

**HOUSE OF ASSEMBLY****20 June 2003****ESTIMATES COMMITTEE B****Chairman:**

Ms M.G. Thompson

**Members:**

Ms V. Ciccarello  
 Mr T. Koutsantonis  
 Dr D. McFetridge  
 Mrs I.M. Redmond  
 Mr J.J. Snelling  
 Mr I.H. Venning.

*The Committee met at 9.30 a.m.*


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Department of Primary Industries and Resources,  
 \$112 143 000  
 Administered items for the Department of Primary  
 Industries and Resources, \$88 619 000

**Witness:**

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

**Departmental Advisers:**

Mr J. Hallion, Chief Executive, PIRSA  
 Mr G. Knight, Executive Director, Corporate  
 Mr S. Archer, Director, Finance and Business Services.  
 Mr B. Windle, Executive Director, Agriculture, Food and  
 Fisheries.  
 Ms S. Nelle, Executive Director, Food SA.  
 Mr D. Plowman, Director R&D, SARDI.  
 Mr L. McLaren, Executive Director, Rural Solutions SA.  
 Dr R. Vandegraaff, Director, Animal Health Agriculture,  
 Food and Fisheries.  
 Mr M. Deering, Manager, Aquaculture Policy, Agriculture,  
 Food and Fisheries.  
 Mr W. Zacharin, Director, Fisheries Policy, Agriculture,  
 Food and Fisheries.

**The CHAIRMAN:** 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 changeover of departmental advisers. Have the minister and the lead speaker for the opposition agreed on the timetable for today's proceedings?

**The Hon. P. HOLLOWAY:** Yes, Madam Chair.

**The Hon. DEAN BROWN:** Yes.

**The CHAIRMAN:** Changes to committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 25 July. 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 3 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 the 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 through the chair and not to the minister's advisers. The minister may refer questions to advisers for a response.

I declare the proposed payments open for examination and refer members to appendix D, page 2 in the Budget Statement and part 5, Volume, 2 of the Portfolio Statements. I now call on the minister to make an opening statement if he wishes.

**The Hon. P. HOLLOWAY:** I wish to make only a brief opening statement to place in context the 2003-04 budget estimates for the Department of Primary Industries and Resources. The industry sectors for which PIRSA is responsible account for approximately two thirds of all merchandise exports from South Australia. In anyone's terms, that makes it a very important area of government.

On assuming ministerial responsibility for this important economic portfolio, I was disturbed to discover that insufficient funding had been provided in the forward estimates to sustain many of the critical programs that underpin economic growth in South Australia. Such important initiatives as TEISA (the exploration initiative), aquaculture, food safety and fisheries compliance immediately come to mind. With this budget, the second by the Rann government, we have completed the restoration required to ensure a sustainable budget over the forward estimates for PIRSA. No longer will these industries be hampered by the previous practice of providing temporary, ad hoc, short-term funding for important economic initiatives. Instead, we have recognised the significance of these initiatives to the state's economy and funded them on an ongoing basis. I wish to touch briefly on some of these funding matters.

First, new and ongoing funding of \$300 000 per year has been provided for food safety. There was no provision for this vital initiative beyond the end of this month: it was initially set up as a two-year program. This new funding will assist the Department of Primary Industries to build food safety systems that will reduce the risk of contaminated food, meet national standards and provide a base for industry systems to access export and state markets.

Secondly, the budget makes a \$1 million ongoing commitment of funding for fisheries compliance officers. Funding provided by the previous government to employ these officers in key locations around the state was due to run out in June 2004. These officers clearly play an important role in ensuring the sustainability of fish stocks and the growing industry that depends on them. Additional fisheries officers will now be able to be offered permanent jobs, thereby securing a future for themselves and their families in regional locations, and I am particularly pleased that we could secure that funding.

