SA.

Dr R. Vandegraaff, Chief Veterinary Officer, Primary Industries and Resources SA.

Mr I. Nightingale, General Manager, Aquaculture.

**Membership:**

The Hon. R.G. Kerin substituted for Mr Hamilton-Smith.  
Mrs Penfold substituted for Dr McFetridge.

**The CHAIRPERSON:** We are looking at issues relating to the Minister for Agriculture, Food and Fisheries. Minister, do you have an opening statement?

**The Hon. P. HOLLOWAY:** Yes, I wish to make a few comments. It is now well documented that on coming to power the Labor government found itself facing a budgetary position that was much worse than had been previously disclosed to the public. Whilst some members of the previous government have disputed this point and have sought to defend their performance, the fact remains that the budget position at the time of the election and going forward was simply unsustainable. I point this out not to try to get us into any political arguments but to understand the budget that we have for the agriculture, food and fisheries portfolio. It is necessary to understand that we had to address the structural imbalance in the budget, and that assumed, obviously, great importance in the deliberations on the budget this year.

So how does that relate to the agriculture, food and fisheries portfolio? First, the forward estimates of the previous government did not include funding for such important initiatives as TEISA, the exploration initiative, or for aquaculture. It would be no exaggeration to say that these are two of the most important economic development opportunities in the primary and resources industries in South Australia, but they were not factored into forward estimates. The FarmBis program, which we all know is a three-year joint commonwealth and state initiative, was built into forward estimates for only two years. Funding for expanded fishing compliance work—obviously an ongoing initiative, with the main cost being salaries—is due to run out in June 2003.

While members of the previous government can tell us now that all these things were priorities, they simply cannot have it both ways: either these things are priorities, in which case the money is put into the forward estimates, or they are not. Whilst these budget holes and cost pressures are not of this government's making, we have, nevertheless, accepted the task of putting these things right. Inevitably, that involves some hard decisions about where the government's priorities should be and about government-wide savings to get the state finances back into a sustainable position. Because we have made the hard decisions in this budget, we have been able to fund a number of important initiatives.

First, new and ongoing funding has been provided for TEISA, starting at \$1.14 million in 2002-03, which was similar to the final year of the old TEISA scheme. This builds up to a \$2 million ongoing expenditure. The new TEISA program will enhance opportunities for mineral, oil and gas exploration through the provision of pre-competitive geoscientific data. It will increase exploration and enhance economic growth from the state's mineral and petroleum resources sector. Secondly, new and ongoing funding has been provided to aquaculture, thus ensuring it has a secure position in our economy. An extra \$2.7 million has been provided over four years to fund research, regulation and management of the aquaculture industry in accordance with the requirements under the Aquaculture Act 2001.

Thirdly, there is a major injection of new funds to help protect the state from outbreaks of livestock diseases. An additional \$9 million has been provided over five years to introduce a range of strategies for early detection of foot and

mouth and BSE (mad cow disease) to develop a linked, rapid and effective response capability which meets national and state requirements; and to develop effective information systems for response operations management and reporting at regional, state and national levels and as agreed by COAG (Council of Australian Governments). These are amongst the strategic things that government can and should do to protect and grow our state's economy.

**The Hon. R.G. KERIN:** I, too, will be reasonably brief, Madam Chairperson. It is good to see so many familiar faces. There is no doubt that I have great confidence in the ability of the Department of Primary Industries and Resources to deliver on the expectations of the producers of the state. It is important that it receives the priority and the resources to do so. As an opposition we have some major concerns about the priority which the government seems to be putting on primary industries at the moment. It certainly does not come up as a priority, and there is a considerable wind-back in primary industries as against other portfolio areas. There is no doubt it has taken a harder hit than any of the other portfolios, and that is of great concern to rural members and also to the opposition as far as where this economy has been going.

Since this government came to power, we have heard quite a bit said about the Economic Development Board and the need to restructure in this state. Articles have been written, particularly in the eastern states—some of them written by Adelaide journalists—about how this economy needs to be turned around. On Monday there was an article in the wonderful Adelaide *Advertiser* about the \$5 billion farm, which refers only to the export side of things. With talk of the Economic Development Board and the direction that this government wishes to take with regard to economic development, we have seen article after article, press release after press release talking about all sorts of industries, but there is very little recognition in any of those articles or any of those press releases about the importance of the food industry or primary industries to this economy.

I will quote some paragraphs from the article that was in the *Advertiser* on Monday, which was based on the factual evidence of exports last year. This article paints a very different picture to the rhetoric we have heard about the setting up of the Economic Development Board and where this government wants to take economic development within this state, and I quote:

Country South Australia has saved the state economy in the past 12 months with a record export performance. Unpublished federal government figures for 2001-02 show just how important the state's rural sector was with exports up by about \$1 billion. At the same time, most of SA's other key merchandise exports, machinery, metals and petroleum, slumped alarmingly. . .

The strong performance contrasted with static export growth by Australian farmers generally last year. It also reflected the strong improvements being made by SA's rural sector and its record as Australia's best performer of the past decade.

Local farmers have earned the best profits of all the states in seven of the past 10 years.

Most key sectors of the rural economy are expecting the growth to continue.

I cannot wait for the full figures to come out, but I think there is a lot of evidence that this state, and the primary industry sector of this state, has done extremely well over the past few years. We are the most centralised of any of the states with regard to population, and yet we are also the most reliant on our primary industries sector. On average, we are about double the rest of Australia on the percentage of exports from regional areas. The government has to realise the absolute priority that we should be putting on this sector, because it is

the sector which is making the economy tick. It is the growth area.

If you look at those figures, there are a lot of other areas that are either static or have contracted, but it was this area which, on its own, took over \$5 billion. If you remember, we only cracked \$4 billion as a total for the first time in 1995-96. There has to be some recognition that this sector is the growing sector. We have heard what the Economic Development Board wants to do, and we back that. But to walk away from the traditional sector which has provided the great growth and the funnel which is putting money into the economy just makes no sense at all. The cuts are crazy. We have also seen the transfer of the sustainable resources arm of the department to environment. I think culturally there is a problem with that.

If we are going to have sustainable development and look after our natural resources, we must have people in government who have the ability to work closely with the landholders and practitioners to ensure that it happens. I do not know that shifting it to environment is the way to achieve that. One of the other moves that is a little puzzling is that of genetically modified foods away from both health and agriculture into environment. Again, environment seems to be picking up a fair bit of work from this government. Other issues not directly associated with PIRSA, such as cuts to roads and SA's work force, makes development within these sectors more difficult.

I suppose today our real concerns are with the cuts to the PIRSA budget. There is a cut of 40 per cent in the incident response section. I find that hard to believe because there are current threats right across our export industries. I do not think they need to be put at risk when they are performing as they are. Statements were made in the budget speech about extra money going into the livestock side of it. When one looks at the overall figures, there is a worrying cut. I hear what the minister says about aquaculture but, as I will point out later, if one looks at our record with aquaculture we never had a lot in forward estimates; we always reviewed what funding was needed. We went from being Australia's smallest contributor in aquaculture to its largest, so I do not think one can knock the performance of the previous government in this area, because it achieved a lot. On an annual basis we took into account what was needed to make aquaculture tick.

There are cuts to R&D, which is a major concern because that is where future improvements come from. After some recovery in the budget over the past few years, primary industries has been given an extremely hard task, as far as the cuts that have come through in this latest budget. There has been a focus on primary industries from some of the minister's colleagues, but that seems to have been focused on the river fishery and broomrape, and getting some political issues out of the way.

The South Australian economy relies on agriculture and primary industries for its growth, but this budget shows that the government does not see it as a priority. I hope that, upon reading the figures on exports, over time we will see this government realise where the real growth within the South Australian economy is coming from.

**The CHAIRPERSON:** Would the leader like to start questions now?

**The Hon. R.G. KERIN:** Thank you, Madam Chairperson. According to outputs and expenditure summary notes, incident response services have been cut due to 'a high number of biosecurity incidents in 2001-02 which are not

likely to be repeated in 2002-03'. As the minister who was responsible for the portfolio for much of this period, I am unable to ascertain why the government considers that there was a higher number of incidents during 2001-02 when, in fact, there was an average number of incidents during this period. It was the first year for several years that no spending was required for locust control, which had been a major expenditure in the previous few years.

Will the minister explain why the government has chosen to ignore conventional wisdom and is able to ascertain with such certainty that biosecurity risks will be decreasing to a lower than average level in the next 12 months? We know that insufficient funds in this area potentially place our vital export industries at considerable risk, both short and long term. Will the minister assure the committee that, if we have incidents beyond the now depleted response reserves of the department, he has an assurance from the Treasurer and cabinet that the state's vital export industries will not be threatened because of a lack of funds.

**The Hon. P. HOLLOWAY:** First, I will address some of the more general issues that the Leader of the Opposition mentioned in his opening statement. This government does recognise the importance to this state of the rural sector, the agriculture sector, in particular, and the mining sector (which we will come to later this afternoon). Of course, it has been important for this state in the past year or two. We have had exceptionally good seasons over the past two years, and I certainly would wish that we could repeat that weather into the future. I can only hope we get further rain so that we can repeat the sort of seasonal conditions we have had over the past couple of years. We also had good commodity prices and a low Australian dollar. Those three factors, I think, have been the key to the reason why our rural economy has been booming so much in the past couple of years.

All those factors—good seasons, commodity prices and the low Australian dollar—are not really matters that the state government can affect. However, we obviously hope that those favourable conditions continue. This government is committed to growing the agricultural sector in this state. The Premier announced a few weeks ago the dairy industry plan to expand that particular part of the agricultural sector. Of course, Food South Australia has been relaunched and we are committed, contrary to what the leader said earlier, to growth in our food sector because it is a key part of the economic future of this state; and I am sure that is recognised by the Economic Development Board, as indeed it is recognised by the government. I am not sure what point the leader was trying to make there.

In relation to the incident response, the committee deserves some sort of explanation about the history in relation to biosecurity funding in this state. The biosecurity fund was established in May 1997. I understand previously that a number of arrangements were in place for the funding of biosecurity issues, but the fund was established to bring together some other separate funds, as I understand it, to respond to outbreaks of fruit fly, plague locusts, and other biological threats. The fund is managed as a tie line with funds strictly quarantined to biosecurity measures that meet relevant criteria. The requirements of the fund have increased over the past four years due to a substantial growth in both the range and severity of the outbreaks. Under national arrangements we have to fund outbreaks of biosecurity issues in other states, such as red fire ants, and so on. Also, there must be minister approved and directed responses to pest incursions.



Expenditure incurred by PIRSA for biosecurity issues is reflected under the output incident response services. During 2001-02 expenditure under this output was \$10.187 million against an annual budget of \$5.851 million, with the major areas of expenditure including the following: fruit fly, which included eradication responses and the release of sterile flies, just over \$3 million; the state Ovine Johnes disease, \$3 million; branch broomrape, \$2.1 million; and red imported fire ants, \$1.1 million. The budgeted expenditure for incident response services of \$6.21 million for 2002-03 is based largely upon estimated requirements for fruit fly, state Ovine Johnes disease, red imported fire ants, and other pests and diseases that require a response during the year. Additionally, expenditure for branch broomrape, which was previously reflected under PIRSA, from 2002-03 is reflected under the Department of Water, Land and Biodiversity Conservation.

I assure the leader that the government is committed to ensuring appropriate levels of funding are provided to meet biosecurity issues as they arise and, as such, the base level funding in out years has not been subject to any budget reductions and remains at the same level as provided by the previous government. Should the funding allocated for biosecurity incidents during the year prove to be inadequate, additional funding will be sought from cabinet, which is consistent with the approach adopted by the previous government.

**The Hon. R.G. KERIN:** With the incident response, I am not sure whether, within the \$6 million that is put aside, there is any allocation for broomrape. I see a shake of the head, so is that an assurance that none of that will be used?

**The Hon. P. HOLLOWAY:** It is transferred to Water, Land and Biodiversity.

**The Hon. R.G. KERIN:** From next year or this year?

**The Hon. P. HOLLOWAY:** It is 2002-03, so this current year.

**The Hon. R.G. KERIN:** I just ask the minister for an assurance that none of that particular fund will be used for broomrape. I also ask the question as to whether the problem with the invasive seaweed, *Caulerpa taxifolia*, is being paid for out of that particular line. Where is the funding for that particular problem coming from?

**The Hon. P. HOLLOWAY:** It will be funded from this particular line, yes. But, in relation to that, we may be eligible for funding under the arrangements that exist with the commonwealth for, we hope, a significant portion of that funding.

**The Hon. R.G. KERIN:** My next question relates to FarmBis, but I preface it to some extent with the following comment: I think that South Australian farmers have done an incredible job over the past decade. As the *Advertiser* has reported, over seven of the last 10 years they have been the best producers in Australia.

I hear that the minister is saying that the credit for the improved figures should go to the seasons, commodity prices and the Australian dollar, and I really take exception to that comment. That takes the credit from where the credit is really due. The credit does not belong to the government but to the people out there: the growers, the exporters, the producers and the investors—everyone who has put money into this sector, whether it be aquaculture, vineyards, farming, or whatever. The reason that we have outperformed the other states is that we have an export culture among our people and, if governments have had a part in this, it has been because they have been able to facilitate the industry working together to actually achieve.

It is all very well to say that commodity prices and the Australian dollar are the reasons, but if you look at one particular figure—in the year 2000-01 we saw, in South Australia, the food industry (in relation to overseas exports) grow by 40 per cent. People can say that it is commodity prices or the Australian dollar or whatever, but the figure that gives the lie to its being just those two factors is that in the same period our interstate exports went up by 29 per cent.

That, basically, has nothing to do with commodity prices and has nothing to do with the Australian dollar, because the other states have the same commodity prices and are working with the same Australian dollar. So, to try to write off that 30 per cent achievement by our industry as anything to do with commodity prices or the Australian dollar is totally incorrect. And I have heard that from the federal opposition, too. So, I think that we need to give credit where credit is due, and that is to our producers, particularly those involved in export.

Now, back to the question on FarmBis. My question relates to the funding for the highly successful FarmBis program, and I refer to Output Class 4.3 and 4.4. Under the original agreement made with the commonwealth government, the South Australian government would provide \$12 million and the commonwealth would match this dollar for dollar to provide another \$12 million to the FarmBis program. It seems total funding for this program has now been cut by close to 70 per cent. State contributions have been slashed to only \$7 million over three years, and \$4 million worth of commonwealth funding has been forfeited. Under the Labor government, the \$24 million program has now become a \$14 million program.

Can the minister advise the committee whether the government was aware that certain accreditations farmers have achieved through FarmBis are now a prerequisite for entry into many rural industries—and some of that has to do with quality assurance and certain other export requirements? Can the minister assure the committee that FarmBis course fees will not rise as a result of the cuts, and advise the committee whether the number of courses offered will have to be cut?

**The Hon. P. HOLLOWAY:** Firstly, Madam Chair, allow me to address the comments made in the leader's introduction. Certainly, the factors that I spoke of before, such as the favourable seasonal conditions, were not the only reasons why we have had a good export performance. I acknowledge the work that the previous government did in relation to the Food for the Future program, and so on. And of course it is not just the people in my department, but it is the industry that has worked very hard to achieve those results. However, I just point out the fact that those very favourable conditions are certainly one of the reasons why we have had such exceptionally good results in the previous year or two; but I do not want to denigrate any work that was done in relation to developing an export culture in the state.

But let us return to the question. In relation to the FarmBis program, the sad fact is that when this government came to office, and I inspected the books presented to us, there was a black hole in the forward estimates of this government. It is all very well for the previous government to say: 'Yes, if we had been in government we would have funded these things.' That is not much help when we have to try to address the sorts of economic conditions that the current government was facing.

It was not, as the leader said, a \$24 million program that was funded but it was a \$16 million program; because that is all the money that was available in the forward estimates for

that program. We had exactly the same problem with a lot of other areas such as the targeted exploration initiative and aquaculture, and I think it was also true of NHT funding as well; there was no provision.

Indeed, one could talk about fisheries compliance officers after next year as well—there was another black hole there. There is not a magic pudding here that will somehow or other provide. I would have much preferred the situation where the forward estimates had adequate provision for the FarmBis sector, so that we could continue that funding at the full level. But I was faced with a decision where we had to deal with a situation where there was no money available in the budget for the 2003-04 year.

The government decided to have an orderly program which ensured that the FarmBis program had its maximum effectiveness. Whereas we have reduced an allocation in this year's budget, we have also ensured that there would be some funding available for next year. I think it also needs to be borne in mind that in fact there was a fairly large carryover of funds into the current year.

I am pleased to say that the state planning group of FarmBis has been examining the changes to the FarmBis program guidelines and have recommended some changes to the system to ensure that we get the most strategic return from the available FarmBis funding over the remaining two years, rather than just have it going this year and then being chopped off abruptly. Even though the FarmBis training grant will be reduced from 75 per cent of eligible cost to 50 per cent, the market research indicates that farmers, fishers and natural resource managers will still participate in training they value. The purpose of FarmBis, after all, is to change the culture of education on the farm. It is to encourage farmers to take up lifelong education; to make them aware of the benefits from education and training.

I compliment the people who have been responsible for the FarmBis program in this state. They have developed a very effective program and I will, in a moment, ask my officers to perhaps provide some details in relation to the effectiveness of the program. We believe that the changes that we have made will enable the benefits of the program to continue.

The honourable member comes from a party that believes that everybody else in the community should pay full tote odds for their training in all other sectors of our community. We have people paying full fees for their tertiary education and otherwise. The whole purpose of FarmBis was not to be ongoing funding; it was to encourage farmers to take up some training, to realise the benefits of it and then, hopefully, having seen the benefits of that training, they would be motivated to continue. There is at least some evidence that that is happening. We will get some figures in a moment. I will ask Jim Hallion to provide some figures to indicate the effectiveness of the FarmBis program.

**Mr HALLION:** To give an indication of the popularity of the program, from 1 July 2001 to 26 June 2002 there have been 21 432 enrolments to participate in the FarmBis program. It has been seen as a very important program for the rural community. They have been split as follows: financial and business management, 44 per cent; marketing, 16 per cent; natural resource management, 8 per cent; people management, 5 per cent; and, production management, 27 per cent. Approximately 61 per cent of the enrolments are dry land farmers and 11 per cent horticulturalists, so it has certainly targeted the dry land farming community.

The results of a survey of 1 005 land managers conducted by Truscott Research in February 2002 indicated the value to primary producers of this program: 62 per cent of those surveyed attended FarmBis training (so it is a high percentage); 88 per cent of attendees acknowledged that they have been positively influenced by FarmBis training; 65 per cent were influenced to a moderate or great extent (so it has had a significant impact); 48 per cent of attendees now attend more training than they did before FarmBis (so it has increased the focus of training by the farming community); and, importantly, 24 per cent of attendees had not previously attended any training (so it has been a highly successful program, as acknowledged here today).

**The Hon. P. HOLLOWAY:** I would prefer that there be no cuts to any areas of the primary industries budget if that were possible but, as I indicated earlier, given the situation we had with a lot of unfunded areas, if we were to find the money we desperately need for animal health, to continue the aquaculture program, TEISA and so on, we had to make some hard decisions. With this program at least we can have some orderly phase-out and still provide these additional 15 000 to 20 000 enrolments in spite of some of the hard decisions we have had to make.

**Ms BREUER:** A great passion of mine is the economic impact of aquaculture in the state, as it is important in my part of the state and in the area of the member for Flinders also. There has been a lot of publicity about the success of the state's aquaculture industry. Will the minister give his view on the future economic growth and benefits to the state?

**The Hon. P. HOLLOWAY:** I thank the honourable member for her question as it is very important in her region of the state. South Australia's aquaculture industry now exceeds the production value of the state's wild fisheries. A recent survey estimated the value of the industry in 2003-04 to be approximately \$390 million, with steady increases in the number of licences, leases and authorisations expected over the next three to four years. In the 2000-01 year the aquaculture industry generated in excess of 1 200 jobs directly and a further 1 500 jobs in other sectors of the state's economy. It is expected that direct employment of around 1 600 people will be achievable by the year 2003-04, based on current multipliers. The total number of direct and indirect jobs could be as high as 3 600. In the decade since 1992 the value of the state's aquaculture industry has grown from a near zero base to around \$305 million in 2000-01.

Up until recently the significant growth in the aquaculture industry has been predominantly from tuna and oysters, but other sectors being developed include yellow tail kingfish, abalone, blue mussels, yabbies and Atlantic salmon. It is important to note that, while these developing sectors offer significant potential to the state, many are currently experiencing high capital expenditure while developing further domestic and international markets. More work is needed before these sectors, which make up the large majority of aquaculture licence holders, reach full commercial production.

The Australian Bureau of Agricultural and Resource Economies recently reported that Australia's aquaculture production for 2000-01 had increased in value by 9 per cent to \$746 million, with South Australia continuing to lead the way with strong growth and exports, particularly in the tuna sector. So, it is important that appropriate mechanisms be put in place, particularly as we implement the new Aquaculture Act, to ensure that South Australia remains at the forefront of aquaculture in Australia. While South Australia's aquacul-

ture industry has the highest value of production in Australia, it remains one of the most efficiently managed. When compared with other states, the South Australian government has a high rate of return in terms of jobs, regional benefits and export income for every dollar the government invests in aquaculture.

In aquaculture there exists the potential for a significant primary industry providing employment for people in many regions across the state. The range of employment resulting from aquaculture in regional areas extends from unskilled labour right through to tertiary level opportunities. It is important to recognise that aquaculture is the only sustainable means to increase seafood production to meet domestic and international demand.

**Ms BREUER:** Further to the last question, we see aquaculture as important in the development and enhancement of economic and employment opportunities in regional South Australia. What research is SARDI undertaking to assist in the development, sustainability and competitive enhancement of the aquaculture industry in this state?

**The Hon. P. HOLLOWAY:** I thank the honourable member for her question. Research is very important to ensure that this considerable growth is continued. The total production of aquaculture species in South Australia has increased from one tonne back in 1989-90 to 9 970 tonnes in 2000-01. Over that same period the value in aquaculture production increased from \$650 000 to \$286 million. So, SARDI is taking a broad portfolio of aquaculture related research and development projects to facilitate the development, sustainability and competitive enhancement of the industry in this state. Some of the key areas are as follows:

- Abalone: three new abalone projects have been initiated following successful national funding applications to the Fisheries Research and Development Corporation.

- Coastal finfish species: improving the reliability of spawning and survival of King George whiting larvae. This species is a South Australian icon, the most valuable finfish for human consumption and therefore of interest for aquaculture and a focus of commercial and recreational fishers, making it a potential species for stock enhancement.

- Oysters: SARDI, with strong support from the oyster farmers, recently was successful in obtaining national funding from the FRDC for a project to develop and validate a technique which would greatly enhance the existing methods used for production of selected stock with improved farm and market characteristics.

- Rock lobster: SARDI's main research focus is moving from FRDC funded studies, undertaken in collaboration with Adelaide University and looking at feeding techniques and rock lobster health in farm systems, to a number of projects for commercial lobster fishers looking at value adding their catch by improving product condition through an enhanced vessel to market packaging system and retention, feeding and marketing from onshore holding systems.