Finally, I remind the committee that as part of last year's budget (2002-03) this government provided ongoing funding

to TEISA and aquaculture for the first time. Both of those programs were due to cease on 30 June last year, which would have left a funding black hole for whichever party was to form government after the 2002 election, so I am pleased that that has been addressed by the Rann government.

So, in summary, this year's budget provides PIRSA with an operating expenditure budget of \$171.3 million in 2003-04. This compares with \$151.5 million that PIRSA is expected to spend in the current financial year, an increase of nearly \$20 million. In addition to the \$171.3 million for 2003-04, the portfolio has access to further cabinet approved carryover funds of \$5.7 million.

These funds will be made available as they are needed, but they are not reflected in PIRSA's published budget for 2003-04. The increased funding will mean that PIRSA can undertake a number of important initiatives in addition to the stabilising of the budgets for those areas I have already mentioned. This includes the launch of a rapid uptake of a national livestock identification scheme. Some \$3.2 million has been allocated in the 2003-04 year for the ear tags, and the special equipment required to read the tags, for cattle and sheep, to ensure whole-of-life tracking to reinforce the state's clean, green production status. Additional funding of \$950 000 has been allocated for the second year (making a total of \$1.9 million over the two years) as a major initiative for the early detection and management of livestock diseases. This initiative is important for the state's ongoing commitment to biosecurity.

There is additional funding of \$3 million for the temporary conversion of West Lakes to a freshwater body to eradicate the invasive weed *caulerpa taxifolia*. There is also some \$350 000 in 2003-04 for research and technology diffusion regarding sustainability issues associated with the River Murray, and that will rise to \$1.2 million by 2005-06. Also, in part of PIRSA's budget, but not in my portfolio, there are increases of \$1 million for the solar hot water rebates, and some \$300 000 per year to assist with the capital upgrading of the state's own power generators. They are in the portfolio of my colleague the Minister for Energy but are part of PIRSA's budget.

Before I conclude I would like to take this opportunity to address the issues relating to the FarmBis budget, which was recently raised by the opposition through the media. I wish to make it clear that this government is committed to FarmBis 2 funding totalling \$16 million. This is the same amount committed by the former government in its forward estimates for FarmBis: that is, there is no cut over the life of the program. While the 2002-03 budget did incorporate a trimming of FarmBis funding by \$1 million, these funds were reinstated during 2002-03 as part of the drought package. So, this government continues to be a strong supporter of the FarmBis program and the benefits it brings to rural South Australia.

Finally, I wish to point out a minor printing error in Budget Paper 4, Volume 2, Portfolio Statements 2003-04. I refer to page 5.20, sub-program 4.5: Mineral Resource Development. I advise that this should read: Natural Resources Based Infrastructure Project Services.

**The CHAIRMAN:** Does the member for Morphett wish to make a statement?

**Dr McFETRIDGE:** Yes, thank you Madam Chair. I think the *Stock Journal* headline of Thursday 5 June says it all: 'Not happy, Rann'. That can be explained very quickly when you start looking at the slashing and burning that is being undertaken in primary industries. The Treasurer wants to try

to get a triple A budget for this state. But this is a triple F budget. Foley has forgotten the farmers.

*Members interjecting:*

**Dr McFETRIDGE:** The reason I say that is that, when we start looking at the budget papers here, South Australia, whether the Rann Labor government likes it or not, is still hugely reliant on the export earning created by the farmers. The minister in his opening speech said two thirds of exports from this state are from primary industries. Robert de Crespigny stated in his State of the State Report last year on page 21: 'South Australia also continues to rely heavily on commodity export sales'. He lists meat, wine, machinery, fish, crustaceans, petroleum and petroleum products. He does not list field crops, which is \$1.33 billion in 2001-02, but when we look at Budget Paper 3 and look at the state of the South Australian economy we see that farm production alone, without petroleum and mining, was worth over \$5 billion to this state. Field crops were worth \$1.889 billion, livestock and dairy \$1.170 billion, horticulture \$1.183 billion—not millions or billions. Farm production was worth \$5.205 billion. The regional statement is five pages long, and we did get a bit of a mention of the new SARDI pipeline there, which is fantastic, but very little else.

When we look at the regional population growth as set out in the budget papers, we see that the regions which experienced downfalls in population were Yorke Peninsula, in the lower north and northern towns, but what did we get? There was very little support for those communities. Where was the largest growth rate in population? The Mount Lofty Ranges, Kangaroo Island, the Fleurieu Peninsula, and the Barossa had the highest growth rates of 10.5 per cent, but we are not supporting growing populations there.

Primary industries have really been done a disservice by the attitude of the Rann government. The media management and the metropolitan area centric attitudes will not do well for this state. There is real concern about the lack of empathy shown by this government to the rural and regional areas since it took office. When we look at the highlights in Budget Paper 6, there is no evidence that the Labor government has set any plan or direction for primary industries in this state.

It is good to see that we are going to look at food safety and supply chain management, because we all know that will be one of the most crucial parts of enhancing the credibility of our exports. As the minister has said, two-thirds of this state's exports come from primary industry.

We see there that the establishment of the state government's intellectual property management policy is to be introduced, and we know that that is another good plan. When we look at the World Trade Organisations deliberations, we know that, all over the world, those plans are vital to the enhancement of South Australia, and we congratulate the minister on doing that. However, there have been several outstanding instances, in the past year, that have highlighted the lack of understanding of regional issues by the Rann Labor government. I raise these issues with a heavy heart.

The crown lands debacle is the classic misunderstanding. It was interesting to note that the Minister for Environment and Conservation (Hon. John Hill) was astounded that the Liberal shadow primary industries minister (Hon. Caroline Schaefer) had entered into the crown lands debate. Well, the Labor Party obviously cannot see the connection between crown land leases and South Australian farmers. It is the metropolitan area centric attitude again. We are yet to get a commitment from minister Hill to immediately debate this bill in the parliament to give South Australian leaseholders

an opportunity for certainty in relation to changes in free-holding conditions before the cut-off date of 30 September.

In relation to the river fishers' compensation package, it is obvious to everyone that the political compact made between the Speaker of the House of Assembly and the Labor Party has little or no scientific basis. In fact, the social damage inflicted by the Rann government on the remaining river fishers and their families is an absolute disgrace. I can only imagine the uproar that would occur if this government treated a section of the metropolitan area and their families with the same contempt that it has treated the River Murray fishers. It is unclear to me whether the Rann government is just ignoring South Australian farmers or whether it simply has no understanding of the issues affecting their everyday lives.

And, 35 per cent has now been cut from the water allocation for South Australian irrigators along the River Murray, and this is after irrigators have spent many thousands of dollars achieving the 85 per cent efficiencies in water use. The target was for 85 per cent efficiency, and farmers have spent thousands of dollars on achieving that, and what did we get? We got a slashing of 35 per cent on their water allocation.

This restriction method will have absurd effects. It will cut some irrigators' water usage by 35 per cent, whilst their next door neighbour's usage might not be cut at all. I have failed to see any consultation on this issue by the Minister for Agriculture, Food and Fisheries and South Australian farmers. I only hope that the minister appreciates the huge impact that these cuts will have on export earning potential for South Australia. I remind the minister of the \$5 billion that comes into South Australia each year from exports—two-thirds, as the minister said in his opening remarks.

The dairy industry will be the most affected by cuts to irrigation, and this is yet another example that the Department of Primary Industries has decimated almost to irrelevancy by the changes that are occurring with the Lower Murray flats. The rehabilitation schemes have gone, and I understand that 11 farms have already gone. Eighty dairy farms will be affected, with a flow-on effect of 1 300 jobs, and the \$25 million whey processing plant at Jervis being affected. The minister appears to have no say or input into matters which so desperately affect those involved in primary industry throughout the state.