- Southern bluefin tuna: SARDI continues its major role through the new national Aquafin Cooperative Research Centre based in Adelaide in the management of research on southern bluefin tuna. The additional funding that has come with the Aquafin CRC has enabled a much broader range of projects to be initiated, these being targeted at the tuna industry's high priority research areas of environment, feed development and nutrition, product quality and fish health but also addressing education and, in the future, factors associated with propagation. So, important work is being undertaken by SARDI in that sector.

**Ms BREUER:** My next question is related to SARDI and to another passion of mine. Although I do not see too many in any electorate—in fact I wonder whether there are any at all—there has been a large increase in the number of sweet cherry trees planted in South Australia in the past three years, although not in the district of Giles. Leaders in the cherry industry have recognised that domestic markets in Australia cannot absorb the likely increase in production and we will need to develop export markets to ensure that the industry does not have to cope with an overproduction problem. What is SARDI doing to assist the cherry industry in meeting this challenge?

**The Hon. P. HOLLOWAY:** I thank the member for her question. Over the past two cherry production seasons, SARDI scientists from the post harvest horticultural group have been working to implement improved post harvest handling practices for cherries and develop a sea freight handling protocol for the industry. The R&D program is designed to test and evaluate with local conditions and varieties the best available technology and handling systems to ensure that the cherries are handled in the best possible way to ensure the delivery of high quality products onto the export markets. Attention to detail from the orchard and right through the supply chain is essential in achieving a reliable and high quality out-turn.

The program is involved with the evaluation of optimal harvest maturity for a range of local varieties, and is looking at the impact of orchard temperatures during harvest on quality and shelf life. The program is also looking at optimal transport temperatures, modified atmosphere packaging, forced air cooling systems and damage during grading and packing operations. A series of cherry production post harvest handling and marketing workshops was conducted last year and was attended by nearly half the cherry growers in South Australia. A draft sea freight handling protocol will be developed through a series of workshops held in July and August of this year.

**Mrs PENFOLD:** My question relates to Budget Paper 4, volume 1, page 4.29. According to the output net expenditure summaries, significant cuts have been made to the South Australian Research and Development Institute (SARDI) funding, greater, I understand, than \$2 million. I note with interest that the government has attributed this cut to a reprioritisation of SARDI research activities. Will the minister please inform the committee what the specific areas are to which the budget papers refer but which they do not name?

**The Hon. P. HOLLOWAY:** First, I make the comment that what this government is doing in relation to agricultural research is regardless of what is in the SARDI budget, and I will have a bit more to say about that in a moment. In a couple of key areas this government is actually increasing the amount of state expenditure on research, and I refer to the Australian Plant Functional Genomics Centre, where the government is putting \$12 million into that program. I believe that when she was here earlier in this session my colleague Jane Lomax-Smith outlined some of the government's contribution in that area. As a result—

*An honourable member interjecting:*

**The Hon. P. HOLLOWAY:** I am just saying that this was extra money. Unfortunately, the opposition does not seem to understand that if you are to live within your means and have a sustainable budget and if you are to find new areas of expenditure you have to make cuts somewhere else. That is something that the opposition in this state appears to have

a great deal of trouble understanding. So, there are these new initiatives. Also, through the new grain company, Australian Grain Technologies, an extra \$1 million a year will be spent on the wheat breeding program. That will come through the extra contribution of the GRDC and will not be part of the budget money.

*An honourable member interjecting:*

**The Hon. P. HOLLOWAY:** Yes, but it is part of the arrangements that have been organised. Certainly, the state government is putting an extra \$12 million into the Plant Functional Genomics Centre, so this government is certainly giving a high priority to research. In relation to the actual impact on the budget, I will refer that to Jim Hallion, who can provide more detail on the actual statistics, because there is another story to be told here.

**Mr HALLION:** I assure the committee that the figure of over \$2 million that was quoted is in fact not directly related to research services provided by SARDI, but those output classes include corporate overheads and other allocated expenditures in the output class, because in the end we allocate all our budget to output classes. So, most of the movement in that number is related to a change in the way corporate overheads have been allocated and a significant reduction in the amount of corporate overheads allocated to the research and scientific services part of the output class. Nevertheless, SARDI will take some efficiency reductions in existing research services, and that is certainly why that comment is in the budget papers.

I point out that, in addition to the issues that the minister raised, we also have new initiatives in the area of aquaculture which have been referred to earlier. A significant amount of additional research funding—in fact, I think the figure is \$660 000—will be going into SARDI for additional research in that area. So, we do not expect there to be a substantial overall net reduction in SARDI's research effort, but there will certainly be some changes in priorities and some reprioritisation of research effort. Certainly, SARDI has not been quarantined from some of the efficiency savings that have been applied across government. I also note that one of the omnibus questions relates to savings and will be responded to on a whole of government basis, so more detail will be provided via that whole of government response.

**Mrs PENFOLD:** My question again relates to Budget Paper 4, volume 1 and is just a general budget inquiry. The introduction of a stamp duty exemption for intergenerational transfers has been a major bonus for rural South Australia, particularly in my area, over the past eight years, resulting in many transfers which would otherwise not have occurred. This has had a major social and economic impact on many farming and rural facilities at a very minimal cost to Treasury. Does the government intend to honour the previous government's promises of exemption from stamp duties for intergenerational transfers, and will the minister advise the committee as to whether any removal of this exemption has been discussed?

**The Hon. P. HOLLOWAY:** I would have thought that this is really a matter for the Treasurer; stamp duty obviously comes into his area. I am not aware of any proposed changes, but that is really something I have to refer to the Treasurer.

**Mrs PENFOLD:** It certainly helps the young people. My question relates to Budget Paper 4, volume 1, page 3.1. Will the minister please tell the committee for which decisions affecting his portfolio have regional impact statements been prepared and taken to cabinet, as was promised in the Labor Party's election policy?

**The Hon. P. HOLLOWAY:** The matter of regional impact statements has been put on the public record. As I understand it, the original policy that the Labor Party put out before coming to government was that we would have regional impact statements where there was some change in the level of government services provided in rural areas. Unfortunately, I do not have a copy of the actual platform or policy here. Certainly, where it has been appropriate for the cabinet submissions that have been put forward by the department they have been added, but the purpose of the regional impact statements for cabinet submissions is to better inform cabinet of the costs and benefits of proposals for regional communities. I am sure the honourable member will be asking questions in relation to that of my colleague when he comes in later this evening, because it is his office that does a lot of work in relation to these. The Office of Regional Affairs has developed guidelines for regional impact statements for cabinet submissions, and the cabinet handbook is being revised.

I understand that as part of the cabinet process the former Office of Regional Development prepared about 30 regional impact statements. I also understand that the Office of Regional Affairs, which has just been established, has just formed a small project team to further develop the process for regional impact statements and public assessment to strengthen the government's commitment to regional consultation. That proposal will incorporate engagement and consultation principles with regional communities. I understand that the Office of Regional Affairs has been nominated as the key contact agency in relation to those policies but, as an interim measure, without going back and looking over every cabinet submission, I could not say exactly which ones had them. Clearly, it would not have been necessary or appropriate in every case, but many of those submissions have at least had regional impact statements where that was appropriate.

**Dr McFETRIDGE:** My question is about the river fishers' compensation. If the minister has been getting some of the letters that I have been getting, the situation that some of the river fishers find themselves in is rather alarming. Given cabinet's decision on the river fishers' compensation package of up to \$2.7 million, is the minister himself satisfied that:

1. This represents fair and equitable compensation—and, once again, reading these letters it certainly does not sound fair?
2. The compensation is consistent with the public announcement of the member for Hammond as to his agreement with the Labor Party on the calculation of compensation?
3. He can assure the committee that, whatever payments are made, there will be no impact on the already depleted primary industries budget?

**The Hon. P. HOLLOWAY:** In relation to the latter question, if the fishers decide to take up the very fair and reasonable offers and the payments are made, the primary industries budget will increase because those payments will come from an additional allocation to the primary industries department. They certainly will not come out of the existing allocation. So it will actually increase departmental funds, not decrease them.

To return to the original question, the offer that has been made to the fishers is certainly a very fair and reasonable offer, particularly when one takes into consideration all of the factors of the river fishery. I think it needs to be borne in mind that there were 30 fishers along the Murray River, each

fishing an individual reach; so they were not fishing the same area but they were all fishing unique areas of the river. As a result of the work of Dr Julian Morison, a financial analyst to whom the fishers supplied their financial details, the structural adjustment committee—which involved two of the river fishers as representatives—considered the matter and, based on that report, the government made its decision in relation to a fair and reasonable *ex gratia* payment for the fishers. But when one looks at the information that was provided, I understand that the average net income of the fishers was something less than \$11 000 per year. For the 30 fishers I think that the total package that was offered of \$2.7 million is, by any standard, in my view, fair and reasonable. I think the honourable member had another question, which I am happy to address.

**Dr McFETRIDGE:** Is your compensation package consistent with the public announcement of the member for Hammond as to his agreement with the Labor Party on the calculation of compensation?

**The Hon. P. HOLLOWAY:** I have briefed the member for Hammond in relation to this matter and I believe that he also considers it to be a very fair and reasonable package that has been offered.

**Dr McFETRIDGE:** I have a point of clarification. Obviously, your interpretation of the word 'fair' is different from that of the fishers' interpretation. Why do you think that the fishers say that the licences have a value of \$100 000? For a number of them, the package does not add up to the cost of relocation and renting homes, and it is totally unfair in their minds. Why is there such a disparity of opinions? These people have been doing this for 30 years and through generations.

**The Hon. P. HOLLOWAY:** I suspect that the river fishers would like the taxpayers to give them more money, but I have to be fair not only to the river fishers but also to the taxpayers of this state who, after all, provide the funds for this package. I have to be fair to both groups. That is why, for the honourable member's benefit, a great deal of work has gone into structuring these packages so that they are fair. There is a fair range of payments to take into account for the individual situations facing the river fishers, because they are not all in the same situation—they are in unique situations.

Some of these fishers have been fishing particular reaches, some have other employment, and some have depended more heavily on the river than others. The situations are not the same for all fishers. If one looks at the average value of the offer of the government—as I said, it is a total package of up to \$2.7 million across the 30 fishers—it comes to an average maximum payment of about \$90 000, which I think would be a very generous estimate of the value of the fishing licences. I point out that if one looks at the prices that have been paid for fishing licences over the past five years they have all been sold for considerably less than that.

The honourable member raised issues such as location. The government's package is based on 1½ times the average gross income attributable to the fishery for each of the 30 fishers, as determined from either information that they supplied to the analyst from their tax returns for the past three years or, if that was not supplied, based on departmental figures. As well as that, the government also offered payment for the gill nets that those fishers owned. An allowance was made for the permissible number of gill nets and a payment was offered for those. There was also up to \$10 000 available for relocation and a sum of up to \$5 000 available for training, if that was applicable, in each case. So we have

structured a package that we believe is fair and that meets the individual needs in the particular fishery. But I repeat that it was not an easy task, given that the situations of the fishers vary greatly depending on their individual circumstances and which reach of the river they were fishing.

**Dr McFETRIDGE:** The minister has been talking about being equitable and fair. It has recently been announced that Kangaroo Island will be divided into two regions for the purpose of control of OJD. In the SASAG (South Australian Sheep Advisory Group) news release of 17 June, Mr Garry Fenton said:

... as from October 1st, 2002 the mainland of South Australia, together with the Dudley Peninsula region of Kangaroo Island, will move to a protected zone. The remainder of Kangaroo Island will remain in a control zone.

Personally, I think that dividing the island in two is flawed science. There are 36 properties on the Dudley Peninsula and, as far as I am aware, only six have been tested. It can be assumed that this will be at a significant cost to sheep owners on the island which will have flow-on effects to the rest of the economy on Kangaroo Island. My questions to the minister are:

1. What consultation took place with these people prior to the decision being made?
2. If people on the island choose to vaccinate, will they receive financial and/or professional assistance?
3. It is well known that Kangaroo Island is at least one animal health care officer below quota. How does the government anticipate coping with the additional workload imposed by the new system of districts?
4. If there is to be no financial assistance for those who vaccinate, what will the estimated cost be to stock owners?
5. If some form of subsidy or assistance is mooted, what line in the budget shows this?
6. If it is under Incident Response, what other incident response/compliance issues will suffer in order to fund the new system of OJD eradication on Kangaroo Island?

**The CHAIRPERSON:** Did the minister manage to get all those questions or would he like them repeated?

**The Hon. P. HOLLOWAY:** Being in the Legislative Council, we are used to those sorts of questions and I will do my best to deal with them, Madam Chair. In relation to the decision regarding Kangaroo Island, of course, we have a sheep advisory group in this state which is the principal source of advice to the minister in relation to these issues—and appropriately so. I am sure that this was a very difficult decision for that group to make. I am sure that the honourable member knows the history of OJD in this state, and it was unfortunate, of course, that the incidence of this disease on Kangaroo Island increased from what was originally thought, and it has created problems managing this particular disease. Of course, I am sure that the honourable member, given his background, would also be aware that handling the disease has not been made any easier by the fact that, at least in the early days, there was no really effective universal test to detect this disease. Of course, there is no doubt that techniques have improved over the past five years or so since this problem first came to our notice.

The Sheep Advisory Group has developed this program. Those guidelines and application forms were developed in consultation with the Kangaroo Island OJD support group. The Sheep Advisory Group itself is representative of the industry in this state and I would like to pay tribute to the work that its members have done in very difficult circumstances in coming up with the proposals they have. I think

that they have done a good job in trying to deal with what has been a very difficult issue. In relation to the technical questions that the honourable member asked about vaccination, I will ask Dr Vandegraaff from the Veterinary Office to make some comments.

**Dr VANDEGRAAFF:** I need to get the honourable member's question again because the details of vaccination escaped me.

**Dr McFETRIDGE:** If people on the island choose to vaccinate, will there be financial and/or professional assistance for them? If there is to be no financial assistance for those who vaccinate, what will be the estimated additional cost to stock owners?

**Dr VANDEGRAAFF:** The answer to the first question is yes, there will be sufficient assistance for farmers who choose to vaccinate. The actual detail of dollars is not available at this stage. It depends entirely on how many of them do that, and the total cost also depends on how many choose to vaccinate. At this stage, it looks as if there could be something of the order of 20 to 30 people on the island who may choose to do that in the next 12 months to two years, but estimates of costs at this stage are difficult.

**The Hon. P. HOLLOWAY:** There was a question about the number of vets we have on Kangaroo Island. I understand that issue has been addressed, and I invite Dr Vandegraaff to answer that question, as well.

**Dr VANDEGRAAFF:** The position is that, for the past three years, we have had one senior veterinary officer at a high level who has been occupied on a full-time basis with OJD on Kangaroo Island. There has also been paraveterinary support. A position was transferred late last year and we have been taking steps to replace that position this year. That is under way. In addition, there has been a recent approval to put additional veterinary resources in place on Kangaroo Island to support the new program that we are expecting to implement on the island this year.

**Dr McFETRIDGE:** The minister said that SASAG made the decision to divide the island in two, but I thought it was the Technical Advisory Committee that did that. I might be wrong in my information but, for the meeting that was supposedly held to make this decision, two of the members were overseas, so I am puzzled how the decision came about to divide the island into two.

**The Hon. P. HOLLOWAY:** That was a recommendation to me from the Sheep Advisory Group, which would have taken into account all the information that was available to it.

**Dr McFETRIDGE:** Surely the Technical Advisory Committee would have done that through Dr Vandegraaff.

**The CHAIRPERSON:** Member for Morphett, this is not a chat.

**The Hon. P. HOLLOWAY:** Obviously it would have had an input. I am not sure of the technical detail about who spoke to whom on which dates. However, I do know that the Sheep Advisory Group did a particularly good job of a very difficult issue.

**Dr McFETRIDGE:** Can the minister advise the committee whether a regional impact statement and an assessment of the resources to be forfeited was undertaken and considered prior to the government making the decision to transfer responsibility for administering the Sustainable Resources group to the department of environment and conservation? As most people are now aware, responsibility for the Sustainable Resources group has now been shifted to the department of environment and conservation.

In addition to concerns regarding the political motivation, the necessity and the cost of this redistribution of responsibilities, I am very concerned that the considered level of expertise and advice regarding the control of pests and weeds, soil management and fisheries management that was willingly made available to the government free of charge from primary producers will be lost. Important links between those living on the land with a natural commitment to sustainable development will be severed and years of knowledge and experience lost. In addition, expensive onground monitoring activities will now have to be undertaken by paid agency staff.

**The Hon. P. HOLLOWAY:** The sustainable development division, which was formerly with PIRSA, has been transferred to the new Department of Water, Land and Biodiversity Conservation. It is not in the environment department; it is in the new Department of Water, Land and Biodiversity Conservation. The logic behind that—and it was the government's election policy—is to try to bring together water and land based systems. That issue has been the policy of not just the Labor Party but other groups, including the Farmers Federation, which for some time has talked about bringing together management of water and land based issues. It is under that new department, and it is a merger between parts of the sustainable development division of PIRSA and the old department of water resources.

Some sections from within the old sustainable development division have stayed within PIRSA, and appropriately so. Those programs and activities which have stayed within PIRSA include: rural communities; rural affairs; FarmBis; Advisory Board on Agriculture; exceptional circumstances; marine habitat (which is administered under the Fisheries Act); and the strategic and environmental services policy.

The functions that have been transferred from the Sustainable Resources group include: pastoral management; water management; Animal and Plant Control Commission; land management and revegetation; Landcare and Landcare education; and strategic and environmental services (other than policy planning and environmental services). Administration of the following acts has also been transferred to the Minister for Environment and Conservation: Animal and Plant Control Act; Dog Fence Act; Pastoral Land Management and Conservation Act; and the Soil Conservation and Land Care Act.

I can give the committee some more information in relation to staff. There were 168 staff from the former sustainable resources group within PIRSA transferred to the new Department of Water, Land and Biodiversity Conservation and 28 staff have been retained in PIRSA. PIRSA retains adequate capabilities to ensure that its prime strategic role in ensuring economic development occurs in an ecologically sustainable way and to continue its involvement in national forums such as the Natural Resource Management Standing Committee and ministerial council.

**The Hon. R.G. KERIN:** Can the minister advise the committee what changes, if any, will be made to the apiaries program and whether resources this year will be greater or less than last year?

**The Hon. P. HOLLOWAY:** I think there is some good news in relation to that. In line with the 1998 industry task force recommendations, the previous government agreed to provide funding for a second inspector, which was declared in 1999-2000 for a period of 12 months. There was a delay in appointing that new inspector and a subsequent replacement of the original appointee. The second inspector position

has been funded by the state for more than 16 months. That two-inspector team, along with extensive testing by PIRSA at the time of the 2002-03 annual registration by honey packers, contributed to an apparent decrease in the prevalence in the bee disease American foulbrood in the state from 32 per cent of registered operations in 1998 to around 23 per cent of registered operations in May 2002. There has been some success as a result of the program.

Industry, through the ministerially appointed Apiary Industry Advisory Group, recognised the need to maintain two full-time apiary inspectors. As part of its strategic plan, the advisory group has offered to cover 20 per cent of the costs of the second inspector position for the 2002-03 period. At the recent 2002 South Australian Apiarists Association conference, the members present confirmed the need to maintain a second inspector position and supported in principle the use of cost recovery for funding the position by 2005-06. So we are moving towards a cost recovery model, which, I understand, was the original desire of the previous government.

As a result of negotiations that have taken place with the industry, we are now at a situation where we have arrangements in place for that second position. At the moment, I can advise that the apiary industry collects approximately \$25 000 annually through annual registration and hive levies. That fund is managed by the Apiary Industry Advisory Group. Anyway, as a result of the continuing negotiations, the bee industry is starting to recognise the value of having a second inspector and, as a result, they also recognise that they will have to contribute into the future to that position. As a result of those negotiations, we hope we have an arrangement where we will be able to maintain that second inspector into the future with an appropriate level of industry contribution.

**The CHAIRPERSON:** Is there further information?

**The Hon. P. HOLLOWAY:** Perhaps I can add that the state's contribution will be 80 per cent of the second position and the additional industry contribution will be made over the next four years, as I indicated. Apart from the 20 per cent industry contribution to the position, the budget for the apiary program is unchanged. The government is continuing to assist this industry. It is a very important industry not only for the production of honey but also the industry is very important for the pollination services it provides. Of course, one of the issues that the government has taken up with the apiary industry is to get the industry to appreciate the value of the services it provides as a source of pollination and to get some appropriate funding mechanism so that the industry can go forward into the future.

It is a very important industry for the state because of the pollination services it provides, and it is an industry with a particular set of problems in which the government needs to take an interest.

**The Hon. R.G. KERIN:** Minister, compared with last year's actual figures, the following cuts to expenditure have been made: resource regulation planning services, \$1 million; licensing services, \$1 million; compliance services, \$1 million; incident response services, \$4 million; policy advice and support services, \$1 million; facilitation planning services, \$200 000; trade and market services, \$1 million; and portfolio program management services, \$9 million. According to my calculations, this equates to a total cut of \$18.2 million. However, the minister has stated publicly that there will be a net cut of \$3.5 million from the net expenditure. Will he detail the difference between the figures he

quotes and the budget figures and provide us with a detailed explanation of how this discrepancy occurs?

**The Hon. P. HOLLOWAY:** I will ask Geoff Knight to provide some of those details. Perhaps the best source of information is in the Portfolio Statements, Budget Paper 4, page 4.30, which outlines some of the areas and how this government is dealing with the budget position. Clearly, because there were changes in the budget position in relation to the officers from Sustainable Resources who were transferred and so on, a lot of figures are floating around, let me put it that way, if one is comparing this year's figures with last year's figures when, obviously, the department was differently structured and so on. There are a lot of figures floating around, but I will ask Geoff Knight to detail some of the figures to the satisfaction of the leader.

**Mr KNIGHT:** The table in Portfolio Statements, Budget Paper 4, volume 1, page 4.19 indicates that total expenses for the Department of Primary Industries in 2002-03 is estimated to be a figure of \$154.4 million down from last year's figure on equivalent basis of \$171.4 million. That reduction is comprised of a number of components, only one of which constitutes the budget reduction. I will quickly run through the major contributors to that reduction. The two biggest contributors are a decline that was built into the no policy change forward estimates, in any event, between the two years. That includes things such as TEISA funding (which ended in June 2002), a decline in aquaculture funding between the two years and the fact that other programs had come to an end, in any event. That is the single biggest contributor, \$8 million.

The next biggest contributor is carryovers. The carryover from 2000-01 to 2001-02 was about \$7 million higher than the equivalent figure this year. Again that indicates that the 2001-02 figure was inflated because of carryovers from the earlier year. Other contributors to that \$17 million reduction are new initiatives which total \$3.1 million. I think the minister referred to new initiatives earlier in his opening statement. Savings initiatives across the portfolio total \$5.8 million and, in addition, there is a reduction of commonwealth FarmBis funding as a result of the changed cash flows in relation to FarmBis. If members total those things, they will get a change of about \$17 million, but approximately \$15 million of that relates to carryovers and reductions which were already factored into the forward estimates at the time of the last budget. If members look at new initiatives and savings, there is a net change of about \$2.7 million negative overall.

**The Hon. P. HOLLOWAY:** I also draw the committee's attention to page 4.19 of the Portfolio Statements. If members look at the appropriation from the government, the outputs purchased, they will see that for the previous budget, 2001-02, it was \$104.8 million and for the 2002-03 budget, \$103.46 million. In terms of the cash contribution in terms of appropriation there has not been a change, but it really is those carryovers and the fact that there was no forward funding for those programs which has somewhat distorted the budget picture. One might be tempted to have said that maybe the previous government, with an election coming up last year, held off spending from the year before to bring it forward into the 2001-02 budget—a cynical person might say that, Madam Chair.

**The Hon. R.G. KERIN:** My question refers to Budget Paper 4, volume 1, research and scientific services, and the subject is commercial fishing, funding for biological research in the marine scale fishery. What funding is the government

putting into research and development for biological research in the marine scale fishery in recognition of the significant recreational fishing and tourism benefits: 41.97 per cent (\$650 000) of commercial sector licence fees are allocated to ensure research and development programs are in place. What will the government contribute? Under the Liberal government this was matched by government funding to ensure that this vital monitoring and research of fishing efforts could be adequately conducted.

**The Hon. P. HOLLOWAY:** In a moment, I will ask the Director of Fisheries Policy to make a statement. First, I will make some general comments. There has been a change in relation to the priorities of research in the marine sector. But, rather than looking at species specific research, SARDI, as I understand it, has been looking at more habitat-based research, because that obviously has importance for the marine scale sector. For example, all the research that has been put into the *Caulerpa taxifolia* weed, which has been discovered, unfortunately, in West Lakes, clearly has great significance for the marine scale fishing sector, because if it gets out of West Lakes into the gulf it is clearly that sector on which it will have the most impact.

I know that certain parts of the marine scale fishing sector are saying that we should make a greater contribution towards research spending in that area. I am assured (and the Director of Fisheries Policy will confirm this in a moment) that we do have sufficient research in that area to manage the key species in the marine scale sector, but we also have other funding more broadly through SARDI which is related to those marine habitat issues which are important to the general marine scale area. I will hand over to Will Zacharin.

**Mr ZACHARIN:** Under our costs recovery policy for research in the commercial fisheries, the commercial licence holders pay for the attributed cost of the primary programs in relation to stock assessment research in those fisheries. In a fishery such as the marine scale fishery, where there are over 30 species, we have conducted a risk assessment with the industry in relation to the major priority programs that need to be conducted, understanding that some of these resources are very lightly exploited and we can manage those with basic effort from the industry in terms of their statutory logbook returns.

The priority species are really snapper and whiting, as they are important to the recreational sector as well. They contribute approximately \$630 000 annually towards the research program. Other funds are provided to the SARDI aquatic science program, and a lot of that goes into environmental research, too, in terms of habitat protection, which of course is also an important emphasis for the marine scale fish resources of this state.

**Mr VENNING:** In relation to that, you have not said, minister, what sort of money will be put forward. I understand that the previous government, from memory, put approximately \$300 000 alongside the \$650 000 from the licences. Will you match that?

**The Hon. P. HOLLOWAY:** Over a couple of years there has been a transition where the funding was going into environmental areas and more general areas of habitat. I understand that this was changing under the previous government, too, but perhaps the director has some information on that.

**Mr ZACHARIN:** With the introduction of cost recovery to the commercial fisheries since 1995, there has been a change in the attributed cost to industry and also the emphasis on the research program. Last year, the provision of matching

funding from government was a one-off and, at that time, the industry was advised that it would not be available in the following year because there were higher priorities in relation to marine environment research.

**Mr VENNING:** Is the commercial licence likely to stay as it is? Will there be any big increases?

**Mr ZACHARIN:** The licence fees in the marine scale sector have stayed relatively the same over the past few years—in fact, I think they have decreased. Every year, we go into a consultative process with the industry to determine what programs are required and its attributed costs as part of a cost recovery policy.

**Mr VENNING:** I refer to Budget Paper 4, volume 1, food safety reforms. Can the minister advise the committee whether the previous government's commitment to provide \$2.5 million over two years for food safety reforms within primary industries has been maintained? If not, why not? Where has this money been reinvested? Can the minister explain how these programs are progressing? What initiatives, other than that meat safety certificate, will be undertaken in this financial year?

**The Hon. P. HOLLOWAY:** This government regards the food safety issue very highly and a lot of work has been done. The new initiative in relation to animal health, which I mentioned earlier, is a key part of that. We have a new food act that was introduced under the term of the previous government, and it was supported on a bipartisan basis. It is a very important act and is part of the national system in relation to food safety.

PIRSA established a food safety program under a new initiative funded in the 2001-02 budget with the objective of managing food safety as an agency function across industries. It provides for the coordinated development of portfolio food safety policy, integrates existing technical and regulatory services and provides an interagency interface with the Department of Human Services for provision of whole-of-chain oversight of food industries.

In March this year, a memorandum of understanding between the Department of Human Services and PIRSA for surveillance incident response and regulation of food safety in the primary industries sector in South Australia was established, and it specifies the responsibilities and joint structures in relation to food safety in South Australia. Under the MOU, PIRSA is accountable to me for ensuring that appropriate systems and processes are in place to ensure the safety and suitability of food handling in the course of primary food production activities, as defined in the Food Act. I think it is important to talk about the dollar amounts, and I can tell you that the figure for this year, \$0.81 million, is the same as last year in relation to this matter. So, we are continuing the program. That is within our portfolio.

**Mr VENNING:** So, the \$2.5 million over two years for food safety reforms is now \$0.81 million.

**The Hon. P. HOLLOWAY:** I am advised that that probably includes the DHS component. There is a DHS component, a PIRSA component, an industry and trade component as well as a research and development component. So, there are a number of components to the food program. It is a very important area and there is really no change to it. The short answer to the member's question is that this government does recognise the importance of the program. As I said, if anything, we are putting more money into the area generally of food safety, if one takes into account the animal health initiatives.



**Mr VENNING:** I refer to Budget Paper 4, volume 1, South Australian food promotional offices. Will the minister advise the committee whether Food Adelaide will be directly involved in the selection and placement of the two additional export offices to be located in London, China or Hong Kong? Will these offices remain dedicated to the promotion of South Australian food products and, if so, will they still have the same staffing and resource capabilities? If not, can the minister explain the change in funding priorities?

**The Hon. P. HOLLOWAY:** I am advised that they will be involved in that process.

**Mr VENNING:** There is no change and they will be dedicated to do the SA effort?

**The Hon. P. HOLLOWAY:** Yes, that is my understanding.

#### Membership:

Mrs Geraghty substituted for Mr Caica.

**The CHAIRPERSON:** Member for Morphet, you are a guest of the committee at the moment. Are you wishing to become a member of the committee?

**Dr McFETRIDGE:** Yes.

**The CHAIRPERSON:** You will need to complete the appropriate paperwork, as will the member that you are replacing. I can recognise you as someone outside the committee for a question, but it is grace and favour. Do you wish that to occur, leader?

**The Hon. R.G. KERIN:** Yes.

**The CHAIRPERSON:** I gather the paperwork is coming, and we will sort it out then. Member for Morphet, we will advise when you are formally a member of the committee, but you may proceed.

**Dr McFETRIDGE:** Minister, my question relates to Budget Paper 4, volume 1, page 4.9, Output 2.2, 'Licensing Services' in fisheries. The previous Liberal government had pledged to provide an additional \$3 million over the next three years to expand fisheries compliance activities in regional areas and better manage fisheries resources. I have been assured that, in spite of previous threats, the fisheries compliance officers will remain. However, I have been told that this is at the expense of other measures within the fisheries budget. Can the minister explain what other services to the fishing industry have been cut; and does this equate in real terms to a cut in the fisheries budget of over \$2 million over the remaining two years?

**The Hon. P. HOLLOWAY:** I am not sure from where the honourable member gets that figure. Let me say something about the compliance officers program. The previous government did increase funding for fisheries compliance officers—\$3 million over three years. It leads one to ask the question: if you are going to increase the number of compliance officers, which is a recurrent cost to government, why do it for three years and not have any forward funding in the budget beyond that date? It is a problem we will have to face in the 2003-04 year, when suddenly \$1 million is no longer available in the forward estimates to provide for additional fisheries compliance activities.

The real problem we faced in relation to this effort was that a number of positions were increased in the fisheries compliance area—I think by something like an additional 17 compliance officers—which was in excess of what one could fund with an additional \$1 million a year. That is why the department has faced some difficulties in terms of managing this issue. It is certainly nothing to do with the current budget

of the state, let me make that quite clear, because the money is there in the budget. It is not a question of a budget for this year, although we have the problem of a missing \$1 million next year we will have to address. Some 17 additional fisheries compliance officers were appointed, which imposed a cost somewhat in excess of the additional money available and which has created some pressure on the PIRSA budget.

Let me give information in relation to these additional resources, because it is important that we have greater compliance effort within our fisheries sector. Upon the additional officers' completion of induction and training, the following areas have benefited from their deployment: Ceduna, Port Lincoln, Whyalla, Port Pirie, Yorketown, Kadina, Goolwa, Kingston and Kingscote. The deployment of officers to these locations has been based on the results of a risk assessment process which highlights the areas where levels of non-compliance with fisheries legislation are most serious; so it is based on actual experience. The funding also enhanced the Fishwatch program with increased response capability, including the expansion of the successful Fishcare volunteer program; assisting with the implementation of the new size bag and boat limits introduced on 1 July 2001; and providing capability to monitor proposed marine protected areas.

I might have given the wrong year earlier. Let me make it clear on the record that funding has been allocated up to and including the 2003-04 financial year. New fisheries officers have been placed on three-year contracts in relation to that, so funding is available up to and including 2003-04. It is after that time that we have to deal with this black hole that will be placed in the forward estimates.

I make the point that recruitment, induction and training costs for 12 new positions and filling of vacancies was funded from the additional funding allocation for 2001-02. Given that there were these additional positions, which were recruited but which were not provided for, the department is currently working through that as to how it can manage that problem internally.

**Dr McFETRIDGE:** Budget Paper 4, volume 1, Output 4.1, 'Facilitation planning services', is described as:

Provision for planning assistance and advice, development of strategic plans. . . development of long-term strategies including infrastructure and planning for land access and rural community access to services. . .

I note that the budget estimates reveal that these services have been cut by \$4 million. The reason given for the variance is 'improved data capture'. Can the minister explain how improved data capture systems have warranted a \$4 million reduction in activity levels; how this qualification was measured; and whether this saving has been reinvested into long-term strategic development of services and advice in regional communities?

**The Hon. P. HOLLOWAY:** Will the honourable member provide a page reference; otherwise we will take the question on notice?

**Dr McFETRIDGE:** Page 4.14, Output 4.1, 'Facilitation planning services'.

**The Hon. P. HOLLOWAY:** If the honourable member looks at the Portfolio Statements, page 4.17, he will see that for that particular output class the expenses, in other words the expenditure, for the 2002-03 year compared with the previous year is virtually unchanged. Actually, if one looks at page 4.17, one will see there has been an increase in relation to funding on that Output Class. Is the honourable

member referring to the targets that are provided on page 4.14?

**Dr McFETRIDGE:** Yes.

**The Hon. P. HOLLOWAY:** In terms of actual expenditure, there is an increase. Again, the number and percentage of agreed services has increased from 115 to 144—that is comparing the target for this year with the end of year result. I do not know what the target was for the previous year, but certainly in relation to the actual achieved result it appears to have increased.

**Dr McFETRIDGE:** My last question relates to Output Class 3.1—Industry Advisory Boards. At the request of the industry the previous government introduced a mechanism for industry to raise funds for their producers. This has been utilised by several industries to fund programs which they feel are of benefit for the future of those industries. A key component of this strategy has been to ensure consultation which includes the broad industry, and industry advisory boards have played a key role in recommending to the minister whether an industry fund should be created. Given the broad industry support, will the minister retain the existing advisory boards and encourage other industries that wish to use this legislation to improve their industry?

**The Hon. P. HOLLOWAY:** The answer to the last bit is yes. In fact we are doing that. One of the areas we are looking at is the marine scale fishery. One of the best things that the previous government did was the establishment of industry development boards, but also having industry advisory groups and the funding arrangements I think has been a very successful model and is one that I have been following.

In the answer that I gave earlier in relation to the apiary industry, and also to the honourable member's question in relation to the Sheep Advisory Group, I think it is a very successful way of letting industry, assisted by government, manage their particular industries. There are a number of problems around, but I think it is generally recognised throughout Australia that this state would probably lead other states in relation to the industry management of industry problems, such as disease and so on.

#### Membership:

Mr Caica substituted for Mrs Geraghty.

Dr McFetridge substituted for Mrs Penfold.

**The CHAIRPERSON:** Leader, are you taking the next bracket of questions?

**The Hon. R.G. KERIN:** Thank you, Madam Chairperson. Minister, the budget papers indicate a net loss of 17 staff from the Department of Primary Industries and Resources for 2002-03. However, the minister has indicated that staff cuts will be between 5 per cent and 10 per cent, which probably equates to somewhere between 60 and 130 jobs. Whatever the figure, can the minister explain to the committee from which programs jobs will disappear?

**The Hon. P. HOLLOWAY:** I assume the honourable member will be asking his omnibus questions which have been asked of all departments. I am happy to take that as one of them and will provide a whole of government response to that. The honourable member has used the figures from budget paper 4.31, but I understand that the opposition has been asking these questions across all portfolios; so we will have a whole of government response in relation to that information.

**The Hon. R.G. KERIN:** In regard to the relocation of responsibility for the Office of Sustainable Resources, can the

minister advise the committee whether the officers and personnel previously within Primary Industries, and now under the Department of Environment and Conservation, or within the environment portfolio, will be physically moved to another location and, if so, what is the expected total of the cost of the move and the transfer of agency services to the public attached to this office, and where is this budgeted for? How will running costs such as stationery, new letterheads, office supplies and building fees be allocated?

**The Hon. P. HOLLOWAY:** Most of the Sustainable Resources group is located at the Waite campus, and, whilst it is obviously a matter for the new department, as far as I am aware they will be staying there. It is really a matter for minister Hill; but I am certainly not aware of any change to the location.

**The Hon. R.G. KERIN:** Minister, I refer to Output Class 4.4—Portfolio Program Management Services. We have already discussed in detail the FarmBis program. I note, however, that the total cuts to this output class are recorded as \$26 million. The papers describe a reduction in debts owed on farm loans; will the minister explain why the reduction in debts owed and the FarmBis cuts do not balance with such a large reduction? Will the minister outline what programs have been targeted for funding cuts and the total of each of these cuts?

**The Hon. P. HOLLOWAY:** We will try to provide that information. I assume the honourable member is asking about the differences in expenditures. I will ask Geoff Knight to answer that question.

**Mr KNIGHT:** Thank you, minister. I understand that the question refers to the variance between the estimated result for last year, being \$31.5 million, and the budget estimate for 2002-03, being \$22.2 million. This output class includes a variety of activities, including rural finance and development activities; the RAES program, which is the Remote Areas Energy Scheme activities; and a number of mining and PIRSA solutions operations. The major contributors to the variance are the changes in FarmBis funding arrangements; program management planning grants; a slightly reduced cash flow in the Riverland Rural Partnership program; savings in relation to RAES, as well as a number of other minor ones. In addition, there are some significant reductions in overheads attributed to this output which is similar to what has happened in relation to Research and Scientific Services. In summary, the two biggest contributors to the movement of \$9 million are changes to FarmBis and changes to rural finance and development.

**Dr McFETRIDGE:** Referring to Output Class 4.19—statement of financial performance for tied grants—according to the statement of financial performance the following variations in operating activities have been planned for 2002-03: supplies and services, \$8 million; and grants and subsidies, \$12 million. Can the minister summarise these reductions and advise the committee how much commonwealth grant money will be lost as a result of these reductions?

**The Hon. P. HOLLOWAY:** I will ask Mr Knight to respond.

**Mr KNIGHT:** The two lines referred to in the statement of financial performance were supplies and services and grants and subsidies. To quickly summarise, supplies and services includes a variety of expenditure including contractors and consultants, travel and accommodation, publishing, office supplies and vehicle hire and maintenance. The decrease between the two years, which is approximately

\$9 million, is attributed to a marked reduction in consultancy costs, in accordance with the government's commitment in that area, and other items, including higher contributions to expenses from industry and decreased travel and maintenance expenses. In addition, in 2001-02 there were significant carry-over items, which are not reflected in 2002-03. On that last element, the difference between the two years amounts to \$7.8 million, which means effectively that that decrease is mainly the result of a high level of carry over in the previous year.

The second line referred to is grants and subsidies where there is a reduction from \$23.1 million to \$12.6 million. That item comprises grants and subsidies that PIRSA pays to external entities, and the decrease is mainly due to reductions in FarmBis and incorporates commonwealth funding, so 50 per cent of the reduction relates to the commonwealth. There is a reduction in the National Centre for Petroleum and, in addition, rural finance and development initiatives, which will be lower in 2002 than in the previous year. They are the main contributing factors to that reduction.

**Dr McFETRIDGE:** I refer to page 4.17, Output 3.2, relating to the virology testing unit. The minister recently announced publicly the government decision to provide \$1 million for the establishment of a virology testing unit at Glenside. Is this the capital cost, what is the recurrent cost and does it replicate other services available in South Australia or interstate?

**The Hon. P. HOLLOWAY:** The total budget for the current financial year is of the order of \$1 million. That is the additional money, and part of that is for the virology laboratory. The virology component is roughly \$250 000. I understand that there are some facilities at Glenside that can be fairly easily adapted to that purpose. To provide some information for the record, the allocation is \$950 000 in 2002-03 for the new animal disease surveillance and response program, followed by \$1.9 million in 2003-04 and \$2.09 million in 2004-05 and ongoing. So, the program builds up over the next two years.

The funding is to address deficiencies in skilled veterinary and technical animal health staff in regional South Australia. It is also to ensure appropriate investment in ongoing training and livestock surveillance arrangements and to expand the capacity of the state veterinary laboratory. The key response strategies earmarked for enhancement are:

- early detection and rapid and effective response;
- animal identification and trace back;
- whole-of-government response to meet national and state requirements through the state disaster plan; and,
- effective information systems for response operations management and reporting at regional, state and national levels.

The allocation also includes \$100 000 to support the implementation of the national livestock identification system in the cattle and sheep industry. There are a number of components in that program. The \$250 000 is sufficient to provide for a veterinary virologist and technical officer. It may be done in year one through an addition to the existing Vetlab contract IDEX.

**Mr VENNING:** I refer to Budget Paper 4, volume 1, in relation to compliance services. Will the minister provide details as to which compliance service fees will be increased as a result of the government's plan to increase cost recovery from the agriculture industry and, as compliance services are already funded, will he also explain why it has been neces-

sary to reduce expenditure in the area of resource regulation planning services to fund compliance services?

**The Hon. P. HOLLOWAY:** I suspect that the honourable member's question involves a misunderstanding. Clearly in areas such as fisheries we have cost recovery, and those levels of compliance are set as a result of negotiations through the various fish management committees and so on. Within that line there are a number of compliance services: there is fisheries, the minerals area, fruit fly and a lot of areas that would be covered by that. If the honourable member looks at page 4.29 of the Portfolio Statements, under the heading 'Resource Regulation Planning Services', it states:

The reduction in expenditure is mainly due to the reclassification in 2002-03 of a proportion of the funding for the ecological sustainable development of the State's living marine resources from Resource Regulation Planning Services to Compliance Services.

Under 'Compliance Services' it states:

The decrease in net expenditure is a result of increased cost recovery from the aquaculture industry and reduced environmental monitoring of gas fields. This is partly offset by the reclassification of the State's living marine resources from Resource Regulation Planning Services.

So there are those two factors in there.

**Mr VENNING:** I refer to Budget Paper 4, volume 1, and to the meat industry quality assurance certification numbers. Will the minister outline how this year's target to provide 50 meat industry business quality assurance certifications compares with the number certified last year?

**The Hon. P. HOLLOWAY:** While we are looking for the specific figures, it is worth putting on the record some information about the current status of meat hygiene in South Australia. The government and industry have invested significantly in the meat hygiene program established through the creation of the Meat Hygiene Act in 1994. The program has moved progressively to 75 per cent recovery of costs and involves red meat, poultry, game and smallgoods operations from large and medium sized plants to very small plants, transport and wholesale butchers. Rigorous food safety standards are a factor in gaining or maintaining market access. Industry has invested significantly in terms of improved construction and operational standards and development and implementation of the HACCP based quality assurance program. Compliance has involved third party audits on behalf of the minister, paid for directly by accredited businesses.

Almost a decade after the regulatory changes began, the critical question is: how have changes to the regulation of meat hygiene contributed towards market access and protection and reducing the burden of disease in South Australia? Put another way, if we can make macro change to hygiene regulations and impose cost burdens to industry, can we measure with any confidence the effect of those changes and impositions? PIRSA commissioned a study in January 2002 to review, assess and validate the outcomes and effectiveness of South Australia's meat hygiene program and recommended options or areas for improvement.

This study was completed in June 2002. The study identified significant improvements in the hygiene status of meat and finds that food safety hazards have been mitigated by improved standards. The findings of the study in respect of the status of meat hygiene in South Australia were that the microbiological status of beef and sheep carcasses was equal or superior to national and international benchmarks and that South Australian sheep carcasses were of significantly better microbial quality in comparison with a recent US survey. It

also found radical improvements in the manufacture of fermented meats and that cooked and cured smallgoods are of high hygienic quality.

It found significant improvements in the temperature control of meat and meat products, high conformity with national standards for transporting meat, and implementation of food safety based quality assurance programs in over 600 businesses. It found that information transfer and the uptake and implementation of systems has been assisted by training initiatives and that there were more than 5 300 third party audits of meat processing operations and 1 500 audits of meat transport vehicles. It also found industry compliance with Australian standards in more than 99 per cent of cases in 2001-02. They were all the results of that study. I will ask Barry Windle, the Executive Director of Food and Fibre, to provide the specific statistics.

**Mr WINDLE:** In relation to the specifics of last year versus this year's programs, 120 additional businesses were accredited last year and we expect 75 this year. We expect a gradual decline in additional businesses due in part to catching up with the total of businesses to be accredited and also limited growth in that industry. The expansion is that more retail butchers are being accredited, where they are undertaking some wholesale activity. So, the program is very much on target and achieving what it set out to do.

**Mr VENNING:** My question is in relation to the PIRSA office in Kadina referred to in Budget Paper 4, volume 1. Will the minister explain why the planned relocation of the PIRSA office at Francis Street in Kadina to the new dry land farming museum has not yet occurred? As well as the obvious financial benefits derived from the collocation, the much anticipated move would allow for the sale of the current site.

**The Hon. P. HOLLOWAY:** I will take that question on notice. We have a lot of information here, but that is one that we will have to take on notice.

**Mr VENNING:** I ask the same question in relation to the Nuriootpa Viticulture Centre. Are the future staffing levels there likely to remain the same?

**The Hon. P. HOLLOWAY:** I will ask Mr Lewis, the Director of SARDI, to answer that question.

**Mr LEWIS:** Yes; we expect to continue to run the Nuriootpa centre. We are in the process of trading a bit of land with a local home there but, other than that, the operation of the centre will continue to support the viticulture industry.