In last year's budget, there were massive cuts involving about \$18 million in the primary industries portfolio. South Australian farmers are still reeling from the effects of the drought, and the Rann government has made a grossly inadequate response to this issue. This year, there seems to be very little forward thinking or any new initiatives that could assist South Australian farmers, who are likely to be hit by a slowing in exports due to international factors such as the after-effects of the Iraqi war and the SARS virus. The Aussie dollar has recently experienced a four-year high, resulting in a decrease in export prices for key commodities, and, as a result, South Australian farmers are likely to see a lowering of income. We believe that very few, if any, drought relief packages have been funded yet, but we will come to that later.

On the positive side—and we do like to be positive; we want to be bipartisan—we know that South Australian farmers and fishers are amongst the best in Australia and therefore the world—and they need to be under this government. The opposition commends minister Holloway for his commitment to introduce the national livestock identification

scheme. However, we are anxious to see details of how this scheme will be implemented. We also believe that the discovery of the wheat streak mosaic virus was handled promptly and with commonsense in this state. The gains made by the farming sector over the past 10 years or so have been outstanding, and sensible government fostering of the growth and investment shown in the past 10 years is essential to ensure the continued development of regional South Australia.

Therefore, it is disappointing to see the already decimated budget from last year not keeping up with CPI this year, which, according to the budget papers, is 4.01 per cent. I am told that gives a true inflation rate in South Australia of about 5 per cent. The opposition is passionate about rural and regional South Australia. We recognise that the half a million people who live outside the metropolitan area generate most of our export wealth, that is, two-thirds, as the minister said in his opening speech. Therefore, any assistance we can give to return relevancy to the department of agriculture, food and fisheries is offered genuinely and in a bipartisan way by the Liberal Party.

**The CHAIRMAN:** Do you wish to proceed to asking questions now?

**Dr McFETRIDGE:** Yes, Madam Chair. We will cut straight to the chase. What new capital investment initiatives does the minister envisage will commence within his portfolio in the coming year?

**Mr KOUTSANTONIS:** What budget line is that?

**Dr McFETRIDGE:** Budget Paper 5, page 19.

**The Hon. P. HOLLOWAY:** We need to make the point that Primary Industries and Resources South Australia is one of the key departments within the government, but of course the real assets in this department are the skills of the individuals involved. For example, obviously the research skills within SARDI, our research institute, are the basis on which the rural industries of this state can grow and improve. I think I know the point to which the honourable member is coming because we have already seen some press releases put out by some of his colleagues in relation to the capital budget. However, the point I make is that primary industries does not have a significant capital budget. We are about improving the services provided to the farm community in this state.

As far as the specifics are concerned, the biggest capital works program is in the mining area. Some \$1.2 million will be made available this year for the Brukung mine rehabilitation area. There are also a number of other projects. The 2002-03 budget comprised \$1.92 million for the Plant and Food Biotech Centre. Obviously that will receive further funding during this financial year. There is also some funding for the West Beach outlet pipeline rectification and a number of other smaller projects to a total of \$1.359 million during this year. As I say, this department is about providing services: we are not about buildings.

**Mr VENNING:** When will the minister release the internal report on the Barley Marketing Act, as he has promised in parliament?

**The Hon. P. HOLLOWAY:** In fact, that report has already been forwarded to cabinet. I would hope that cabinet will consider this matter at its meeting on 30 June. After that, I intend to meet with the key stakeholders. As I have said in parliament on a number of occasions, it is important that the key stakeholders—that is, the ABB, the Grains Council in particular, and also the other interested parties such as the Grain Exporters Association—should have the opportunity

to be briefed on the report prior to its being made publicly available.

Of course, given that this report is obviously based on some confidential commercial information provided by ABB and other stakeholders, it will be necessary to consult with them in relation to any issues of confidentiality surrounding that information. Certainly, I am hoping to brief the key stakeholders on the barley marketing review report as soon as the cabinet has considered the report on Monday 30 June. Subject to those discussions in relation to confidential information, I am hoping that I will be in a position to realise it shortly after I have been able to brief the key stakeholders.