**The Hon. R.G. KERIN:** I refer to Output 2.2. Will the minister maintain the current policy on recreational rock lobster pots—which policy took a long time to arrive?

**The Hon. P. HOLLOWAY:** As the leader would know, as the shadow minister I had a fair bit to say at the time as to how that issue was originally handled, and I was—

**The Hon. R.G. KERIN:** Full of praise.

**The Hon. P. HOLLOWAY:** I think I was pleased at the final outcome; I certainly do not see any need to change it. Apart from some of the recreational people who have raised a few issues in relation to the number of pots and so on, which I am not inclined to agree with, I support the current policy.

**The Hon. R.G. KERIN:** We might have made your life easy for you, sorting out that one before you took over. What level of effort does the department put on last year's recreational season? With increases in the quota to the southern zone rock lobster fishery, what, if any, pro rata alterations will be made to the recreational sector?

**The Hon. P. HOLLOWAY:** I will ask Mr Zacharin for his comments on it in a moment. Obviously, within the total allocated catch there is a proportion for recreational fishers but, following on from the leader's earlier question, I believe that that allocation is certainly not all taken up. We will get some more details in relation to that.

**Mr ZACHARIN:** In relation to the open access policy from last year, only about 13 230 recreational pots were registered, and that is below the old restricted level of 14 000, which is interesting in itself under an open access policy. As the leader would know, the agreed 4.5 per cent for the recreational sector represented a trigger limit on recreational pots of 21 000, so we are certainly 7 000 or 8 000 short on the allocation that could go to the recreational sector through registration. With the 50 tonne increase in the southern zone TAC, obviously, the 4.5 per cent would increase to the recreational sector so, in the coming season, the trigger limit will be higher than 21 000 pots. We are still to determine that figure, based on the final report on the recreational catch from SARDI aquatic sciences.

**The Hon. R.G. KERIN:** Will the minister maintain the same fees for pots? I think the second part of my question about arrangements for leases in the professional sector has pretty much been answered, but has a decision been made on the fees for pots in the coming season?

**The Hon. P. HOLLOWAY:** It is certainly the same for the coming season.

**Dr McFETRIDGE:** I refer to page 4.30 in the statement of financial performance, showing increased revenue from industry recovery. The government has indicated a significant increase in revenue of \$240 000 from cost recovery from industry. From which industries will these increased revenues be recovered, and how much is expected to be recouped from each?

**The Hon. P. HOLLOWAY:** I will ask Barry Windle, Executive Director of Food and Fibre, to make comments in relation to that question.

**Mr WINDLE:** The identification of specific areas has not been finalised. This will take some time to work through with the wide range of industry advisory committees that we work with. Clearly, whilst on the surface of it there is capacity to meet that level of cost recovery, the detail of the approach—the time frame, strategy and so on—has not been resolved.

**Dr McFETRIDGE:** Under Output Class 1, 'Commercialisation of food online,' there is a target to implement the South Australian food online commercialisation strategy. Will you outline the expenditure needed to get full commercialisation of the initiative, and what revenue is then expected annually?

**The Hon. P. HOLLOWAY:** I ask Susan Nelle from Food South Australia to respond. Would you mind repeating the question, please?

**Dr McFETRIDGE:** Under Output Class 1 is a target to implement the South Australian Food On-Line commercialisation strategy. Can the minister outline the expenditure needed to achieve full commercialisation of the initiative, and what revenue is then expected annually?

**Dr NELLE:** It was always the intent to commercialise Food On-Line. Much of the initial investment was in the development and redevelopment of the tool to be an interactive business tool that people in agribusiness and the food industry could use. The intent this year is to partially commercialise that—half way—and the investment is relatively minor because the work has been done in terms of creating solution providers and the information relevant for

the industry itself. We will probably start slowing the development, because it is not needed any more, and we will look at gaining fees from the solution providers, not from the users of the service. So, we intend to raise \$50 000 this year from the commercialisation strategy to support the service, and that will be an ongoing service.

**Dr McFETRIDGE:** In relation to Output Class 2 in Budget Paper 4, volume 1, Statutory Authorities, have any statutory authorities that are relevant to the agriculture, food and fisheries department been disbanded or reorganised and, if so, can the minister give details?

**The Hon. P. HOLLOWAY:** I am certainly not aware of any, so I think the answer is no.

**The Hon. R.G. KERIN:** Following several educational sessions that have been held throughout regional South Australia regarding the Dairy Industry Development Plan, there is a level of optimism that perhaps has not existed in the dairy industry for a while of significant potential growth in exports in that sector. Can the minister advise the committee what he feels the level of commitment of government will be to growth in the dairy industry? What funding, if any, has been provided for this program and, if so, under which budget line?

**The Hon. P. HOLLOWAY:** As the leader says, the Dairy Industry Development Plan that was launched by the Premier, I think on 2 July this year, is very important. It has, as the leader said, brought a sense of optimism to the dairy industry. Of course, following deregulation there has been a drop in the number of dairy farmers. I think it is now down to about 600 from over 700 prior to deregulation. Of course, that adjustment process was somewhat traumatic for those involved but, nevertheless, the industry is now moving forward, and I am certainly keen to see it develop.

Yesterday, I had the opportunity to meet briefly with the chair of the Dairy Industry Development Board, Perry Gunner, who, of course, has been instrumental in the development of this plan, and I think he told me that something like half of the dairy farmers in the state attended meetings around the state. I think meetings were called in the five regions and over 300 of the 600 dairy farmers attended, which is very encouraging, and I believe that there is optimism. Of course, there are also some challenges, and infrastructure is one of those. I know that the Dairy Industry Development Board is keen to see this plan move forward and, yesterday, the chair raised some matters in relation to how we can keep this plan on track and moving forward, and I will certainly do my best to ensure that this plan remains on track.

I am advised that dairying has access to project funds totalling \$600 000 in the food program; there is also some funding available from the Rural Industry Adjustment Development Fund, because one of the issues that needs to be addressed is ensuring that dairy farmers in the regions are kept informed of the plan, and that issues that are necessary to be addressed to keep this plan moving forward are coordinated.

It is still early days but I commend the Dairy Industry Development Board on the work it has done. It has come up with a very imaginative plan. There are a number of issues that need to be addressed, and I will be happy to talk about some of those privately with the leader afterwards. There are areas in which the opposition might be able to help in bringing a bipartisan approach, as I am sure the leader would agree, and it is perhaps best not to discuss those publicly. But, certainly, there are some issues that we will need to address.

Of course, in relation to one of those issues, I notice that my colleague the Minister for the River Murray has already made an announcement in relation to the Lower Murray region, which is an important part of the dairy plan. So, I think there is some work that needs to be done in terms of crossing the Ts and dotting the Is of this plan and, hopefully, we will come up with a mechanism to do that in the near future.

**The Hon. R.G. KERIN:** I agree with much of what the minister has said. I think that one of the successes in the food industry over the past few years has been the cooperative approach between government departments and industry groups, and I think it is vital that that continues. Will the minister give an assurance that he agrees that that is the way to continue and that the government will commit to an ongoing partnership with industry? I know that there will always be changes at the edges, but is the minister committed to continuing the interaction with industry through groups such as Food Adelaide—by whatever name—and Flavour SA, and will the minister argue vigorously in cabinet to ensure that those strategies and initiatives continue?

**The Hon. P. HOLLOWAY:** Development has continued of the Premier's Food Council—it is a good idea—and we are following through with the state food plan. I think we are about half way, and on track. Of course, the previous government put some benchmarks—its scorecard—in place to measure success and, clearly, if we are to achieve those ultimate results, initiatives such as the dairy plan will need to be successfully implemented. So, I think that the government has shown a commitment and, certainly, from my point of view as minister for primary industries I am strongly committed to achieving those objectives. I think that the dairy plan is a very good example of the sorts of steps that we need to take to achieve those goals.

**The Hon. R.G. KERIN:** Today's *City Messenger* raises the issue on its front page of having a food centre within Adelaide that buyers and tourists, etc. can visit. It has been raised by Nick Begakis in his role as head of the Council for International Trade and Commerce SA. It is a concept which has been talked about over time, and it was always the general consensus that we needed to get other issues in the food industry sorted out and get to a certain stage of growth before it became the right time to have such a centre so that it would be a viable entity. That time will probably be reached in the next 12 months to two years. Does the minister have a point of view about what we should do in regard to a food centre in Adelaide to bring together the produce of the state, and has he given any consideration to future funding of such a centre?

**The Hon. P. HOLLOWAY:** It is a proposal that has been around for some time, and it has been raised at the Premier's Food Council. It is under active consideration at the moment in that forum. It is certainly an idea which, obviously, has a great deal of attraction. I guess, like other good ideas, it is a matter of looking at the details—the costings and so on—to determine its viability, but it is under active consideration.

**Mr VENNING:** In relation to good ideas, in the last days of the previous Labor administration, the department was looking at relocating a large share of its activity to Clare. That was under minister Groom. With the change of government, that was all shelved. Can the minister see the day when he could revisit this, particularly when one considers that New South Wales has relocated to Orange? I do not know whether that has been a great success but I do know it has been funded largely by the South Australian government superannuation fund. Whether that is still the case, I do not

know, but it certainly was then. Has the minister given any consideration to this and is it likely to get any speed under the new administration as it did under the old?

**The Hon. P. HOLLOWAY:** I suspect that in relation to Sydney, where there are enormous costs for commercial buildings and high living costs for staff, a move like that would obviously have some attraction. In a place like South Australia, the circumstances are very different. I certainly have no plans to relocate any part of the department, but PIRSA does have a strong regional component anyway. I have just been handed the statistics relating to employees. There are 988 in total in the city, including contract and casual employees, and 404 in the country. A third of the department is already located in rural areas, so it is already a strongly decentralised department in that sense.

In relation to decentralisation, a number of factors must be considered, and we could talk at some length about that. I am informed that PIRSA has 56 locations across South Australia so, if we were to locate in one particular area of the country, that would not necessarily help all the other areas. PIRSA, by its very nature, has to be a very decentralised department when it has such a large number of locations and offices, and clearly the department is already achieving that objective and has a strong rural presence.

The situation in New South Wales is a lot different from the situation in South Australia and that state is motivated by different factors, but I have no plans to relocate the department. I know that from time to time there have been proposals to put some specialist officers into rural areas. We have had this debate at Labor Party conferences, and one of the problems in putting technical departments into country regions that are a fair way from the city is the difficulty in attracting and keeping top level staff in those locations because of the education opportunities for their children, and so on. There are some complexities that we face in a state this size. We do not have those large regional cities of 100 000 people or more which New South Wales has and which can provide solutions to those sorts of problems. It is a complex issue but I do not have any plans at this stage.

**The Hon. R.G. KERIN:** The Premier would probably agree more with the minister now than when he was in opposition and called for many relocations to country areas. There are some difficulties with that—

**The Hon. P. HOLLOWAY:** If people can be effectively relocated, let us look at it.

**The Hon. R.G. KERIN:** Primary Industries has done a pretty good job over many years in putting different functions in various parts of the state, and that has been more effective than the New South Wales shift of trying to put everything out into the one location. Western Australia tried and failed, as well.

As far as Food for the Future goes, it is good to hear that the government remains committed to it. It has been a very important initiative. It was welcomed by the industry, it has changed the culture of the industry to exports and it has changed the culture of cooperation within the industry. It has even taken that massive cultural jump of how they feel about government. Can the minister give us an assurance that Food for the Future will be based pretty much in the primary industries and economic development portfolios and not follow the course of certain other things and go to environment?

**The Hon. P. HOLLOWAY:** What was Food for the Future we have rebadged as Food South Australia, and there are some benefits in that new name, but its leadership role

will stay within Primary Industries at this stage. I am not sure what reviews might be undertaken in future, and I guess that the allocation of such things is ultimately up to cabinet and the Premier, but at this stage Food South Australia is staying within the department. After all, I am the Minister for Agriculture, Food and Fisheries, so having it in the ministerial name reflects the importance of food as a component of primary industries. It is where so much of our growth comes from and the food industry is a very large component of the economy of this state.

**The Hon. R.G. KERIN:** I welcome that. Another successful component of the Food Plan has been a commitment to ensure that our producers and manufacturers understand a lot better what the overseas markets are all about. Through Primary Industries and Industry and Trade there has been cooperation in ensuring that we have had well resourced opportunities for those producers to exhibit overseas, we have provided facilitation visits to understand the markets better, we have brought buyers from overseas to talk to groups of producers here, and usually we have tried to help them with political representation at some of the bigger events. Will that remain a priority of the government?

**The Hon. P. HOLLOWAY:** Certainly. I had the pleasure recently of meeting some business people from one of the large supermarket chains in Singapore who were visiting here, and exercises like that are extremely important. With the group was a buyer for that large supermarket chain, which has a significant presence not just in Singapore but the Asian market generally, and the information that was provided to local industry by the buyers in relation to the things they are looking for is absolutely invaluable to industry, particularly in the regions. It provides them with the information that they need for getting the best value from their industries.

**Dr McFETRIDGE:** Under the disease surveillance response, Output 2.4, is there any provision in that \$6 million for funding and training of private veterinary practitioners in disease surveillance, particularly with OJD and some of the other exotic diseases, as we used to do with brucellosis testing? As part of maintaining rural veterinary services, has the minister considered the reintroduction of cadetships or scholarships for veterinary students?

**The Hon. P. HOLLOWAY:** The question of having a significant veterinary presence in our state is a very important one. As I mentioned earlier in relation to the animal health initiative, providing adequate veterinary services in rural areas is an important part of that. I understand that through the Cattle Council at the moment a program provides a number of scholarships—I am not sure whether they are scholarships or cadetships; we will get that information in a moment. However, I know that Cattle Council through the commonwealth government is involved in a program to try to increase the number of vets within our community. It is a significant issue. I know the member has made a number of speeches on this matter in his short time in the state parliament and it is something with which I agree; that is, we do need to ensure that there is a presence.

Late last year the commonwealth announced a series of measures aimed at addressing this issue, including five scholarships per year for veterinary science students to take up careers with the commonwealth government. It was a comprehensive national review of the rural veterinary profession and \$2 million was made available to implement the recommendations. The Cattle Council of Australia is a partner in this initiative with substantial funding support. As part of our foot and mouth preparedness initiative, there is

\$100 000 for surveillance initiatives for private vets to investigate disease, \$20 000 for training to include private vets, and there will be an ongoing sum of \$100 000 per year as part of that extra initiative. The good news is, yes, we are putting some money into this area because we do need to improve our veterinary capability.

**Dr McFETRIDGE:** Will that include OJD monitoring as well?

**The Hon. P. HOLLOWAY:** Yes, we are looking at veterinary capability generally. Clearly, OJD is part of that.

**The Hon. R.G. KERIN:** I have four short omnibus questions which I will read into *Hansard*:

1. Will the minister advise the committee how many reviews have been undertaken or scheduled to take place within the portfolio since the government was elected? To which matters do these reviews pertain and which consultant or consultancy organisation has been hired to undertake this work and the total cost of these contracts?

2. Will the minister advise the committee how many of the 600 jobs to be cut from the Public Service will be lost from within the portfolio? Will the minister advise the committee how many jobs over \$100 000 that have been indicated by the government will be lost from within the portfolio?

3. For each year, 2002-03, 2003-04, 2004-05 and 2005-06, from all departments and agencies reporting to the minister, what is the share of the total \$967 million savings strategy announced by the government and what are the details for each saving strategy?

**The Hon. P. HOLLOWAY:** I will take those questions on notice. I thank all my advisers from Agriculture, Food and Fisheries for their contribution this afternoon and for their preparation.

**The Hon. R.G. KERIN:** I add my thanks to the minister's. I thank all the advisers for the work they have done over the past year in particular but also over previous years. It has been a portfolio which has achieved a lot and certainly there has been a terrific willingness to work with industry. Thank you very much.

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

Dr N. Alley, Director, Mineral Resources, Office of Minerals and Energy Resources.

Mr B. Goldstein, Director, Petroleum, Office of Minerals and Energy Resources.

#### **Membership:**

The Hon. W.A. Matthew substituted for the Hon. R. G. Kerin.

The Hon. G.M. Gunn substituted for Dr McFetridge.

**The CHAIRPERSON:** Minister, do you wish to make a statement?

**The Hon. P. HOLLOWAY:** No, I included some comments in my earlier statement for agriculture, so I will not repeat that.

**The CHAIRPERSON:** Member for Bright, do you have an opening statement?

**The Hon. W.A. MATTHEW:** Yes, a very brief opening statement, Madam Chair. I advise members of the committee that, in Estimates Committee A on Wednesday 20 June 2001, *Hansard* records details of the intended activities for 2001-02 by the then Liberal government. Those activities stand as a public record, and the results are a testament to what was achieved. Indeed, it is a bit unusual to be in this committee

today because, with the exception of Jim Hallion, all the faces around the minister are familiar, as they are the same faces that were around me in the same committee when I made that statement last year. They are very good staff, including Jim Hallion. I was delighted by his appointment. I congratulate him publicly, as I did in writing, on his appointment to the position of Chief Executive following the retirement of Dennis Mutton, who was likewise a good appointment for the department of the day.

My first question relates to Budget Paper 4, volume 1. Most of the questions that will be asked by the opposition today will relate to that particular budget paper. I refer to page 4.3 and the strategic context for the agency. I relate that to a statement that was made during the last state election. Indeed, I quote from a Labor Party policy document, which states in part:

Provide the Minister for Mines and Energy Resources with its own agency, the Department of Mines And Energy Resources.

When does the minister intend to create a separate agency or, as he was not allocated the energy portfolio, will this proposal no longer proceed?

**The Hon. P. HOLLOWAY:** As the member would be aware, the original policy that he refers to was, of course, prepared in a different context. Sadly, my former colleague the former deputy leader of the opposition, the then member for Napier (Annette Hurley), was not re-elected. She was the shadow minister for primary industries. I have now taken the portfolio, which was previously that of the shadow minister for mines and energy.

As a result of the changed situation following the election, we have a new streamlined Department of PIRSA. As the Leader of the Opposition referred to earlier, the sustainable resources part of that department had been taken out, and now the new Primary Industry and Resources of South Australia is a department with a strong focus on development not only in the agricultural, food, fisheries and aquaculture sectors but also in the mineral sector. We believe that this new mix in the department will be very successful in terms of promoting the economic development of the state.

**The Hon. W.A. MATTHEW:** As a supplementary question, I am amazed at this minister. This was a key policy commitment. In fact, this policy commitment was first floated publicly at a very public forum: a Chamber of Mines and Energy luncheon. The then leader of the opposition Mike Rann was the guest speaker. This was the key promise, the key pre-election promise that was then repeated at election time for the minerals and energy sector. This is a broken promise. Are you expecting, minister, that sector to swallow the answer you have just given as the reason for yet another Rann Labor government broken promise?

**The Hon. P. HOLLOWAY:** The member for Bright can try all he likes, but I believe the mining industry is very happy indeed with the relationship that it has with the Rann government. The arrangements that we have are very effective. As the member referred to earlier, the Office of Mines and Energy is a very good agency within government and has very good people within it. We believe that the new streamlined PIRSA, which is an agency with a strong economic development focus, is the best way we can deliver services to the mining industry. The mining industry will understand that. We have to prove to the industry that we can deliver, and we will be judged accordingly at the next election.

**The Hon. W.A. MATTHEW:** My next question relates to page 4.17 and the appropriation line reference, from which I note that the appropriation in 2002-03 for the PIRSA department has dropped by more than \$4.3 million from \$107 795 000 in 2001-02 to \$103 461 000 in 2002-03—a drop of approximately 4 per cent, as you are probably aware, minister. Of this amount, how much has been removed from the budget allocation for the mineral resources development portfolio, and from what areas have those moneys been removed?

**The Hon. P. HOLLOWAY:** The Office of Mineral and Energy Resources has, I believe, done fairly well out of the arrangements that have come into place with the new government. In relation to the sustainable development group of the old PIRSA department, some officers from the department have been transferred back into the mineral and energy resources office. In fact, in that way at least there has been some increase.

It is obviously fairly difficult to make a comparison, given that there have been a number of changes right across PIRSA, with bits going in and out of the department. It is my understanding that the opposition has been asking a series of omnibus questions in relation to the savings. I assume that the member will place those on record and, if so, as they have been taken on notice right across government, we are happy to take those in relation to specific savings on notice and provide that information to the member.

**The Hon. W.A. MATTHEW:** That will be satisfactory. At this stage, if the minister has a separate figure available now for even the Office of Minerals and Energy Resources as a separate entity within the department, that figure will be welcome. If not, he needs to take that on notice.

**The Hon. P. HOLLOWAY:** We will take that on notice.

**The Hon. W.A. MATTHEW:** My next question relates to page 4.22 of the same budget document, and the line reference is 'operating activities and receipts'. Why have grants and subsidies in the Department of Primary Industries and Resources dropped from \$13.121 million in 2001-02 to \$7.865 million in 2002-03? Of these amounts, how much, if any, relates to the mineral resources development portfolio?

**The Hon. P. HOLLOWAY:** The way that the figures have been presented over the past few years in budgets provides some difficulties in relation to getting a break-up. I will ask Geoff Knight to provide a detailed answer to the specifics of that question.

**Mr KNIGHT:** The line 'grants and subsidies' in the statement of cash flows in volume 1 of Budget Paper 4 essentially relates to grants and subsidies made by the department. In relation to the variation of \$5.256 million in the statements, the following explanations are made. Grants and subsidies were understated by approximately \$3 million for incorrect classification in commonwealth grants in that figure. In addition, there is recreational rock lobster revenue from the fisheries research and development statement overstated in the previous year. They are the two major moves. In answer to the member's question, there are no movements of any material significance in relation to minerals and energy resources that affect that line.

**The Hon. W.A. MATTHEW:** I wish to clarify that. I notice that the commonwealth grants and payments increased by more than \$3 million. Are you saying that, effectively, there was an error in the way in which that money was stated and, effectively, the extra in one area really should have been in the area that was depleted?

**Mr KNIGHT:** If the member looks at the line immediately above that, he will see a favourable movement of \$3.366 million in the commonwealth payments. In effect, that was incorrectly treated. When one allows for that \$5 million reduction in grants and subsidies, effectively it becomes a much lower reduction than implied in that line. Even within the reduction that is there, there is no material reduction in relation to the mining and resources area of the department.

**The Hon. W.A. MATTHEW:** My next question relates to page 4.6 of the same budget document. I refer, in particular, to the column, 'Targets for 2002-03', and draw the minister's attention to the reference to 'Implement TEISA 2020'; TEISA, of course, is the targeted exploration initiatives South Australia reference.

Why has the minister slashed the budget for TEISA 2020 by more than 42 per cent from an intended \$1.99 million, which was the figure being negotiated at the December 2001 bilaterals, to just \$1.14 million, despite an expectation of more than \$88 million from mining royalties flagged in the budget for 2002-03?

**The Hon. P. HOLLOWAY:** It was a good try from the honourable member. Let us get some facts on the record. There was no allocation; there was absolutely zero money provided in the forward estimates for this year and ongoing years by the previous government in relation to the targeted exploration program. This government had to find that money. Because the money was not in the forward estimates, it meant some painful decisions, about which, I am sure, the member for Bright will be reminding this government, as the member for Schubert has been doing in relation to some cuts we made in agriculture.

There is some pain. The reason we have made painful decisions in relation to cuts is that the previous government did not have any provision in its forward estimates for programs such as TEISA. In fact, the money we are putting in is money that had to be found from other areas. In fact, the government has come up with a new program. It will begin at a level of \$1.14 million for the current year, which is in line with the \$1.2 million that has been spent over the 2002-03 year. The member for Bright can say what he likes about what he would have done, but the fact is that his government did not put anything into the forward estimates. There was nothing there.

*The Hon. W.A. Matthew interjecting:*

**The Hon. P. HOLLOWAY:** He can say whatever he likes about what he would have done: the fact is that he did not do it. That needs to go on the record. The member for Bright and the previous government had a list of tens of millions of dollars worth of things they put into their bilateral bids. If they all had been funded in this department, and similarly in other departments, then we would have been spending hundreds of millions of dollars more under this government—if we believe them. We know it did not happen. There was an election last year. The previous government raised expectations in the community that it intended to spend money on all sorts of things, but the fact is that there was no forward provisioning at all for areas such as this.

The new government does believe it is an important program, and it has not only funded it this year but also allowed for an expanded program over the years. There is a built-in growth in the program to \$1.71 million by 2005-06 and it is an ongoing program. Over the four years it is \$5.7 million. It has been put into the budget over the next four years. This government has shown its commitment to this very important program. It is something that has not been



done in the past. Clearly, the previous government was coming up with nominal surpluses into the future yet it was not putting in funding for very important programs such as this. I am pleased to say that the current government recognises the importance of the program and has put it in there. It has put it in at a level which is broadly similar to the funding in the previous year—and with some growth.

**The Hon. W.A. MATTHEW:** I have a supplementary question. Will the minister acknowledge that he was given a budget that had been through a bilateral process in December 2001; that the budget was not finalised; that a number of bids were to be finalised, including the TEISA line; and that the TEISA line he was given was \$1.99 million?

**The Hon. P. HOLLOWAY:** There were all sorts of bids. At the end of the day, we have to make the sums add up in the budget, so what we spend must equal what we raise. I would be quite happy to give a list of all the things. Over the four-year period, there is something close to \$100 million worth of projects in the wish list of this government. I could compose a wish list for the next budget process. There are plenty of things on which I would love to spend money. I wish I could spend money on a lot of worthy projects within my portfolio area, but both this government and I have to operate within the financial restraints available.

The member for Bright can talk all he likes about what might have been: the fact is that the sums of the previous government did not add up. When this government came into office, there were clearly huge deficits going into the future. As well as that, a lot of important programs such as TEISA were not funded. So the government had the problem of dealing with not only an actual deficit but also a series of black holes into the forward years of the budget where key programs such as this were not funded. In PIRSA alone, those programs came to tens of millions of dollars over the forward period. The honourable member can say what he likes about the claims. I will agree that there was a huge wish list that the previous government put in its budget bilaterals process, but it did not have any capacity to pay for them.

**Mr VENNING:** In relation to page 4.6, 'Implement TEISA 2020', since the last election has the minister or his department received an approach directly or indirectly from any member of parliament or staff member of a member of parliament with a specific request for TEISA moneys to be made available to a particular company or particular region of the state; and, if so, will the minister provide details of such approaches?

**The Hon. P. HOLLOWAY:** I will ask Neville Alley to talk on behalf of the department; I certainly have not been approached by any member of parliament or staff member attached thereto.

**Dr ALLEY:** As part of the TEISA program, we sent out a request to industry that it should embark on collaborative arrangements with us, and sometimes on areas covered by its own tenements, so that we can undertake collaborative geological research to better define either the geology or mineral potential of areas of the state in which we are interested.

We do that through an agreed process, a policy that we have agreed with the local Chamber of Mines and Energy. But we enter into those kinds of arrangements only when there is something of benefit for the state, as well as the company, by entering into it. And they go through a fairly testing process—they go before a committee that assesses the pros and cons of the project and then a decision is made accordingly.

**Mr VENNING:** Supplementary to that—

**The CHAIRPERSON:** For clarification only.

**Mr VENNING:** Has the minister or his department received any approach directly or indirectly from any person associated with Goldus Pty Ltd, Mt Gleen Pty Ltd, or any of their subsidiaries for access to TEISA moneys? If so, can the minister provide the committee with details of such approaches?

**The CHAIRPERSON:** That is not a supplementary question, member for Schubert, so that will be the third question of that bracket.

**The Hon. P. HOLLOWAY:** I certainly have not had any approach made to me. I will ask the chief executive of the department to comment.

**Mr HALLION:** I can confirm that from time to time at my office I have received specific requests in relation to TEISA and other matters. My policy is to refer those requests, as they occur, directly on to the Office of Minerals and Energy Resources. There have been approaches but, in a public domain, I would not like to refer to individual companies. However, if I do get them I refer them on. Where they have occurred on a company by company basis to the office, they are processed in the normal way that we would process any applications in that area.

**Mr VENNING:** Can I ask something that refers to that answer?

**The CHAIRPERSON:** For clarification of that answer only.

**Mr VENNING:** Can the minister or his advisers say yes or no to the question that I asked, or does the minister just not wish to answer the question?

**The CHAIRPERSON:** Member, you are well aware that the minister may choose how the question is answered. You are also well aware of the need to preserve confidentiality in relation to the dealings between the state government and corporations. Minister, do you have anything to add to that answer?

**The Hon. P. HOLLOWAY:** As I said—and I have given the answer in terms of any member of parliament or staff approaching me about any matter in relation to this portfolio—the answer is no. But, as I said, I am speaking for myself. I certainly do not make it my business to go and find out what interests members of parliament might hold or how they might be involved in an area. If the honourable member wants to raise a matter of genuine public interest, I am happy to investigate it, but certainly I think it would be improper for me as minister to make inquiries about companies that are owned by members of parliament or, for that matter, any member of the public.

It would be an abuse of my office to make such inquiries. I cannot recall an approach specifically in relation to TEISA from anybody, let alone a member of parliament but, if there was, I would certainly refer it directly to the department for assessment.

**Mr SNELLING:** Minister, I understand that the Office of Minerals and Energy Resources is a core partner in the Cooperative Research Centre for Landscape Environments and Mineral Exploration, better known as CRC LEME. What is the purpose of that commitment and what is the value to future mineral exploration in South Australia?

**The Hon. P. HOLLOWAY:** I thank the member for his very constructive question. The relatively lower level of mineral exploration expenditure in South Australia has been due in part to difficult exploration conditions in the sediment-

covered terrains throughout much of the prospective northern and central parts of the state.

In July 2001, PIRSA signed a seven year agreement to join other parties in a Cooperative Research Centre for Landscape Environments and Mineral Exploration to produce some major successes in mineral exploration in targeted areas of sedimentary cover and in areas affected by salinity. In this financial year, the South Australian government is spending \$1.5 million through the targeted exploration initiative in regional drilling programs and other surveys in the north of the state.

Data and samples from these surveys are essential to the research of the CRC LEME and will focus that research on the more difficult exploration terrains in this state. The Cooperative Research Centre will focus on the geological evolution of the landscape and the nature of the sediments and weathering products that cover the older basement rocks that are host to much of the state's mineral endowment. Through this research will come new methods for locating hidden mineral deposits, either by 'seeing' through the cover rocks or by detecting traces of elements released into the cover.

Understanding the history of evolution of the landscape and the pattern of climatic change over time will lead to the development of new mineral exploration strategies based on an understanding of the processes that formed the regolith and geochemical anomalies. This will help to further constrain the high risks associated with mineral exploration programs and to build confidence levels necessary to increase industry exploration in South Australia.

Research at the CRC LEME also has a broader scientific application, particularly in areas of environmental science. Methods developed to map the cover rocks in three dimension to aid mineral exploration have been shown to also provide an improved means of mapping the distribution of salts within the landscape. This has led CRC LEME to form an environmental applications research program. The CRC will be an essential element in the salinity-mapping program to be funded by federal and state governments as part of the national action plan against salinity. The work will help to focus strategies developed to combat the spread of salinisation of the landscape, including key areas in this state along the Murray River and in the Upper South-East.

PIRSA retains a 7.5 per cent equity in the CRC through in-kind funds only, based on 5.5 staff involved in CRC LEME projects and, as I mentioned earlier, \$1.5 million to be expended on regional data collection programs in South Australia budgeted for in TEISA and geological survey programs for 2001-02. The estimated total commitment over the life of CRC for PIRSA is \$7.428 million, with substantial commitments from the commonwealth and other core partners from Western Australia, South Australia, New South Wales and Canberra.

This will be money well spent and should help deliver the major breakthroughs required to take mineral exploration to another level in our state, and it will go a long way towards achieving the bold targets of the State Resources Plan—\$3 billion of mineral production and \$1 billion of related processing by 2020.

**Mr SNELLING:** What impact has the EPBC Act had upon the mining industry in South Australia since its inception in July 2000?

**The Hon. P. HOLLOWAY:** I thank the member for his important question. Since July 2000 approximately 750 referrals have been submitted under the EPBC Act nation-

wide. Of those referrals only 45 have come from South Australia, 17 of which originated from the mining sector. Comparatively, the national total as of May 2002 was approximately 65 referrals for mining of which about half were controlled actions, and around 50 referrals relating to exploration for both mineral and petroleum, of which less than 10 per cent were determined to be controlled actions. Of the 17 South Australian referrals, nine related directly to the SASE project, which included proposals for:

1. A coal storage facility at Port Bonython;
2. Three iron ore mines at Giffen Wells, Sequoia and Hawks Nest;
3. Two coal mines at Ingomar and Corner Gate;
4. Three pig iron smelters at Cultana, Gina and Tregalana.

Six of these referrals were assessed by the commonwealth as controlled activities under the act.

In the remaining eight referrals, there has been only one referral for an exploration program undertaken by Perilya Ltd in the northern Flinders Ranges, which subsequently was assessed under the EPBC Act as not a controlled activity. As the SEA Gas proposal to build a gas pipeline from Iona to Adelaide was determined as not a controlled activity, it is likely that a similar decision could be expected for the Duke/Gasnet (now TXU) pipeline proposal.

Other projects which were listed as controlled actions under the act include the Moomba to Darwin gas pipeline and the SAMAG magnesium proposal. Both referrals submitted by Woodside Petroleum for offshore seismic surveys and the Challenger gold mine were not considered to be controlled activities. It is not surprising that the most common trigger for the act to date has been threatened species and communities and migratory species listed under the act. As I understand it, the commonwealth Auditor-General is undertaking a performance audit of Environment Australia's administration of the referral, assessment and approval processes under the EPBC Act. The objectives of the report will be to examine and report on the quality, timeliness and cost of administrative practices applied to environmental referrals, assessments and approvals. The audit, which will be based upon stakeholder input, should provide a good summary of the effects of the EPBC Act on industry overall.

**Mr CAICA:** I would like to ask a question on geothermal energy and I will not refer to the lines in the budget papers because I know the minister will be right across it. Is it realistic to expect geothermal energy to be used in South Australia?

**The Hon. P. HOLLOWAY:** It is an important question as geothermal energy is a very interesting subject. If the initial fieldwork proposed by the geothermal exploration licence holders in the South Australian Cooper Basin is promising, then pilot geothermal energy projects are forecast. There are considerable uncertainties, but if local pilot projects are successful then it is conceivable that hot rocks in South Australia could potentially revolutionise the energy scene in Australia. Key risks to be overcome include efficient drilling to roughly five kilometres, where rocks are very hot; maintaining an effective inter-well system that efficiently transfers heat as a source of energy; and developing surface transmission systems to get geothermally sourced energy efficiently from the Cooper Basin to energy markets elsewhere.

Hot dry rocks are also being tapped as potential sources of energy in France and Japan. South Australians should be proud that their state has attracted investment targeting

innovative ways of developing world class and leading edge geothermal energy supplies in South Australia. It is an uncertain yes, but it is potentially a step change in Australia's energy markets. It is very interesting and a huge potential resource if those uncertainties can be overcome.

**The Hon. G.M. GUNN:** Will the minister advise the committee how much has been allocated to achieve the 2002-03 target for completing the three-year state resources plan?

**The Hon. P. HOLLOWAY:** My advice is that the \$2.5 million in the forward estimates will be continued this year, so it is on track. We are actually putting in money, particularly in this area, as with TEISA, that was not in the member's party's forward estimates. He does not seem to understand that his betting was on paper and it was meaningless expenditure. This government has to raise real dollars from the South Australian community. It is real money.

In relation to what the government is doing with the task force, that initiative was a three-year, \$8 million program. The Office of Mineral and Energy Resources of PIRSA is working collaboratively with other agencies, notably the state Department of Aboriginal Affairs, the Attorney-General's Department, the EPA, the Department for Environment and Heritage and the Department for Industry and Trade to implement a range of strategies. The successes of the plan to date include:

- the development of a digital Aboriginal heritage sites database and spatial topographic map index of traditional Aboriginal authority;
- progress in negotiating ILUA (indigenous land use agreement) templates;
- the innovative South Australian Resources Industry Geoserver (SARIG) project went live last year, providing online access to information and services relevant to mineral exploration and development;
- participation in the successful cooperative research centre, LEME, which I mentioned earlier;
- the TEISA program was boosted to expand the collection of essential drilling, mapping and geochemical data (again, funded with real money, not some fictitious claim made at election time);
- the establishment of the Resources Industry Development Board and the Office of Minerals and Energy Resources; and
- the establishment of the resources development team in Mineral and Energy Resources to facilitate emerging mining developments through the numerous government approvals and requirements.

In progress towards the 2020 target to reach the \$4 billion target, South Australia's minerals industry will need to grow at an annual average rate of 3.9 per cent or \$80 million per year from where it was in 1999. In 1998-99 the net mineral revenue was estimated at \$1.5 billion; and in 2000-01 this increased to an estimated \$1.9 billion in real 1999 terms, indicating an increase of \$400 million. That is an annual average increase of 8 per cent, based on 1999 dollars. This trend is very encouraging and will be supported by capital investment on projects, including Challenger, Honeymoon, the Mindarie heavy mineral sands venture and, hopefully, SAMAG and SASE.

However, to meet the resources task force's 2020 mineral production and processing value target, private exploration expenditure of \$100 million will need to be invested per annum by 2007, and this trend, although recently improving, remains a significant challenge. Expenditure by the industry

on mineral exploration in South Australia for the calendar year 2001 was \$32 million—a 48 per cent increase on the year 2000, and in that same period this turnaround also increased our state's share of the total Australian mineral exploration expenditure from 3.2 per cent to 4.9 per cent.

The November 2001 announcement by Minotaur Resources of the Prominent Hill copper, gold and uranium discovery has refocused attention on South Australia, which will further increase expenditure throughout 2002. Expenditure estimates for this year range between \$35 million and \$40 million, and this improved investment, if sustained, will return us to being on track to achieving the resources task force target.

I also report that the first draft of a minerals industry scorecard has been developed by PIRSA. This scorecard has been developed to assist in identifying the value of the contribution that the mineral values chain makes to the state economy. The scorecard tracks the value chain of over 25 mineral commodities, identifying government funded pre-competitive data generation, private exploration and capital expenditure, mine production values, off-site refining turnover and trade information.

So, in summary form, over time the scorecard will enable both industry and government to identify how we are tracking against the 2020 minerals target of \$4 billion. The first edition of the minerals industry scorecard has been completed for the 2000-01 year. The committee will appreciate that additional information.

**The Hon. G.M. GUNN:** I thank the minister for his detailed explanation. Will the minister give an undertaking that he supports the continuation of the Olympic Dam, Beverley and Honeymoon uranium projects and does he intend to visit these mining ventures to assure those people involved of the ongoing and continued support of the government of South Australia?

By way of further explanation, from time to time when there have been minor hiccups, particularly at Beverley, there has been a tendency for people within government, the media and the radical conservation elements to make all sorts of wild accusations in relation to the operation at Beverley. Hopefully, you and I know that the risks were, to put it mildly, minimal and very insignificant. Will the minister give an assurance that he will be a supporter of these excellent facilities which employ at Beverley and, in the future, Honeymoon a number of people in my constituency?

**THE HON. P. HOLLOWAY:** Yes. In relation to visits, I have visited all three of those mines in relation to Roxby Downs on at least three or four occasions and as minister I expect to visit them again as soon as parliament completes its estimates process and all the other urgent business this government has to do to try to get its program through. I hope during the upcoming break to be able to visit at least some of these and other mine sites in the state.

**The Hon. G.M. GUNN:** Does the minister support a further expansion of the operations of the uranium industry in South Australia and, if so, will he support an approach to the federal government to ensure that the ongoing development of these areas can be expanded? The committee would be aware that the Roxby Downs project has expanded from its initial development and obviously there is an opportunity for further expansion. I know that work has been carried out at Beverley with a view to expanding that operation. I can think of no reason whatsoever why that mine should not be further developed, because it will create more opportunities and export income and create jobs for South Australians. I

would be interested in the attitude of the minister and the government.

**The Hon. P. HOLLOWAY:** If the government gets an application for expansion of the mine we will look at it. I am not aware of any specific approach to date in relation to that. Certainly in the past when there have been expansions of Roxby Downs the Labor Party in government and opposition has supported those expansions.

**The Hon. W.A. MATTHEW:** Has any market research been undertaken by the minister's department to determine the viewpoint of South Australians in relation to the handling of uranium and, if not, is the minister aware of any research that has been undertaken by his government across the board? Has there been any market research to determine the viewpoint of South Australians about the handling of uranium either at a uranium mine or within the community in general.

**The Hon. P. HOLLOWAY:** As far as this portfolio is concerned, I am advised that the answer is no. As far as this department is concerned, no, I am certainly not aware of any.

**The Hon. W.A. MATTHEW:** You are not aware of any within government as a whole, minister?

**The Hon. P. HOLLOWAY:** I am not aware of any, no.

**The Hon. W.A. MATTHEW:** That being the case, if no market research has been done within his department and he is not aware of any other research within government—

**The Hon. P. HOLLOWAY:** I must admit that I have not asked any of my colleagues whether they are conducting market research into the subject.

**The Hon. W.A. MATTHEW:** I will put to the minister the reasons for the question and I appreciate that he may need to take it on board and pursue it with his colleague. How is it that the Minister for Environment and Conservation can claim publicly that 'We well know the majority of people of South Australia have great concern about how uranium is handled.' I would like to know whether he has market research that will support that quote or whether it was just a statement off the top of the minister's head.

**The Hon. P. HOLLOWAY:** I think that is a question you should ask in the house of the minister for the environment. He might well have been talking in the context of waste dumps. I am not sure in what context he made those comments and I do not want to comment on statements he may or may not have made. You should take it up with him.

**The Hon. W.A. MATTHEW:** Does the minister believe there was adequate consultation with the resources industry about the transfer of the radiation protection branch from the Department of Human Services to the EPA and, if so, will the minister detail to the committee the nature of the consultation that occurred?

**The Hon. P. HOLLOWAY:** That agency was in the health department and I believe it has now been transferred to the environment department. Neither of those two portfolios are mine. You need to redirect the question to the ministers concerned.

**The Hon. W.A. MATTHEW:** On the contrary, having occupied the position of minerals minister myself, I took a great interest in the operation of the radiation protection branch, and I put to the minister that it is imperative that you show the same interest in that branch to ensure that the mining companies that are undertaking business in this state and for which you have an overriding ministerial responsibility receive fair treatment. Are you telling this committee that you had no involvement in that decision at all? Is that what you are telling this committee?

**The Hon. P. HOLLOWAY:** Do not put words into my mouth. I am telling you that, in accordance with the standing orders of the parliament, if you wish to ask a question, ask it of the minister who is responsible for the radiation protection and control branch. I will not answer questions about agencies that are not part of my portfolio.

**The CHAIRPERSON:** The member for Schubert.

**The Hon. W.A. MATTHEW:** This point needs further clarifying, because I am not—

**The CHAIRPERSON:** I do not understand why.

**The Hon. W.A. MATTHEW:** Because the minister is simply not giving an answer to the question. If I can reword it, because it is relevant to his portfolio—

**The CHAIRPERSON:** You have well heard the procedures for estimates and you know that the minister may choose how to answer the questions. You may want to ask a different question the next time you get a chance, and I am sure you will get a chance. The member for Schubert.

**Mr VENNING:** I will defer to the honourable member.

**The CHAIRPERSON:** Would you like a minute to work it out, member for Bright?

**The Hon. W.A. MATTHEW:** No. Was the minister consulted by his colleagues the health and environment ministers when the decision was made to transfer the radiation protection branch from the Department of Human Services to the EPA; did the matter go before the cabinet; and did the minister express a point of view in relation to this transfer?

**The Hon. P. HOLLOWAY:** It was a cabinet decision and as such I will not be commenting on it. As the honourable member as a former member of cabinet would understand, it would be inappropriate for me to comment on cabinet discussions. Certainly, as you would expect, a matter of that significance was decided by cabinet.

**The Hon. W.A. MATTHEW:** You are playing games, minister.

**The Hon. P. HOLLOWAY:** I am not playing games: I am giving you the answer. You know that it would be quite inappropriate for me as a minister to comment on cabinet discussions, and that is what you are asking me to do. I am sorry; I will not do it, because I would be breaching my cabinet duties if I did that.

**The Hon. W.A. MATTHEW:** In view of the fact that the minister has been involved in discussions in relation to the transfer of the radiation protection branch from human services to the EPA, or at least was privy to the cabinet decision, can he share with the committee without breaching cabinet confidentiality what justification there is for the environment minister's public statements that for many years the opposition has tried to keep the EPA away from dealing with issues to do with radiation in the uranium industry?

**The CHAIRPERSON:** I have been quite indulgent with the breadth of the member for Bright's questions, but I cannot see how this question relates to the lines that we are currently examining. In accordance with the procedures for estimates committees, would you please indicate the line of the budget papers that you are referring to?

**The Hon. W.A. MATTHEW:** Portfolio Statements 2002-03, Budget Paper 4, volume 1, page 4.3, line reference relating to strategic context which states, in part, 'enable the realisation of emerging market opportunities in the resources and energy sectors'. I would advocate that this issue is very much one that could impede or otherwise the entrance of new participants into an emerging market.

**The CHAIRPERSON:** That is a very long bow. I leave it to the minister as to whether he wishes to answer.

**The Hon. P. HOLLOWAY:** If the honourable member wishes to get an explanation about what the environment minister says in a statement, the appropriate person to ask is the environment minister.

**The CHAIRPERSON:** The member for Bright might be in the wrong place. Do you wish to proceed?

**The Hon. W.A. MATTHEW:** My next question is in relation to the same page reference that I gave earlier. I ask: does the minister support the senate inquiry into the monitoring and regulation of uranium mining in South Australia and the Northern Territory and, if so, why? What has specifically occurred in South Australia to cause the minister to believe that there is justification for such a federal inquiry?