**Mr VENNING:** By way of supplementary question, will the minister now release the industry discussion paper on the regulation of barley marketing in South Australia?

**The CHAIRMAN:** That is not a supplementary question but rather your second question.

**The Hon. P. HOLLOWAY:** I am not sure exactly which paper the honourable member is referring to. Could he perhaps clarify it?

**Mr VENNING:** It is the industry discussion paper on the regulation of barley marketing.

**The Hon. P. HOLLOWAY:** If it was prepared by industry, presumably industry own that report. Has it been submitted to the review panel?

**Mr VENNING:** I presume it has, minister.

**The Hon. P. HOLLOWAY:** Obviously we will consider the release of the barley marketing review and all the documents associated with it. There are issues of confidentiality associated with some of those, as you would understand. The key issue the review was looking at was the existence of premiums within the barley marketing area. Clearly, there is a lot of confidential financial information involved in that which needs to be considered by ABB and other stakeholders as to whether it can be released. In relation to the industry paper, if it is part of that process, it will be considered along with all the other parts. I am not really sure which specific report you are referring to. Obviously a number of submissions were made to that independent review by various stakeholders.

**Mr VENNING:** I crave the committee's indulgence to ask a fourth question on the same subject and we will go off it after this.

**The CHAIRMAN:** I will bring forward one of your questions from the next bracket, as members on my right are anxious to question.

**Mr VENNING:** Will the minister release the finding of the National Competition Council inquiry into the single desk marketing structure for barley in South Australia?

**The Hon. P. HOLLOWAY:** Essentially, we are talking of this very report: that is what it is.

**Mr VENNING:** It is an inquiry.

**The Hon. P. HOLLOWAY:** This report is set up to satisfy the requirements of the National Competition Council, as I understand it. This report that I have just had before me will obviously be released to the National Competition Council.

**Mr VENNING:** You have a review. This is a report from the NCC.

**The Hon. P. HOLLOWAY:** The NCC releases reports every year on progress in relation to the state's performance in a number of areas. It has an annual report in which it comments on what it judges to be each state's performance in relation to national competition policy, but there is no specific inquiry as such; it is only those comments it makes

every year of which I am aware. I am certainly not aware of the existence of any report and my advice is that there is no report as such. The review report I have now will go to the NCC and we see it as meeting the requirements of national competition policy, which is why we conduct this review.

**Mr VENNING:** As a supplementary question, I understand the NCC made a report to you and that is why you called this review in relation to this difficult area of what the NCC expectation is and what we do with our single desk marketing.

**The Hon. P. HOLLOWAY:** I have not personally been involved in any of the meetings, but I understand there are regular bilateral meetings with the relevant officers within the Department of Premier and Cabinet. They meet with and discuss progress in relation to views. Barry Windle might have some more information in relation to that.

**Mr WINDLE:** I understand that the state's progress, across all legislative review programs that are part of a competition principles agreement, is reviewed annually. The state makes a report and the NCC reviews that report and essentially provides short comments on the progress being achieved. I can only presume the NCC report that you are perhaps alluding to might be the references made to the whole suite of legislation that is subject to the competition policy reviews.

**Mr VENNING:** The sooner the review is out the better.

**The Hon. P. HOLLOWAY:** I could not agree more. That is why I am rushing it through the relevant processes as quickly as I can. However, with all the appendices, it is a significantly lengthy report, well in excess of 100 pages. It is important that the industry read this report. Obviously, one of the key issues is the future of the single desk. The grains industry is going through significant change. There has been a series of mergers involving organisations within the grain industry. This report, regardless of any findings in relation to single desk, will also be an important contribution to the debate about the way forward for the grain industry, because it is quite clear that the grain industry will not be frozen in time: it will change over future years due to a number of pressures apart from the single desk issues.