**The Hon. P. HOLLOWAY:** Madam Chair, again, I am sure that the standing orders of the House of Assembly have not changed dramatically since I was there some years ago but, nevertheless, I am happy to answer the question. Obviously, it is up to the senate to determine whether or not it wishes to have an inquiry and, whereas I might have a view about the necessity of it, I can say that, in relation to the uranium industry in this state, this state has its own inquiries under way. An inquiry in relation to reporting is being conducted in my department by Mr Hedley Bachman. I am sure that the member who asked the question will be well aware of the issues that led to the establishment of that particular inquiry. My colleague the Minister for Environment has also announced a broader inquiry in relation to in situ mining.

So, certainly from my perspective and as the level of government responsible for managing this matter, we believe that we are quite capable of determining our future in relation to these issues but, if the commonwealth parliament wishes to institute an inquiry, that is really a matter for the commonwealth and, as far as I am concerned, once that committee is set up, as it has been, we will respond as a government to that particular inquiry on any issue. We will cooperate: however, whether or not it is necessary is another matter.

**The Hon. W.A. MATTHEW:** Can I clarify the last point? The inquiry closes on 9 August, so we are not too far away from that closure. Has the government, of its own volition, put a submission to that inquiry or, if not, does the government intend to do so?

**The Hon. P. HOLLOWAY:** The answer is yes, we will put a submission, but we have asked for an extension to the deadline to put a submission to the inquiry.

**The Hon. G.M. GUNN:** I would like to raise with the minister the topic of oil shale resources at Leigh Creek, and the minister will be aware that Leigh Creek is in my electorate. Only a couple of weeks ago the member for Schubert, myself and other colleagues had an extensive briefing in relation to the mining operations at Leigh Creek. I ask the minister whether any companies are currently involved in examining the oil shale options at Leigh Creek and whether there have been discussions with the department or the government in relation to the development of oil shale. It is a subject which has been discussed on numerous occasions and, in the past, it has always been considered by the operators to be not economically possible to continue, but from time to time people have raised the issue. I wonder whether the minister can shed some light on where we are at and who might be interested in further developing these deposits.

**The Hon. P. HOLLOWAY:** I can indicate that at this stage PIRSA has no plans to spend any funds on further investigation into the matter.

**The Hon. G.M. GUNN:** I am not surprised.

**The Hon. P. HOLLOWAY:** Yes. There is a lot that one can say about this. It has a long history, as I am sure the honourable member is aware. I can perhaps help the honourable member by reporting that in 1997 all of the work undertaken by PIRSA and Flinders Power was used by the Sydney consultant's mine consult in a study to determine the economic viability retorting the Leigh Creek overburden. The mine consult study indicated that the project has low economic potential. This confirmed the findings of earlier studies. So that is the information and, hence, we have no plans to spend funds.

**The Hon. G.M. GUNN:** Has the department had discussions with any private companies in relation to their desire to investigate or develop the oil shale at Leigh Creek in the past couple of years?

**The Hon. P. HOLLOWAY:** I will ask Neville Alley whether he can answer that question.

**Dr ALLEY:** No, there have been no discussions.

**The Hon. G.M. GUNN:** For the purposes of the next question I refer to the Opal Mining Act, and I understand that, in the past, money has been put forward to develop new initiatives to help the opal mining industry. In the past, I have had some involvement in representations to have what was the department of mines become involved in drilling to try to find new fields. I understand that money was allocated. Can the minister indicate whether there will be funds allocated this year or next year towards the further development of the industry in South Australia, because it is a significant provider of precious stones to the world market and its ongoing development is very important to the tourism industry?

**The Hon. P. HOLLOWAY:** We have no specific funding proposals, but the government has taken some other initiatives. I will ask Neville Alley to enlighten the committee about those.

**Dr ALLEY:** Yes, we have had discussions with the Northern Regional Development Board on initiatives that it has put forward to try to bring a much better coordinated approach to the opal mining industry in South Australia, particularly in terms of getting a one-voice, one-representative body and then developing a much better marketing strategy for the industry. The only funding that the department put into that overall strategy was to help fund, with DIT, an economic development officer based at Coober Pedy. Otherwise, we give the program a lot of in-kind support and have assisted with drilling through the TEISA program.

**The CHAIRPERSON:** Minister, do you have anything to add?

**The Hon. P. HOLLOWAY:** No.

**The Hon. W.A. MATTHEW:** I am disappointed by that answer because another half a million dollars for the opal mining industry has gone. Opal SA was going to get \$500 000 and that is clearly gone, so there is no point in asking the minister any more questions about it.

I would like to go back to the uranium mining industry, because it is very important to South Australia. Does the minister believe that any uranium mining company has not told the truth and not disclosed information in relation to incidents at any of the state's three uranium mines and, if so, which incidents does the minister have concerns about?

**The Hon. P. HOLLOWAY:** In the time that I have been minister the honourable member will know that there have been a couple of incidents. As a result of an incident at Beverley a task force was set up involving government officials from the EPA, the Office of Mineral and Energy Resources, DHS and Workplace Services, who inspected the mine. That team found that there was no evidence that licence conditions had been breached or workers exposed to unacceptable risks. That is an occasion during the term of this government when there was a task force specifically to look at the uranium industry, and that was the finding in that report.

**The Hon. W.A. MATTHEW:** To clarify that, and to be sure that I do not quote the minister out of context, am I right that the answer to that question was, effectively, that you found no evidence that would suggest that any uranium mining company has not told the truth and not disclosed information?

**The Hon. P. HOLLOWAY:** The report of that particular task force was, I believe, tabled in parliament and it is on the public record.

**The Hon. W.A. MATTHEW:** Keeping in mind the minister's answer to the previous question, I ask: what does the minister believe about a response to a question asked by me in the House of Assembly on 7 May 2002 when the Premier said:

The simple fact is that we will kick the backsides of companies that do not tell the truth and do not disclose. That is why we have announced a major review.

Does the minister agree with my summation that the Premier was overstating the point and perhaps stretching the truth a little bit on this issue, in view of the fact that the minister has just told the committee that he could find no evidence of any company not telling the truth?

**The CHAIRPERSON:** That question is stretching the bounds of what is acceptable as a question, but I am sure that the minister is able to answer those parts of it that he thinks it appropriate to answer.

**The Hon. P. HOLLOWAY:** I am not sure that it is related in any way to the budget estimates. In relation to the uranium industry, the honourable member is well aware that we have established the inquiry under the chairmanship of Mr Hedley Bachmann and that he is scheduled to make his final report by the end of August. That review will be considering the following issues:

- the severity of the consequences an incident may have on the public, employees and the environment;
- transparency in the effective disclosure of environmental incidents;
- mechanisms for keeping the commonwealth informed;
- consistency of reporting obligations and incident assessment between operations;
- best practice incident reporting in the industry; and
- directions given by former ministers.

We will await that report with interest. I make the point again that, if the honourable member wishes to query what the Premier or other ministers are saying, I suggest that he ask them and not try to put them into a different context in a different forum.

**The Hon. W.A. MATTHEW:** The minister, in previous answers to my questions, has talked about one review in relation to uranium mining. There is another review and that is the in situ leach mining review. On 16 July, the Minister for Environment and Conservation announced that, under the EPA, there would be an inquiry into the in situ leach method

of uranium mining. Can the minister detail to the committee what is proposed for that review? Why does he believe that the review is necessary? Will it be managed by the EPA or will there be a role for the Office of Minerals and Energy Resources from his portfolio? If so, how will it be involved in this? I am not sure how this is going to be controlled.

**The Hon. P. HOLLOWAY:** That issue should have been directed to the minister under whose jurisdiction the EPA lies, because it will be the principal agent conducting the inquiry, but I expect that the Office of Minerals and Energy Resources will have an input into that. It is not my understanding that the committee has yet been established. I understood from the statements made by minister Hill that he was awaiting the new arrangements for the EPA. There have been a number of changes there recently and whether he has yet got around to this matter I am not certain. I suggest that the member take that up with him.

**The Hon. W.A. MATTHEW:** Will the minister be requesting his ministerial colleague that his agency have a participatory role in this important review?

**The Hon. P. HOLLOWAY:** It is obvious that if there is a review of this particular issue the Office of Minerals and Energy Resources, with its expertise, would be involved, as indeed the EPA is involved with Mr Bachmann's review, and other agencies as well, such as Workplace Services, Human Services, and the like.

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

**The CHAIRPERSON:** Before proceeding, I have a statement that the Minister for Science and Information Economy has asked me to read, to clarify some matters raised earlier today:

At today's estimates hearing for the Minister for Science and Information Economy, the member for Waite in his opening remarks sought a clarification from me as to a previous answer given during an earlier estimates hearing in regard to the Information Economy Policy Office (IEPO). I provide the following clarification: IEPO's fundamental role has been the formulation of policy for consideration by the minister and cabinet and the development of plans and projects to implement such policy.

However, under the former government, IEPO was called upon to develop projects under the IE2002 plan and to manage projects the aim of which was for the government to enter into contracts with those who would implement the projects. This process would typically cover a Request For Proposal, the evaluation of the proposals, and the negotiation of a contract for the state arising out of those proposals.

Whilst these negotiations were led by IEPO, the government negotiation team included officers from other departments, including the Crown Solicitor's Office, whose function it was to 'write' the contracts and advise on them; IEPO does not itself write contracts in such projects. IEPO and the negotiation team carry out commercial negotiations for the state and in this way develop the fundamental commercial terms of the contract.

It is not a prime function of IEPO to manage the government's major contracts; to some extent all government agencies manage minor contracts.

**The Hon. W.A. MATTHEW:** A point of order, Madam Chair. Can I just clarify that the budget line has been finished for that particular minister and closed off?

**The CHAIRPERSON:** I am following the normal practice of if a minister feels that there might be a matter of misrepresentation, or misinforming, they come to the chamber immediately and present a correction. The minister does not have the opportunity to present a correction, so she has asked me to read a statement on her behalf.

**The Hon. W.A. MATTHEW:** Madam Chair, I am not aware of any precedent for that occurring, nor of provision

in standing orders for that to occur. My understanding was that when a budget line is closed off, regardless of whether a minister has bungled and needs to explain themselves further, that that is a matter for ministerial address outside of this forum. Her budget line has been closed off.

**The CHAIRPERSON:** I think the minister is concerned to get this into *Hansard*. Minister, do you have any objection to my continuing?

**The Hon. P. HOLLOWAY:** Not at all.

**The Hon. W.A. MATTHEW:** I just wish to know, Madam Chair, what standing order this is being read in under. I find it extraordinary that this is occurring. This is a budget estimates hearing to consider the matters relating to the minerals and energy portfolio.

**Ms BREUER:** Wayne, you are wasting your time, not ours.

**The Hon. W.A. MATTHEW:** Well, if she has bungled, she can do it somewhere else.

**The CHAIRPERSON:** In fact, we have not signed off that line. The line has not yet been closed off. The line will be closed off later tonight—it is still open. So, I will conclude:

The telecommunication contracts and the mobile phone contract, both of which were negotiated by teams led by IEPO, and the government's IT contracts with Microsoft and EDS, are managed by another business unit within DAIS.

I trust that this clarification removes any confusion that the member for Waite may have had in regard to IEPO.

We will proceed. The member for Schubert will commence.

**Mr VENNING:** Thank you, Madam Chair. My question refers to Portfolio Statements 2002-03, Budget Paper 4, volume 1, page 4.3. On 26 July 2002, the Minister for Environment and Conservation announced that the EPA is undertaking an audit of radioactive waste in South Australia. What is intended by the audit of radioactive waste; will it cover, for example, tailings at mining operations; what will be the cost of the audit; and will the government be seeking to recoup the costs from the industry?

**The Hon. P. HOLLOWAY:** Again, that is a question that should be asked of the minister responsible for the EPA. Clearly, it is up to the EPA as to how it determines to recover its costs.

**Mr VENNING:** As a supplementary question, would the minister's department have any input at all into that?

**The Hon. P. HOLLOWAY:** Obviously, the Office of Mineral and Energy Resources does have an input. It is the key agency in relation to the uranium mining industry. The EPA has its own role as an independent body and, quite properly, undertakes its own procedures. I am sure it consults, but I will ask my colleagues in the department whether they have any information with which they can enlighten me.

**Dr ALLEY:** We have no direct information on that issue but we do consult regularly with the EPA and the Department of Environment and Heritage on all such issues.

**Mr VENNING:** In relation to page 4.3 of the Portfolio Statements, Budget Paper 4, volume 1, how much income does the government expect to receive in mining royalties from uranium mining in 2002-03?

**The Hon. P. HOLLOWAY:** In relation to Beverley, the royalties are approximately \$1 million. As for Roxby Downs, I can provide the member with the estimated results for last year, although I cannot give him the projected ones for this year. If the member is happy to take the results for 2001-02, the total value of mineral royalties from Roxby Downs was \$28 528 000; from Beverley, \$500 000; extractive minerals

was \$900 000; iron ore, \$2 895 000; and coal, \$1.327 million. The total value of royalties received last year was \$84.4 million, of which \$49.6 million was from petroleum from the various fields in the Cooper Basin and Katnook. Obviously, it was largely from the Cooper Basin.

**Mr VENNING:** And the projection for 2002-03?

**The Hon. P. HOLLOWAY:** As I said in relation to Beverley, it was \$1 million. Again, we probably have aggregate figures, and whether we have the breakdown on hand is another matter. The overall estimate for royalties this year, that is, the aggregate figure for royalties for both petroleum and mineral, is \$88.15 million.

*Mr Venning interjecting:*

**The Hon. P. HOLLOWAY:** That is why we have put new spending into TEISA, to try to increase that royalty by putting in those additional funds that were not there in the previous government's budget.

**The Hon. W.A. MATTHEW:** Minister, that is not true: you cut the funding. It does not matter how you try to present it, you cut the funding.

**The Hon. P. HOLLOWAY:** It does not matter what you say, Wayne: the money was not there.

*Members interjecting:*

**The Hon. P. HOLLOWAY:** Believe me, it wasn't there.

**Mr VENNING:** I refer to the Gammon Ranges National Park, referred to on page 4.3 of the Portfolio Statements 2002-03. What consultation did the minister undertake with the resources industry before his government's motion was introduced into parliament to prevent exploration and mining in the Gammon Ranges National Park, to whom did he speak, and when and what was their reaction?

**The Hon. P. HOLLOWAY:** That would be in the knowledge of the Minister for the Environment. However, since the previous minister had already introduced an absolutely identical motion prior to the election, one would have assumed that when the previous minister, the member for Bright, had consulted, the industry had been included.

**Mr VENNING:** Is the government considering the issue of further proclamations and, if so, where?

**The Hon. P. HOLLOWAY:** There is another motion. We would have to consider it in the context of a motion that the shadow minister for environment has on the *Notice Paper* in relation to one particular aspect of Flinders Chase Park, but apart from that I am not aware of any other issues where the government would be considering any proclamations in relation to parks. A report is required under the National Parks and Wildlife Act—

**Mr VENNING:** There is nothing at Gawler Ranges?

**The Hon. P. HOLLOWAY:** Not that I am aware of, no. I understand that the Gawler Ranges proclamation was jointly made earlier this year, around March.

**The Hon. W.A. MATTHEW:** It certainly was not gazetted under our government.

**The Hon. P. HOLLOWAY:** Someone raised it with me, so I checked back and discovered that it had been gazetted, but I am not sure when. I will take that question on notice.

**The Hon. W.A. MATTHEW:** Our cabinet did not approve it. I argued against it—I had it put in the record.

**The Hon. P. HOLLOWAY:** I understand that a report is yet to be tabled (I guess it will be soon) in relation to periodic reserves that have to take place under the National Parks and Wildlife Act.

**Mr VENNING:** When will we see that?

**The Hon. P. HOLLOWAY:** I think it will probably be tabled when parliament resumes.

**Mr VENNING:** Have you seen it?

**The Hon. P. HOLLOWAY:** Yes. I am simply referring to a study of parks as required under the National Parks and Wildlife Act, one of the terms of reference of which, if you look at that act, is to look at the status of parks. There may be recommendations there which are not necessarily accepted by government, but these reports do come up periodically. I just mention that as a sort of caveat but, apart from that one report, I am not aware of any other.

**Mr VENNING:** This is a very good line of questioning, and the minister is being very cooperative. As a third supplementary question: what is the government's policy in relation to exploration and mining in conservation and national parks?

**The Hon. P. HOLLOWAY:** Obviously, our position depends on the status of the parks. We have a range of parks, including jointly proclaimed parks and regional reserves that are each covered by different rules and regulations. I am aware of no proposals to change the current arrangements.

**Mr VENNING:** What is happening in Yumbarra?

**The Hon. P. HOLLOWAY:** I am happy to provide some information in relation to Yumbarra. The Yumbarra project involves exploration licences held by the Gawler Joint Venture over a most intriguing magnetic anomaly within a portion of the Yumbarra Conservation Park. That region is approximately 70 kilometres north-west of Ceduna. Dominion also has another interest in the Gawler Craton; the company is developing the Challenger Gold Project, which is located north-west of Tarcoola.

The Yumbarra magnetic anomaly is 4.5 km in diameter, concentrically zoned, with a core of non-magnetic material approximately 1.5 km in diameter which was believed to be caused by a complex sequence of igneous rocks. The magnetic anomaly was discovered in 1992 as a result of the detailed, low-altitude aeromagnetic surveys conducted as part of the South Australian Exploration Initiative, which was the precursor to TEISA and TEISA 2020. This distinctive geophysical anomaly generated immediate interest in the region at the time, as similar anomalies elsewhere in the world host rocks containing a variety of ore body types.

On behalf of the Gawler Joint Venture, Dominion has completed four phases of exploration throughout 2000 and 2001. The first three phases comprised geoscientific activities such as geological mapping, ground geophysical surveys and calcrete and soil geochemical sampling and analyses, and the fourth phase was an auger and aircore program. The first pass, low impact exploration techniques of calcrete and soil sampling obtained low order, anomalous concentrations of the elements copper, nickel and cobalt, considered important for this type of target. The calcrete sampling technique in this area proved to be of limited success, and auger equipment was subsequently used to attempt to sample deeper into the soil profile. In the limited sites where the auger managed to penetrate the hardened layers of sand, clays believed to be the weathered products of the target bedrock returned more promising values of nickel, cobalt and copper.

In August 2001, Dominion commenced the aircore drilling of 50 relatively shallow holes to depths of between 2 and 50 metres, and 40 of these holes successfully recovered bedrock sample material. Initial geochemical assays returned much more promising values than any of the previous geochemical sampling, with maximum values in 6-metre composite samples of 1 357 parts per million nickel, 400 parts per million copper and 1 066 parts per million cobalt. Each phase of exploration work has provided new informa-

tion about the anomaly such that it is now known that the anomaly is underlain at depth by a layered sequence of rocks known as 'ultramafic and mafic intrusives' that may host economic concentrations of nickel, chromium and platinum group elements. Such sequences contain rich deposits of these metals elsewhere in the world, for example, the Bushveld Complex in South Africa and Stillwater Complex in North America.

Future exploration work will, as a targeting mechanism, utilise models based on these other deposits. About \$650 000 has been expended to date by Dominion, well in excess of the minimum expenditure requirements imposed. Nearly half that total has been spent on environmental consultants. Dominion has met all the required environmental management obligations during the exploration phases. The exploration licence is subject to stringent environmental and reporting conditions, and a Yumbarra working group comprising senior officers from the Office of Minerals and Energy Resources and the Department for Environment and Heritage meet on a regular basis to monitor the progress in the area and ensure that all conditions are being met.

DEH has employed a full-time scientific officer who is located in Ceduna solely for this purpose of liaising and monitoring the activities and impacts of the exploration, as well as managing other visitors to the area. The Yumbarra Ministerial Advisory Committee was established in early 2001 to provide independent advice regarding the environmental impacts and regulation of mineral exploration in Yumbarra to both the Minister for Mineral Resources Development and the Minister for Environment and Conservation. The committee has an independent chair, Mr David Moyle, and includes representatives from the Conservation Council, the Ceduna council, the Native Title Working Group and the South Australian Chamber of Mines and Energy. In its last report, the Yumbarra Ministerial Advisory Committee stated it remains satisfied that the regulators are managing the project effectively, and commended the project manager for Dominion for his management of the environmental aspects of the exploration.

**Mr VENNING:** When was the last report?

**The Hon. P. HOLLOWAY:** That was received earlier this year, but I think it was up to the end of December. I will confirm that and get back to the member. Also, under the Aboriginal Heritage Act 1988 and departmental policy, Dominion completed site clearances in relation to Aboriginal heritage before any exploration activities took place. Such negotiations are continuing, and I am advised that the company is enjoying a good relationship with the native title claimants over the area. That is the current status in relation to Yumbarra. The exploration is continuing and there are at least some promising signs, which I hope are realised.

**The Hon. G.M. GUNN:** Will the minister advise us of what action the department is taking in relation to further exploration and mining in the Coongie Lakes area, which is an area well known to me in my constituency. Considerable studies have been undertaken and other comments made in relation to this area. My understanding is that there are areas in that vicinity that probably have the potential for future development and exploration. Will the minister bring us up to date on that matter?

**The Hon. P. HOLLOWAY:** It is certainly an important question. A government review of management options has been undertaken through a PIRSA and DEH task force. Also, a memorandum of understanding has been developed between some petroleum companies—primarily Santos—and some



conservation groups. Both these processes have resulted in recommendations that, whilst similar in direction, differ in detail. A proposal has been submitted to the Minister for Environment and Conservation and me to prepare a single management position from the two recommendations on the table. We have instructed the staff from DEH and PIRSA to review the two options in consultation with key stakeholders and prepare a compromise position that best reflects the benefits of each option. The review is under way, and we expect a report shortly.

**The Hon. G.M. GUNN:** The minister is aware that, with respect to the issue of leases to other than Santos in the general vicinity, there will be a need either to reach an understanding with Santos or to provide some infrastructure so that these other leases can be developed. Will the minister give us an update of where we are in that exercise? It is a matter to which I drew the attention of the then government about 18 months ago. The leases had been issued, but there had not been a great deal of consideration given to where these people would operate from and whose facilities they would have. It appeared to me that this matter needed to be thought through. Will the minister bring us up to date?

**The Hon. P. HOLLOWAY:** It is an important question and I will ask Barry Goldstein to answer it.

**Mr GOLDSTEIN:** On the key issue that you have asked, by example, Stuart Petroleum is selling its production through Santos's facilities. In relation to the two new players who have made oil discoveries in the Cooper Basin, there is Stuart and Beach who are partners in the Acrasia oil discovery, and there is Beach and Cooper, who are partners in the Sellicks oil discovery. With the first of those discoveries, Acrasia, the production is going through Santos's facilities as a result of a commercial agreement between Santos and Stuart. So there has not been a problem with those companies reaching commercial arrangements.

**The CHAIRPERSON:** Minister, do you wish to add to those comments?

**The Hon. P. HOLLOWAY:** Yes, in relation to a particular issue, which is road access. I am advised that Santos constructed and maintains an extensive private road network in the Cooper Basin as well as maintaining some public roads in the area under a longstanding arrangement with Transport SA. Santos wants to revise that longstanding arrangement in relation to the maintenance of private roads primarily used by Santos but increasingly used by others—tourists, other explorers and producers of livestock. Under the Petroleum Act 2000 new explorers have a right of access to the private road subject to Santos seeking compensation for any damage, which would be difficult to demonstrate in many instances. Santos has prepared a draft road use agreement to apply to new explorers but negotiations on the agreement are yet to be concluded. So, clearly, it is not just the pipeline infrastructure: there are a number of other issues relating to that.