**Mr SNELLING:** I have a question about the national livestock identification scheme, an issue in which I have a particular interest. I am sorry to drop this one on you, but I am sure you will muddle your way through an answer! If the industry accepts the government's offer to fund upfront sheep and cattle identification schemes, what will it cost producers to participate; what will be the cost to producers if the industry rejects this package; and why do we need to introduce the scheme on a mandatory basis?

**The Hon. P. HOLLOWAY:** I thank the honourable member for his interest in this important subject, because the national livestock identification scheme is a very important development in this country. Of course, animal health itself is one of the key priorities of this government. We have certainly shown that with the significant financial contributions we have made in this and the last budgets. If the industry accepts the offer, producers, either directly through payment for tags or through their industry funds, will pay a total of \$6.6 million, about 75 per cent of the total establishment cost over a period of five years, with repayment delayed until 2004-05. The net present value of the total repayment means that industry's actual contribution to establishment costs is about 65 per cent and the government's share 35 per cent. When these schemes are established, producers will pay the ongoing costs of tagging new generations of livestock.

Agents and abattoir operators would be expected to maintain the infrastructure, and the government would make an ongoing contribution in management and administration, currently estimated at about \$230 000 annually.

The current costs of sheep tags are between 25¢ and \$1.10, depending on the producer's preference; cattle tags currently cost about \$3.70 each, but substantial discounts are available, particularly for bulk purchases. If the industry does not accept the government's offer, producers will be expected to pay the costs of identification devices themselves and comply with regulations enforcing full livestock identification from 1 July 2004 in cattle and 1 July 2005 in sheep. A careful look at the options and the relative contributions of industry and governments interstate will show that the government's offer is very generous indeed.

I think it is important to note that point. The primary purpose of mandatory regulation of these schemes in South Australia is to underpin consumer and market confidence in the safety and integrity of Australian livestock and livestock products. National livestock identification and tracing systems (NLIS and NFIS respectively) are essential for rapid and accurate trace-back of stock and products. The National Primary Industries Ministerial Council has agreed that the scheme should be mandated to ensure full and consistent compliance across all jurisdictions in Australia.

Australia's major beef markets and major competitors are moving rapidly towards full livestock traceability—that is, to the property of birth and all transactions—and they are demanding equivalent schemes in exporting countries. So, Australia must establish full traceability in order to retain existing markets and to minimise the damage caused by an exotic disease outbreak or chemical residue occurrence. I think that the recent BSE incident in Canada has highlighted the importance of an efficient trace-back and trace-forward system so that the source of the disease and other animals at risk can be traced as soon as possible.

The costs saved by industry by the effective management of a single such incident would cover the costs of NLIS and NFIS for many years. Indeed, the industry has been distributed with an economic impact statement on the impact of NLIS. I believe that paper has been fairly widely distributed throughout the department. Certainly, it has been fairly widely distributed through industry, and I think that it makes a compelling case for the significant economic advantages to producers of such a scheme—in addition, of course, to the huge advantages in terms of reducing the risk of animal diseases. It also has the added benefit of reducing stock theft.

**Mr SNELLING:** That is exactly the sort of comprehensive answer that we have come to expect from this minister. My second question is: can the minister advise the committee of the benefits to be achieved from the state's investments in irrigation research?

**Mrs REDMOND:** What line in the budget paper is that?

**Mr SNELLING:** That is Budget Paper 4, Volume 2, Portfolio Statements, program 1, pages 5.8 to 5.10.

**The Hon. P. HOLLOWAY:** This is one of the important new initiatives in the budget. I am very pleased that the honourable member has asked about it, because I think it is some of the very good news that has come out of this budget. The government is going to spend \$2.24 million on irrigation research and \$1.1 million on technology diffusion over the next four years. This program forms part of the government's River Murray improvement program initiative.

The commonwealth government has recently recognised the importance of this issue by approving the establishment

of the Cooperative Research Centre (CRC) for irrigation futures. In order to ensure that our irrigation industries are competitive and sustainable South Australia must build its own irrigation research capacity and promote the benefit of new technologies and systems to irrigators.

One of the objectives of the CRC for irrigation futures is to halve the water use for irrigation: double the output for half the use—double the output. Currently, we do not have the technology capable of delivering that outcome, but it is believed that, with focused research and development, it would be achievable within 10 to 15 years. South Australia's contribution to the CRC for irrigation futures will focus on irrigation salinity research, with the introduction of the environmental flows initiative—the Living Murray, as it is called. The river will become more saline when irrigators have the highest demand on water extraction.

We need to understand the impact on crops and how the salt can be better managed in the plant and soil systems. This will enable the more accurate evaluation of the impacts of saline drainage from irrigation areas and the development of better management systems for the river. Technology diffusion and education will be introduced through a new program—the Farm Level Integrated Natural Management Education Program. It is proposed to deliver to 3 000 irrigators an accredited education package, using the environmental management systems (EMS) principles, incorporating quality assurance, irrigation management, property management and the best available technology economically achievable.

So, I think that it is a very significant program as part of the government's River Murray improvement program. Obviously, irrigation is by far the largest user of water in the state, and it is important for a future that we can use the water more efficiently.

**Mr SNELLING:** With regard to the fisheries compliance program, I refer to Budget Paper 4, Volume 2, program 2, pages 5.11 to 5.14. Will you commit funds to PIRSA's Fishwatch beyond 2003-04 to ensure the ongoing employment of regional fisheries officers across the state?

**The Hon. P. HOLLOWAY:** I am pleased to say that the answer to that question is yes. From the 2003-04 financial year, the government will commit to ongoing funding to ensure the ongoing employment of the 17 contract fisheries officers employed under the former government.

*An honourable member interjecting:*

**The Hon. P. HOLLOWAY:** The honourable member might laugh, but it was his government that decided it would increase the number of fisheries compliance officers for a three-year program, yet have no forward funding for it. Does he fancy doing that for fisheries compliance officers? I am pleased to say that the allocation of an extra \$1 million from the 2004-05 financial year will ensure the PIRSA Fishwatch program is able to service the entire state, resulting in reduced response times to Fishwatch calls and the servicing of regional communities, which rely on healthy fish stocks for commercial and recreational fishing purposes. The new fisheries officers will provide compliance services to both the commercial and recreational fishing sectors, in addition to addressing marine safety issues across the state via a service level agreement with Transport SA.

The additional fisheries officers will ensure the protection and sustainability of the state's fisheries resources, which are vital to regional economies, tourism and the state's economy. These new fisheries officers have become accepted in regional communities, and they play an important role in

local natural resource management. If we were to take some examples, we could look at the giant cuttlefish grounds off Whyalla becoming an increasingly important tourism resource at Whyalla, or we could look at the sheltered waters of Coffin Bay. An increased fisheries officers' presence will raise the community's awareness and act as a deterrent for would-be offenders. As well as guaranteeing that this program has continuity, obviously it will be of significant importance to the individual fisheries officers, many of whom we would like to make permanent to enable them to contribute to their local regional community in a much greater way than they could if the future was hanging over their head, as was previously the case, because they knew that funding was due to run out next year. I am pleased that we have now given them that security.

**Dr McFETRIDGE:** Perhaps the minister could clarify something for me. Did he say that there are currently 17 fisheries compliance officers?

**The Hon. P. HOLLOWAY:** I was talking about additional officers.

**Dr McFETRIDGE:** How many do we have now?

**The Hon. P. HOLLOWAY:** I will get those figures. Additional officers were appointed under this program but, because there was no provision whatsoever in forward funding, it was one of the budget black holes to which I referred in my opening address.