**The Hon. G.M. GUNN:** It is all infrastructure.

**The Hon. P. HOLLOWAY:** Yes, it is all infrastructure.

**The Hon. W.A. MATTHEW:** Can I clarify something? Is Transport SA negotiating that agreement at this time, because I am aware of some work that it is doing and I think it might be related?

**The Hon. P. HOLLOWAY:** I am advised that Transport SA is involved in those negotiations.

**The Hon. G.M. GUNN:** Can the minister indicate whether his department is involved in any monitoring of the Great Artesian Basin, because there have been suggestions

that other departments may want to restrict access to the basin? We are aware that there has been a program to encourage pastoralists to shut off their free-flowing bores, or restrict them, and pipelines have been provided. Can the minister give an update on whether his department is involved in any attempt to restrict people's right to draw water from the basin, particularly for further mining or tourism activities in the area?

**The Hon. P. HOLLOWAY:** There have been some discussions and negotiations in relation to this issue. My department is certainly involved in those and we will put a view that, I guess, reflects the needs of this agency in terms of the economic development aspects. Clearly, these are issues that are important for the state—the water issue is important—and, of course, companies such as Western Mining, for example, have done a great deal to assist in restricting the loss of water from the Great Artesian Basin. So, I think that the record of mining companies in relation to the use of water from the Great Artesian Basin has been very good and I would like that to continue and be reflected in measures. But, clearly, there are some big issues in relation to the sustainability of water resources in the basin that need to be addressed, and we will have an input into those.

**The Hon. W.A. MATTHEW:** My next question relates to mining royalty rates, and I draw the minister's attention in particular to page 3.1, Output Class 3, under the targets in the 2002-03 column. One of the targets listed is a complete assessment of mineral royalty rates. With that in mind, I ask the minister: when will this assessment be completed, and can the minister indicate to the committee whether he believes the likely result of this assessment could lead to an increase in mineral royalty rates? If so, is he able to advise us of the quantum?

**The Hon. P. HOLLOWAY:** I will invite Dr Alley to provide some information in relation to that question.

**Dr ALLEY:** As part of the review of the Mining Act, we have been undertaking in cooperation with Treasury a review of royalties and royalty rates, looking at the national and international methodologies and trying to provide a more systematic process for royalties in South Australia. That review has been pulled in with the review of the Mining Act and, together with the Mining Act review, it should be completed in June 2005. In the interim, we are looking at improving the royalty rate by undertaking a series of auditing processes, which have not been done before in this state, and looking at improvements in reporting procedures for companies so we get a much more accurate understanding of what production rates are.

**The Hon. W.A. MATTHEW:** My next question relates to the stone industry, and the minister would be aware that, in the 2001-02 budget, provision was made to assist with the establishment of a stone industry association. Has any further funding been allocated in the 2002-03 budget to assist in the ongoing establishment of a viable stone industry in South Australia? If so, how does this funding compare with that allocated in 2001-02?

**The Hon. P. HOLLOWAY:** The department is still negotiating over what level of support it might provide for this year although it was my understanding that, when this program was originally initiated by the government, it was only for two years, so the funding was due to run out this year. The department is currently looking at what assistance it can provide and how it might provide that. Unfortunately there have been some problems in relation to the success of that program and it has not been as successful as one might

have liked it to have been. We are hopeful that we can overcome that in the future.

**The Hon. W.A. MATTHEW:** Supplementary to that, has any staffing been provided, at least in the interim period, while that assessment is being conducted? Has a designated officer from within the department been made available to the industry as a liaison point in the system?

**Dr ALLEY:** Apart from the in kind support that we give the Dimension Stone Association, we also have a dedicated staff member whose duty it is to look at all kinds of ways that we can help promote the dimension stone industry in this state.

**The Hon. W.A. MATTHEW:** Who is that?

**Dr ALLEY:** That officer is a geologist, Gary Ferris, who has taken over from another geologist who was dedicated to the industry, Joanne Hough, who is on maternity leave.

**The Hon. W.A. MATTHEW:** My final question relates again to the stone industry, and this is a very important industry to the state as the minister is aware, I hope, and it is an industry with a lot of opportunity. With that in mind, I ask: what influence has the minister exerted through his portfolio to ensure that the North Terrace precinct project includes South Australian stone as a prominent and heavily used feature?

**The Hon. P. HOLLOWAY:** I agree with the member for Bright that the dimension stone industry is important and has great potential. It is one of the industries that I am keen to see grow and reach something of its potential. Apart from its export potential, there is a great opportunity to use stone as a building material more widely within this state. I have not been involved in the North Terrace precinct proposal, but I am keen that we take every opportunity we can to use dimension stone more widely as a building and paving material within the state.

This is one of the ways in which we can ensure that the industry fulfils its potential. There are also considerable export opportunities. In particular, we would like to develop within this state some downstream processing. Rather than just shipping out great big blocks of stone, hopefully we can do some value adding in this state. That is clearly an objective and, if this program is successful, it will be one of its achievements. So, greater local use and downstream processing are two of the objectives for this industry.

**The Hon. W.A. MATTHEW:** My question relates to the Extractive Areas Rehabilitation Fund. How many projects are scheduled to be undertaken in 2002-03 from the rehabilitation fund, and what is the nature of each of those projects? I realise that the minister will need to take the bulk of this question on notice in order to elicit locations. At the same time, I ask the minister what royalty payment was made to the fund in the last financial year and what is expected in the year 2002-03.

**The Hon. P. HOLLOWAY:** A review is currently being undertaken of the Extractive Areas Rehabilitation Fund. A project assessment panel was established to assess rehabilitation projects in excess of \$100 000. The panel comprises members from industry, government and academia and, since its establishment, it has met 18 times to assess proposals lodged by various mining companies and consultants. In 2001-02, receipts for the fund were \$1.031 million; expenditure was \$1.171 million; and there were 53 approvals to a value of \$1.827 million. As at 30 June this year the Extractive Areas Rehabilitation Fund balance was \$3.791 million, of which \$1.955 million was already committed to approved

projects. What was the additional information required on notice, or are those statistics sufficient?

**The Hon. W.A. MATTHEW:** What are the details of each of the projects? I appreciate that the minister will have to take that part of the question on notice. My final question relates to the native title agreement in the Cooper Basin. I refer to Budget Paper 4, Output Class 2—state resources (page 4.8). Under the targets for 2002-03, there is the following target:

Commence negotiation process for other areas outside of Cooper Basin.

My questions are: first, when does the minister expect the Cooper 1999 and 2000 native title agreements to be finalised; and, secondly, for what other areas outside of the Cooper Basin does he expect negotiation processes will commence in this financial year?

**The Hon. P. HOLLOWAY:** This is quite a complex issue and, there being some ongoing negotiations, I will hand over to Barry Goldstein, who can give you a more up-to-date report. This is one of those issues that ministers get reports on fairly regularly because it is changing. I will hand over to Barry to give you the most up-to-date advice on the situation.

**Mr GOLDSTEIN:** You are aware that 10 of the 11 Cooper Basin 98 blocks have now been granted pursuant to native title agreements being reached. The template agreements that resulted from those sets of negotiations are considered by most, I would say, if not all, parties involved in the CO99 and CO2000 round to be a good place to start. Those good faith negotiations are ongoing. There have been several meetings within the last few weeks and there are more scheduled within the next few weeks. Because they are good faith negotiations we cannot actually say when they will finish up, but we are optimistic that CO99 and CO2000 blocks will find themselves with native title access agreements which are both fair to the native title registered claimants and sustainable in relation to development.

**The CHAIRPERSON:** Does the member for Bright have omnibus questions?

**The Hon. W.A. MATTHEW:** My omnibus questions are as follows:

1. Will the minister advise the committee how many reviews have been undertaken, or are scheduled to take place, within the Office of Minerals and Energy Resources since the government was elected? To which matters do these reviews pertain and which consultant or consultancy organisation has been hired to undertake this work, and what is the total cost of these contracts?
2. Will the minister advise the committee which initiatives contained within the government's compact with the member for Hammond have been allocated to be administered within the Office of Minerals and Energy Resources? How much will they each cost, and will these costs be met by new or existing funding?
3. Will the minister advise the committee of the number of positions in the Office of Minerals and Energy Resources attracting a total employment cost of \$100 000, within all departments and agencies reporting to the minister, as at 30 June 2002, and the estimate for 30 June 2003?
4. For each of the financial years 2002-03, 2003-04, 2004-05 and 2005-06, what is the total share to be borne by the Office of Minerals and Energy Resources of the \$967 million saving strategy announced by the government and what is the detail of each saving to be made within that office?

**The Hon. P. HOLLOWAY:** Before I close I thank staff of the Office of Minerals and Energy Resources for their assistance here today and also thank all the staff of the department for the work they have done in preparing the budget papers over the past few months.

**The CHAIRPERSON:** There being no further questions, I declare the examination of the lines completed.

**Additional Witness:**

The Hon. T.G. Roberts, Minister for Regional Affairs.

**Additional Departmental Advisers:**

Mr P. Tyler, Acting Executive Director, Office of Regional Affairs.

Ms J. Lowe, Director, Strategic Policy, Office of Regional Affairs.

**The CHAIRPERSON:** Does the minister wish to make an opening statement?

**The Hon. T.G. ROBERTS:** I have some introductory remarks that I would like to make. The future growth and prosperity of our towns, country communities and regional centres is a longstanding Labor commitment, and the challenge which the government enthusiastically accepts is to build positive and strong country communities and to build on the work that was done by the previous government in those areas in trying to achieve growth and maintain regional centres as economic drivers.

Regional South Australia makes a key contribution to our state's character, prosperity and heritage. The Rann Labor government recognises that we owe much of our economic success to the efforts of those who live in rural and regional Australia, and our continued prosperity will depend significantly on the strengths of our regions.

It is important, though, to acknowledge that regional prosperity has been uneven. There are parts of our state, especially the remote areas, that are yet to achieve their potential. In some regions, families are struggling to make ends meet, many young people can see little future, older people are left isolated, and whole communities and small country towns have been in some cases marginalised. There has certainly been a drift of young people into the metropolitan area. Many of the members of the opposition who represent country electorates would concur with that.

To break this cycle of despair requires the combined efforts of government and the community working together. As part of the state government's social justice agenda, its Social Inclusion Initiative will underpin and become our cornerstone for a different way of tackling the pressing social issues alongside of economic development issues. This government firmly believes that growth and hope in our regions will be achieved by balancing the intervention of government with the capacity and enterprise of local leaders who will need localised support within a broad policy framework.

The government's consultation with regional areas has provided the signposts for action. The outstanding themes that will be addressed are: listening to and recognising the issues which confront regional South Australia; empowering and resourcing communities so that they can respond independently; ensuring equity in planning for economic, social, cultural and environmental progress; and acknowledging and promoting the contribution of regional areas to the state's and the nation's prosperity.

This budget shows that the government is serious about its commitment to regional areas. We will spend more on our commitment to the regions than the former government ever spent. We have backed up our funding with practical administrative action to ensure that all of government responds to the needs of all of regional South Australia. The newly formed Office of Regional Affairs breaks down the divisions which existed between the former Office of Regional Development and the Regional Services Business Unit in the former DIT. We now have a coordinated one-stop shop that regions can go to.

Earlier today I announced the structure of the new Regional Communities Consultative Council. This new initiative is being formed to give country people a direct link with government. The council will meet with key players in government and provide feedback to me as Regional Affairs Minister. Soon I will announce the membership of this council.

These are important first steps, along with the detailed program of initiatives, services and improved infrastructure which are detailed in the budget itself. The budget shows that the government understands the issues and has invested time in preparing immediate practical but strategic options for re-engaging South Australia's regional communities. It is also important that we recognise that some areas of our state will need priority support and assistance—regions such as the Upper Spencer Gulf which have faced the consequences of job losses and increased insecurity of employment through major restructuring. We need to protect the frontline health, education and aged care services.

In conclusion, I acknowledge that the former government began the process of improving relations with regional communities. Many of the initiatives were good and had bipartisan support, but that was just the platform for the beginning on which we will continue to build. We intend further improving the channels of communication. All regional communities can be assured that they will have a voice in cabinet who will champion their needs and a Premier and Treasurer willing to listen.

The government's vision for regional South Australia is for communities that are more confident, communities that are proud and resilient and trust their relations with government, and have the capacity themselves to shape their own destiny, where local leadership is respected, and able to champion change, and where young people have choices and the elderly and disadvantaged are not forgotten. If we allow country South Australia or any of our regions to fall into decline, we not only condemn these communities to economic and social decay, but we will weaken the cohesion of our state. After all, South Australia's prosperity depends more than ever before on the health and sustained viability of regional South Australia.

I place on record also my thanks to the staff of the former Office of Regional Development, headed by Wayne Morgan, who have worked hard to establish important programs and priorities for regional communities. It is my belief that with the combined resources of the Business Services Unit there will be a more targeted and direct approach to achieving real benefits in the areas that have been identified.

**Membership:**

The Hon. R.G. Kerin substituted for the Hon. W.A. Matthew.

**The CHAIRPERSON:** Leader, do you wish to make an opening statement?

**The Hon. R.G. KERIN:** Just briefly, Madam Chair. I appreciate the minister's sentiments about the restructure: I hope it works. I am concerned about its being within the industry portfolio at the moment, and I hope that in any restructure that will be sorted out. The whole reason for setting up the Office of Regional Development was to get it out of that portfolio, but we will not condemn you for that. We will give it a fair go and we will support it in a bipartisan way if it will help regional South Australia.

It has been well documented, and even our great friends at the *Advertiser* have written up regional South Australia pretty well over the past couple of years. A lot of very good stories have been written. Over the past five years, regional South Australia has done very well. Despite what the Minister for Transport has had to say about road funding, at the moment there are some real concerns, and he has not convinced too many people—including the AWU—about the cuts to roads and the impact that those will have. A lot more funding has been cut from roads than he says will be put back in, so that has been a real problem. A whole range of issues, including crime prevention and the proposed closure of the ambulance radio rooms, will have an impact.

Earlier today, we had the primary industries estimates, and I will not go back over that. However, there is no doubt that rural South Australia has been the saviour of the economy over the past couple of years. Part of good government is recognising your strengths, and I welcome the discussions about the Economic Development Board, but I think the one thing that is missing is the recognition of what rural South Australia has been able to do for South Australia as a whole.

Earlier, I quoted from Monday's *Advertiser*. There was an article entitled 'The \$5 billion farm' that discussed the enormous growth within our rural industries and the way that that has funnelled money into the economy. It states:

Country South Australia has saved the state economy in the past 12 months with a record export performance. . . unpublished government figures for 2001-02 show just how important the state's rural sector was with exports up by about \$1 billion.

At the same time, most of SA's other key merchandise exports, machinery, metals and petroleum slumped alarmingly. . .

The strong performance contrasted with static export growth by Australian farmers generally last year.

I will not go any further with that, but we have seen that local farmers have earned the best profits of all the states for seven of the past 10 years.

Rural South Australia, even though we are the smallest in number of any state in relation to our metropolitan cousins, has outperformed them consistently. That is one reason why this economy has picked up enormously over a period of time, and that needs to be recognised by the government.

I know the minister is not the cabinet, but the cuts to Primary Industries have been concerning. The cuts in a whole range of areas with respect to regional communities are a major concern to country people, and I think the minister has his work cut out for him. I know he is a rural man who has the interests of rural people at heart, but he does not have a lot of mates around the cabinet table as far as understanding regional affairs goes.

I held a similar responsibility to the Minister for Regional Affairs in the former government, and it covers a very broad range of responsibilities. The Minister for Industry and Trade was asked a range of questions to do with issues within that portfolio, and he has referred a lot of those to you. As he has

pointed out, you will be able to answer those questions for him. I think he has given you a bit of a task.

As Minister for Industry and Trade and as Treasurer, the minister seems to want a lot of control over a lot of things. At the end of the day, when it came to some of the questions to do with regional issues, he has referred them, so we look forward to these estimates.

**The CHAIRPERSON:** Thank you, leader. Do you want to start the questioning?

**The Hon. R.G. KERIN:** As Minister for Regional Affairs, what input does the minister have with respect to the decision to increase the minimum charges for the use and freehold purchase of crown leases? The minimum lease is \$300, and there has been an increase in the freehold purchase price for perpetual leases from \$1 500 to \$6 000, and this has sent shock waves around regional South Australia. Will the minister advise the committee whether a regional impact statement was undertaken prior to cabinet's making this decision?

**The Hon. T.G. ROBERTS:** The input is a budget line, responsibility for which is assumed by another minister. It was not my responsibility to draft the budget programming for that particular portfolio area: it was that of the Office of Regional Development. As a former minister and as the shadow minister, the honourable member knows that one must explain to constituents how the decision will impact on regional areas, and that is what I have tried to do.

**The Hon. R.G. KERIN:** As a supplementary question, was a regional impact statement undertaken and put before cabinet prior to that decision?

**The Hon. T.G. ROBERTS:** I will take that question on notice.

**The Hon. R.G. KERIN:** What is the minister's role in terms of ensuring that the government carries out its promise to establish an enterprise zone in the Upper Spencer Gulf, and what allocation has been made in the budget for this purpose? The Premier made an election commitment to ensure that Port Pirie, Port Augusta and Whyalla would each have an enterprise zone. The Premier claimed that these Upper Spencer Gulf enterprise zones would be funded from within the existing economic development budget. Last week, during Estimates Committee questioning, the Treasurer said:

Details of any potential economic development zone have not been sufficiently advanced to give an answer now.

And that is despite the fact that, under the then leader of the opposition, the now Premier, the same or very similar press releases, which were issued on a pretty constant basis over five or six years, stated that enterprise zones would be established in those northern areas.

**The Hon. T.G. ROBERTS:** I refer the honourable member to the Treasurer's reply. It is not a budget line for which I have responsibility, although, as I said, sometimes the impact of budget lines in other minister's portfolio areas must be explained by me. As I take some responsibility for the impact of budget processing and as I have broad contact with people in regional areas, I take that responsibility. Responsibility for policy development is not within my portfolio.

**The Hon. R.G. KERIN:** As the Minister for Regional Affairs, will the minister confirm that the HomeStart scheme as it relates to aged-care beds has been cancelled by the government and, as a result, South Australia has forfeited considerable commonwealth funding for the program? We are aware that aged-care facilities were to be built in 15

country hospitals. That will not now proceed. As this decision has had enormous impact on regional areas, particularly in terms of people being able to stay in their own communities and not moving, was the promised regional impact statement prepared and considered by cabinet?

**The Hon. T.G. ROBERTS:** The question of HomeStart participation in programming for a number of projects in regional areas was, again, outside my portfolio area, but I have had to explain and try to find alternatives to the funding programs or regimes to which the previous government had committed HomeStart. I am trying to work my way through the short, medium and long-term accommodation problems associated with changed policy in relation to using HomeStart as an avenue for funding for those programs. Minister Stevens, I understand, took questions on HomeStart's being used for aged-care programming, but it is not a direct funding line for which I have responsibility in relation to the budget. I do take the honourable member's point in raising it as an issue. Again, I do take responsibility for working across government trying to find alternatives where communities may be trying to find alternative funding regimes.

**Mr VENNING:** My first question is in relation to Budget Paper 4, volume 1, on the subject of regional road funding cuts. I am sure the minister would be disappointed if I did not ask this question. During last week's estimates hearing, Minister Wright admitted that funding for the regional road program had been slashed from \$2.2 million to just \$700 000. As Minister for Regional Affairs, what role did the minister have in deciding what regional road programs would be cut; and what advice did the minister give in deciding which of the four regional roads would continue to be funded?

**The Hon. T.G. ROBERTS:** I may be seen to be ducking responsibility for regional development and budgeting, but that matter falls within the province of the Minister for Transport. The honourable member would realise that I was disappointed with some cuts, particularly the regional road programs that were in the area in which I live. The honourable member would understand that I did come under considerable lobbying pressure to change the prioritisation set by the Minister for Transport, but it was a budget decision made by whole of government for which we have to take responsibility and accept.

**Mr VENNING:** It is disappointing because I think, as Minister for Regional Affairs, you would agree that a thing such as this can cause a lot of angst. The second question is in relation to Budget Paper 4, volume 1, on the subject of regional ambulance communications offices. My question relates to the government's decision to close three regional ambulance communications offices within the next 18 months. This decision is one that needed a regional voice. What input did the minister have on this decision? Was there a regional impact statement? This decision has reverberated throughout the regional volunteer community and has had a real impact on the dedicated bunch of rural South Australians involved. Will the minister advise whether the volunteer community was consulted, as per the commitment made in the volunteer compact; will the minister closely monitor any resulting negative impact on ambulance services to the regions and, if there is, insist that his colleagues reverse this shocking decision?

**The Hon. T.G. ROBERTS:** I understand the importance of the question to the honourable member, but it is outside my portfolio budget lines. I will refer the question to the minister responsible.

**Mr VENNING:** Was there a regional impact statement?

**The Hon. T.G. ROBERTS:** I will take that question on notice.

**Mr VENNING:** I am disappointed because I know the minister is from the country region—it is not his fault—but it would appear that the decisions are not made in all these critical portfolio areas. It further compounds the problem. What input did the minister have on the decision not to provide funding to upgrade the four regional art theatres in the Riverland, Whyalla, Mount Gambier and Port Pirie?

**Ms BREUER:** What does that have to do with regional affairs? It is an arts portfolio question.

**Mr VENNING:** It is regional affairs.

**Ms BREUER:** It is not regional affairs; it is arts. And you promised and you did not back it up with any money.

**Mr VENNING:** Did the minister ensure that a regional impact statement was considered during this cabinet deliberation?

**Ms BREUER:** Regional impact statement on that? You did not even allocate the money to it. You just made rash promises before the election because you knew that you would not win and you would not have to pay up.

**The Hon. G.M. GUNN:** Lyn, we know you are getting upset about the redistribution, but do not take it out on us. It is getting late in the day, and we are all trying to be good and cooperative.

**Mr VENNING:** Madam Chair, I need your protection; I feel threatened.

**Ms BREUER:** Don't you understand what the regional affairs portfolio is all about?

**The CHAIRPERSON:** The minister is now ready to answer. I hope that members have got enough off their chests.

**The Hon. T.G. ROBERTS:** I note that the honourable member has not demanded the protection of the chair. He has been able to fend off the interjections himself. I will take up the line that the member for Giles has developed, namely, that the allocation for the regional affairs budget is quite modest. The power to weight ratio with the budget obviously operates outside in terms of the questions asked in other portfolio areas for which I take some responsibility in being able to get information into ministers' offices on a whole range of problems and growth that may be occurring in regional areas. However, in relation to the relevancy of the question, I put on record that the government is committed to understanding the needs and interests of people living in regional South Australia. The purpose of the regional impact statements for cabinet submissions is to better inform cabinet of the costs and benefits of proposals for regional communities.

The Office of Regional Affairs has developed guidelines for regional impact statements for cabinet submissions, and the cabinet handbook is being revised. Even though the Office of Regional Affairs has been established, the former Office of Regional Development has informed me that in the vicinity of 30 regional impact statements have been prepared as part of the cabinet process. The Office of Regional Affairs has just been established and has just formed a small project team to further develop the process for regional impact statements and public assessments to strengthen the government's commitment to regional consultation.

The proposal will incorporate engagement and consultation principles with regional communities, and the Office of Regional Affairs is finalising a guide to regional consultation for use by state government agencies. This will assist government in consulting with regional communities and development statements of regional impact before implementing changes to services. If that perhaps explains the role and

function of the Office of Regional Affairs and the proposed purpose for regional impact statements, that will make the matter a little clearer.

**The Hon. G.M. GUNN:** The previous government produced a 42 page booklet outlining what measures in the budget related to rural South Australia, and the table of contents made clear how seriously regional affairs was taken. Can the minister explain why a government which has promoted itself as being regionally focused and which has made a fanfare about the appointment of a Minister for Regional Affairs has no regional statements incorporated in this year's budget?

**The Hon. T.G. ROBERTS:** The position is that we will be circulating statements in relation to the impact of the budget on regional areas, but certainly we were not in a position to put together a full budget booklet similar to the one put out by the previous government. We have made a commitment to circulate a series of statements in relation to the impact on certain portfolio areas.

**The Hon. G.M. GUNN:** My next question, Madam Chair, concerns something that is near and dear to the hearts of people in rural South Australia. Under the former government's program \$8.25 million was allocated for the sealing of six arterial regional roads. These included Hawker to Orroroo, Booleroo Centre to Jamestown, and Burra to Eudunda, and they are mostly in my constituency. In your area, minister, there was Lucindale to Mount Burr, Morgan to Blanchetown, and Elliston to Lock. This funding has now been reduced to \$2.82 million.

Will the minister advise the committee which of our unsealed rural arterial roads that were due to receive funding this year will now not receive the funding? Will the minister inform the committee whether the agreement with the Jamestown council in relation to the Booleroo Centre to Jamestown Road has been broken? There was an agreement whereby the council based at Jamestown processed and built certain sections of the road and the government was going to pay for it at a later stage. What happened to that? I also understand that the Goyder council at Burra was involved with the Eudunda Road, and will the Minister for Regional Affairs be meeting with the Goyder council to work out an alternative payback arrangement for that particular road? Two of the gangs in the north have been cut back. We have talked about the Year of the Outback, but people in the Outback are saying that this is the year of the cutbacks.

*Members interjecting:*

**The CHAIRPERSON:** Order! I think the leader actually wants some time to ask some questions, so I had better let the minister proceed.

*Members interjecting:*

**The CHAIRPERSON:** Minister, please proceed.

**The Hon. T.G. ROBERTS:** Thank you, Ms Chair. This chamber is not used to the interplays that are going on between members. Our debates are more to the point and to the subject matter and slightly less robust! I am not sure how I can handle this! I thank the honourable member for his very important question. Unfortunately, again, it is not within the province of my portfolio area, but I will refer the question to the Minister for Transport who may be able to prioritise the spending programs for his department to the satisfaction of the member—but probably not.

**The Hon. G.M. GUNN:** During the budget there was obviously a need to meet the promises made by Premier Rann to provide special funding to meet the various demands of Mr Lewis. How will this impact on the rest of the Murray

Valley region? What input did the minister have on the decision to effectively close the Murray River Fishery? I know that no regional impact statement was done. But did you as Minister for Regional Affairs make any contribution to the cabinet budgetary decision as to what was a fair compensation for the loss of the 30 regional businesses?

Over the last two days I think we have all had correspondence from people who are most upset about their loss of income. People's livelihoods and rights were arbitrarily removed from them, which is a very dangerous precedent. So, can the minister indicate what input he had as Minister for Regional Affairs, and as a rural person who would understand the predicament of these people?

**The Hon. T.G. ROBERTS:** The portfolio area that covers the Murray River fishers is Primary Industries. That question, if the member had been doing his homework, would probably have been directed to the Minister for Primary Industries. I did play a role in opposition on a joint committee of both houses of parliament in which a bipartisan decision was reached in relation to the restructuring. I refer the member to the report put out by the Environment, Resources and Development Committee in 1999—a very good committee and a very good report. I understand that these questions have been put to the relevant minister and replies given, but if they have not—and I am taking the honourable member at his word that these questions have not been put to the relevant minister—I will refer these questions to the relevant minister and bring back a reply.

As a final reply to the other question the honourable member put in relation to the cost of the Hammond compact, that was a whole of government compact and I have no further answer to make.

**The Hon. R.G. KERIN:** The government has axed \$800 000 from the local crime prevention committee program. The impact of this budget cut has reverberated through regional communities across South Australia, jobs have been lost and important community programs abandoned. The member for Giles has probably heard similar stories. I do not think that the people within the justice portfolio really were able to get across to cabinet what the impact of this would be. In Port Pirie they probably looked at it being one or perhaps two jobs that might be lost by this cut. Because it is a facilitation role within the community, we are looking at the potential loss of up to 21 jobs there, and I think that overall the impact of this cut has not been particularly understood. I think that cabinet underestimated what this decision would mean. People living in these communities are entitled to know how this decision was made and whether a regional impact statement was undertaken before the decision.

**The Hon. T.G. ROBERTS:** The responsibility for the policy was in another portfolio area, under justice. The only responsibility I have had as minister is to gauge the impact of the particular cut, as has the honourable member, and monitor that and give feedback to the Minister for Justice. I had no input into the policy for the funding regime; it was a decision made by the Attorney-General.

**The Hon. R.G. KERIN:** By way of a supplementary question, this is one of the real issues for country people with some of the decisions. I wore a couple over my time but, if you do not have a lot of knowledge within a portfolio and the decision is made around the cabinet table, a regional impact statement is imperative. The member for Giles will agree with me. Was there a regional impact statement to deal with the guts of the crime prevention program?

**The Hon. T.G. ROBERTS:** I would have to take that on notice, given that it is not in my portfolio area. I understand that the previous government did not have regional impact statements—I think it had family impact statements. We are trying to introduce them under the protocols—

**The Hon. R.G. KERIN:** I was the regional impact statement!

**The Hon. T.G. ROBERTS:** I have no impact on the way in which decisions are made within other portfolio areas until they are discussed by cabinet. I will refer the question to the Attorney-General and bring back a reply.

**The Hon. R.G. KERIN:** From what we have seen with a number of these decisions, there needs to be a good look at the process of how things get to cabinet and how they are handled when they are there. Over time, we improved our process and we are paying a bit of a penalty in regional South Australia at the moment for the fact that the impact of some of these decisions has not been put forward before the decisions are made. What will you as Minister for Regional Affairs be saying to local governments, to the Port Pirie and Regional Wakefield Plains Council, about why the government has not bothered to continue the arrangement to complete the Koolunga to Brinkworth road at a cost of \$450 000, and to the District Council of Mallala on the sealing of the Dublin road at \$622 000? Will the minister be seeking to provide that much needed funding through other programs?

The problem particularly with the Koolunga to Brinkworth road that I know so well is that over the past few years we have almost completed the sealing in that area, and that will mean a lot more traffic going through there. We will finish up with a stretch of road of about eight to 10 kilometres in the middle of a whole network of newly sealed roads—that was the last link. Not only is there enormous disappointment but also a lot of schoolchildren travel that road. Suddenly you have so much more traffic because of the many kilometres of bitumen leading from north to south and coming from three directions from south to north, and you will have this eight to 10 kilometres of dirt road. It has always been a problem with a little bit of traffic, but now it has a lot of traffic and it is a poor decision. Does the minister have an opinion on it, and will funding from other programs go to finish that since the scrapping of that program?

**The Hon. T.G. ROBERTS:** I thank the honourable member for his advice in relation to the detail he provides in his question, and being in or near the electorate he knows the area well. I will refer the question and detail to the Minister for Transport and bring back a reply.

**The Hon. R.G. KERIN:** Will the minister with his responsibility for regional affairs advise the committee why more than \$26 million slashed from the education capital works appear to be targeted at regional schools? What work has he undertaken to ensure that alternative budget funds are sourced to ensure that South Australian regional school-aged children are provided with the same level quality education facilities as their metropolitan counterparts?

We know that, because of some difficulties in the late 1980s and early 1990s, many schools across the state were allowed to run down, but at the moment our real concern (and this has been pretty well documented in the media over the past couple of weeks) is that a whole range of regional schools, such as Gawler Primary School and schools at Orroroo, Peterborough, Willunga, Booleroo—and even Angaston, which is nearly in the city—have seen their works deferred. That has been an enormous disappointment to the

community. I know that we must all prioritise at certain times, but will the Minister for Regional Affairs give us any hope that many of those projects will be implemented within a short period?

**The Hon. T.G. ROBERTS:** Again, I thank the honourable member for the detail in his question; it shows concern for his electorate. I would love to have the budget figures that you have associated with my portfolio area across that range of portfolios and to be able to contend with some of the problems that you have listed but, unfortunately, my budget is very modest. I will certainly do what I can to raise the questions you have asked with the Minister for Education in another place and bring back a reply.

**Mr VENNING:** My question relates to Budget Paper 4, volume 1, on the subject of regional telecommunications infrastructure. What funding has been allocated in the industry, investment and trade budget for regional telecommunications structure? Also, with which of the regional development boards is the government negotiating in relation to facilitating investment in telecommunications infrastructure?

**The CHAIRPERSON:** That question seemed to me to relate to another budget line, but the minister may be able to provide some information.

**The Hon. T.G. ROBERTS:** I have some information in relation to regional development boards and improving telecommunications in remote and regional areas. I must say that, while I was in the Ceduna area yesterday and driving between Wudinna and Streaky Bay, I saw that the telecommunications in remote and regional areas for which the commonwealth has responsibility certainly need a lot of work to bring them up to scratch. I am sure the local member would be raising this with his federal colleagues.

Access to fast and modern telecommunications is essential to business operations and community life in regional areas, and there have been significant gaps in the quality and cost of telecommunications between metropolitan and non-metropolitan areas. With the advent of mobile phones and the need for additional bandwidth to support access to the internet, these gaps have the potential to widen. The regional development boards have a role in facilitating the infrastructure and services to meet the changing and constantly growing needs of local businesses and, by implication, the wider community. Some eight of the state's 13 rural and regional development boards were successful in the total of 21 commonwealth government grant applications under the Networking the Nation initiative.

These included five grants for Eyre Peninsula, seven for the Upper Spencer Gulf region and the vast regions to the north and four for the South-East or Limestone Coast region. The grants were for a variety of purposes but principally enabled expanded coverage of the mobile phone network, establishment of regional telecentres and internet points of presence and installation of video conferencing equipment to provide that extra dimension of face to face communications, despite the massive distances involved. The total of these grants was \$7 million; in addition, they leveraged a further \$1.8 million from the regional telecommunication providers in expenditure on regional telecommunications and services in excess of \$8.5 million.

**Mr VENNING:** The subject area of my second question is the relocation of the Office of Sustainable Development, and I refer to Budget Paper 4, volume 1, Output Class 3.1, 'Policy advice and support services'. Was the minister involved in discussions about transferring PIRSA's functions

to the environment and conservation department? If so, did he seek the advice of or consult with the regional communities, including many rural people involved in Landcare, soil boards, pest control and our pastoralists? Without consultation, many of PIRSA's functions have been transferred to the environment portfolio, which was an insult to the many rural people involved in Landcare, the soil boards, pest control and the pastoralists.

**The Hon. T.G. ROBERTS:** The question is important and, although it is outside my portfolio area, I have been advised that this matter was taken up by the water, land and conservation agency and was a whole of cabinet decision.

**Mr VENNING:** The subject of my third question is the role of the Office for Regional Development and the minister. As the minister for regional development, will the minister outline how much funding has been allocated to establish the two new regional offices? How many staff will be employed at each office? How will the establishment of the Office of Regional Affairs impact on the government's approach to regional development? Will the minister also advise the committee whether these offices will report to him? What precise role does the minister play as the Minister for Regional Affairs in the government's deliberations on regional issues and regional development?

**The Hon. T.G. ROBERTS:** There is no doubt that many regional communities feel that the state government is inaccessible and that their views are not considered important. This state government passionately believes that the views of people in our regions are important as a key part of our commitment to regional consultation when establishing regional offices. There will be two regional ministerial offices—one in Murray Bridge and one in Port Augusta. In administrative terms, they will be an extension of my ministerial office. However, they will be a central point of contact for the government in those regions. The locations were chosen to ensure that the government has a presence in two very different regions, namely, the north and the Murraylands and the Mallee. The regional ministerial offices will provide information and support directly to members of the public as well as develop relationships with community organisations, local government, business and regional development boards and, over time, in connection with another part of my portfolio, Aboriginal development and business support.

My ministerial office will manage the activities of both offices, and the regional ministerial offices will be a key point of contact with the state government. It is also recognised that the regional ministerial offices will provide direct support and assistance to visiting ministers and their staff as well as undertaking project work in the areas of my portfolio. The activities of the regional ministerial offices will also promote and support the programs of the newly established Office of Regional Affairs. The total cost of both regional ministerial offices will be \$0.459 million in 2002-03.

The government is committed to improving processes so that there is a better and clearer intention given to the issues for people in South Australia's regions. The government is establishing the Office of Regional Affairs to coordinate and improve the focus of government activity on regional affairs. It is building the office on existing strengths in the Office of Regional Development and the Department of Industry and Trade so that a coordinated approach can be taken to the issues for regional communities. The new office will advise the government on strategic policy, conduct activities in community economic development and work with the

regional development boards. It will have an important role in supporting advisory and consultation processes within regions. It will also be working with local government when and where necessary in trying to build up better contacts.

*Mr Venning interjecting:*

**The Hon. T.G. ROBERTS:** I think the honourable member is a little cynical about the approach that we have taken in relation to regional development. I think all members on the opposition benches understand that people in regional areas are now looking for solutions to problems in a bipartisan way probably more than they ever have in the past. It does not mean to say that they prefer one party above another at a particular time. If they have a problem they need a solution, and I think it is incumbent on all of us on both sides of the house to work towards those solutions, and I hope that we have been able to provide some of the infrastructure support that might achieve those ends.

**The Hon. G.M. GUNN:** Can the minister advise the committee whether the government will provide funding to Ceduna council to assist with the infrastructure it believes it needs because of the solar eclipse which will take place in December? Ceduna council, I understand, is requesting in excess of \$600 000. There has been considerable public comment on this matter in recent times. I also point out to the minister that there will be a huge number of people at Lyndhurst and in the Leigh Creek area who will obviously need the necessary infrastructure. There will be a huge influx of people for a short time. It will be good for South Australia and good for the country communities, but it is probably beyond their resources to provide what will be required to cater for the influx of people from overseas.

**Ms BREUER:** But you knew about it years ago.

**The Hon. G.M. GUNN:** You have had your chance. You are going on like a yapping dog.

**Ms BREUER:** I am listening to you carrying on like a pork chop!

**The Hon. G.M. GUNN:** Why don't you let somebody else ask a good question which people want an answer to?

**Ms BREUER:** For two years you have known that this is going to happen. Eclipses do not just happen: you know about them about 2 000 years before. Your government knew about it and now you say that it is our problem.

**The Hon. G.M. GUNN:** We are getting about as much sense from the honourable member as Paddy shot at, and we all know what Paddy shot at. I would appreciate the minister's answering.

**Ms BREUER:** Sorry, minister, but he gets up my nose.

**The Hon. T.G. ROBERTS:** I noted that, Ms Chair.

**The Hon. G.M. GUNN:** You have done nothing about the water since you have been in government, either.

**The CHAIRMAN:** Member for Stuart, the longer you spend interjecting, the less time there is to deal with questions.

**The Hon. G.M. GUNN:** I am enjoying it.

**The Hon. T.G. ROBERTS:** The answer in relation to my area of responsibility is that I will take questions from members of the public in relation to public infrastructure, and I have fielded some of those questions. I was in transit in Ceduna heading for Wudinna yesterday when the issue was raised. Locals whom I spoke to—and I did not speak to anyone from the council—believe that there is a lot of uncertainty about the numbers that are predicted. At a local level they are unable to make accurate assessments on some of the predictions but, certainly, it will, as we all know, stretch the resources of a small community to the limit and



there will have to be temporary support, particularly for fresh water, sewerage and accommodation problems that will emerge. The government is working on those through minister Lomax-Smith—and other cross-agency support, I suspect—but at the moment there does not appear to be any note of panic in the community's deliberations or consultations.

But if the honourable member has more information in relation to some of the projections, I am sure that those ministers will pick up and act upon any reliable information—any solid information—in relation to final figures. I understand that contingencies are being allowed for in a circumference of about 150 kilometres. Accommodation is starting to be booked in those areas and, as Minister for Aboriginal Affairs, I would certainly like South Australia to come out of this with a great deal of respect in relation to our ability to organise—we organise special events well, and have done for a long time—and that a lot of people will take a short snapshot of what we offer in a metropolitan and regional way and then return.

Of major importance is to get the visitors who are expected to come to the eclipse to come back and view more broadly what the state has to offer. Across agencies, the responsibility is on us to sell the state as best we can, and the friendliness of the West Coast will help, and I am sure that the honourable member will greet and fraternise with the visitors who come here, and encourage more to return.

**The Hon. G.M. GUNN:** Regional development is about creating opportunities, particularly employment, and allowing existing businesses to carry on and expand. Is the minister aware that, in South Australia, we have road rules that are preventing a contractor living at Spalding from providing bales of hay to drought-affected regions of New South Wales? This contractor now has 3 000 large bales behind schedule because, although they are allowed to cart them three high in New South Wales, Victoria and Queensland, we have some odd laws in South Australia and our bureaucracy is too inflexible. They cannot be shifted because it is not viable at two bales high. I have seen the Premier of New South Wales pleading on GTS4 and on *Imparja TV*, I have listened to their concerns and the whole drought issue has been on *Four Corners*; yet in South Australia we are stopping the hay going through. Can the minister intervene to see commonsense prevail over bureaucratic nonsense?

**The Hon. T.G. ROBERTS:** I understand that in South Australia, some areas have not received their annual rainfall in the time and at the volume they require but, in the main, across the state we have surplus hay in storage, some of which is rotting or will rot if it is not used. I will use my influence in the cabinet to pick up the suggestion that has been made but, again, it is a responsibility outside my portfolio area. I will refer the issue to the Minister for Transport, who might be the responsible minister. There is an urgency in the west of New South Wales and in the south-west of Queensland, so we should do what we can to assist them. If we can change what might be a restrictive practice, if it is within safe transport guidelines, then perhaps we ought to look at making some concessions.

**The Hon. R.G. KERIN:** Regional development boards have been an issue for regional South Australia for a long time and, over time, they have picked up their game enormously and they are doing a good job. Can the minister give us an assurance that regional development boards will be continued with their current structure and level of funding and also that the numbers will not be reduced?

**The Hon. T.G. ROBERTS:** We are currently renewing the resource agreements between the regional development boards, and they will run at the current levels. In relation to the question on the number of regional development boards, that is always a policy matter that is under consideration. At this point, the answer is that there is no change at the moment.

**The Hon. R.G. KERIN:** Minister, you have an enormous responsibility. The regional community of South Australia, as I said earlier, is basically the biggest growth item in this economy; there is no doubt about that. There is a lot of growth coming out of regional areas and that lobs on you an enormous responsibility. Your role at the cabinet table will be important to regional South Australians. If we watch closely, I think we will see that you are important for us. I think you have a better understanding than most of your colleagues—and that is natural because of your background.

The Treasurer has a particular role to play—I suppose that all treasurers are sometimes stamped with that. The Attorney has a role to play in crime prevention. I think the Minister for Transport fails to understand some of the issues. We have seen in education the pulling back of quite a few facilities. Regrettably, in the area of health, we have seen not just the problems with nursing homes but also a difference in the increases in funding for country hospitals versus city hospitals. In emergency services, we have seen the slash within SA Water and the MFS radio rooms. There is a whole range of issues on which I will not dwell, but I think you are important for regional South Australia.

I ask for an assurance for this committee and for regional South Australia that this government is working towards a structure whereby you will be allowed early enough an input into cabinet decisions so that you get to make your comments early and that we have regional impact statements as an effective means of looking at the real impact on regional South Australia of decisions which cabinet will make. I mean this in a bipartisan way. I think it is so important that the decisions that governments make have no unintended consequences. We have seen a few decisions like that and we will wear them, but hopefully we will be able to turn a couple of those around. I ask for an assurance that this government is working towards a structure within the decision-making processes which will ensure that impact statements are prepared, that unintended consequences are picked up along the way and that your colleagues understand what their decisions actually mean.

**The Hon. T.G. ROBERTS:** I thank the member for his question and for his compliments at a personal level. I certainly take this portfolio very seriously, as I do my other portfolio responsibilities. I will work as much as I can in a bipartisan way with many members of your party in regional areas to bring about the best results possible to obtain the recognition that regional areas deserve. The restructuring within our own party recognises that there are responsibilities for not only economic development programs within regions but also social development and social advancement.

In my portfolio area of Aboriginal affairs there is a large component of development programs and heritage and cultural protection that require bipartisan support in their promotion. We all have responsibility for that. I, as minister, will try to work as closely as I can with many of your colleagues. In my contributions in parliament, I have acknowledged the work done by the previous government in putting together consultative packages within communities to work within government.

We think that the program restructuring that we have put together within government gives greater access by communities directly to the Treasurer's important portfolios. We hope to be able to link economic development boards with the community input that is required to obtain the confidence of communities so that economic development boards and local government can work together without competition which impacts in a way that is not of benefit to the community. We will look for cooperation and enthusiasm in regional communities to bring about the networking that is required to bring home to the government, cross-agencies and a variety of ministers (not just the Treasurer but education and health and all those ministerial officers who impact on people's lives and regions) the necessity to continue the work that was done by the previous government.

I would hope that the value of the dollar and the seasonal benefits that come with our opening rains continue, and that the trade programming that was visible under the previous regime can be either maintained or improved. We all know that if any of those economic indicators or variables change they can impact adversely on regions. In relation to primary industries we seem, at the moment, to be heading into reasonable economic forecasting for regions' futures. That looks good for value-adding into secondary industries and

further growth. Hopefully I can convince my colleagues that, where the economic advancement of the regions can be supported, protected and advanced—

**Mr VENNING:** You'll need a hand to convince them.

**The Hon. T.G. ROBERTS:** Well, that is the challenge before us. I would hope that we will be able to work in a bipartisan way with the Leader of the Opposition, who held those important portfolios when he was in government, across portfolios, to allow us all to get the results we require for people living in the regions.

**The CHAIRPERSON:** Thank you, minister. Thank you, advisers, particularly Messrs Hallion, Knight and Archer, who have been with us all day. Thank you for your forbearance. I would also particularly like to thank the table staff, the attendants, Hansard and everyone else who has enabled this committee to proceed so smoothly.

I declare the examination of the votes closed. I lay before the committee a draft report.

**Mr SNELLING:** I move:

That the draft report be the report of this committee.

Motion carried.

At 9.29 p.m. the committee concluded.