*Dr McFetridge interjecting:*

**The CHAIRMAN:** Order! Member for Morphett, what are you trying to do?

**Dr McFETRIDGE:** I am trying to clarify how many officers we have.

**The Hon. P. HOLLOWAY:** Forty-six.

**Dr McFETRIDGE:** There are 17 officers. Are they new officers?

**Mr HALLION:** Yes, new officers.

**The Hon. P. HOLLOWAY:** They were new officers under this program, which we have now made permanent. They were appointed two years ago, but without ongoing funding. It was done with short-term funding.

**Dr McFETRIDGE:** So the \$3.1 million will do that?

**The Hon. P. HOLLOWAY:** Yes.

**The CHAIRMAN:** Order! The member for Morphett, you will recall that questions are to be asked through the chair. Can you please come to order?

**Dr McFETRIDGE:** I apologise.

**The Hon. P. HOLLOWAY:** That is the short answer to the honourable member's question. The 17 new officers will now be given that security.

**The CHAIRMAN:** Member for Morphett, I will interpret that as clarification of information arising from a question from the other side.

**Dr McFETRIDGE:** Thank you, Madam Chair. I refer to Budget Paper 4, Volume 2, page 5.19. Can you outline the major activities and other projects for FarmBis for the coming year?

**The Hon. P. HOLLOWAY:** I am happy to provide that information. Obviously, in relation to FarmBis, because this is a state and federal funded program, a state planning group does set the priorities of that program. As I indicated, the priorities of these programs are set by the state planning group of this organisation. Those priorities are adjusted from time to time, and last year they were adjusted on several occasions, and that depends on the take-up and other issues in relation to FarmBis. In relation to the budget to date, as I indicated in my opening remarks, the three-year program

budget, 2001-04, was \$16 million, half of which was funded by the state and half by the commonwealth, of which approximately \$11 million has been spent or committed to date. That gives the honourable member the relative size of the program. Of the \$11 million that is being committed to the end of May 2003, that has provided training to in excess of 27 000 farmers, so that means it is on track to deliver its expected outcomes with approximately two-thirds of the funding committed two-thirds of the way through the program.

While the project commitments are currently on track, the actual payments from the budget are subject to the timing of claims made by training providers and recipients. Consequently, there are delays in payments that are reflected in the 2003-04 budget estimated total expenditure for FarmBis of \$2.47 million in 2002-03 and \$7.6 million in 2003-04. Because of this lag, it means that it must be taken in relation to budget figures. It is also worth pointing out that South Australia enjoys almost double the national participation rate in FarmBis. As at 30 April, over 25 000 South Australians have been approved for FarmBis training grants. The honourable member's question specifically was about particular courses, and as I said they are decided upon the priorities through the state planning group. I will ask Barry Windle, who is the Executive Director of Agriculture, Food and Fisheries, to provide more information on how that process operates and what are the target areas of the program.

**Mr WINDLE:** FarmBis has a subtitle, 'Skilling farmers for the future', so the program priorities are very much about business management and resource management skills for the future, covering farmers, fishers and natural resource managers. The primary aim is to assist participants to identify their learning needs in relation to business and national resource management and to access and source that relevant training. We are now in the third year of the second phase of FarmBis, and progressively the FarmBis program is looking to add business management skills and natural resource management skills to the managers of those enterprises and resources and their employees.

The state planning group, which has broad representation across the fishing industry, dry land farming, the pastoral industry, vegetable growing, dairy farming, horticulture and so on, has responsibility for the program priorities under the commonwealth-state agreement, and it is very cognisant of moving and stretching the boundaries into more challenging management training, particularly for those people who have participated fully from the beginning of the FarmBis period. Fundamentally, the priorities are in business enterprise management and natural resource management for primary producers.

**Mrs REDMOND:** Can I say at the outset, although it is not relevant to the first question, how pleased I am to hear about the National Livestock Identification Scheme, because back in 1977, when I was a legal officer for the Department of Agriculture in New South Wales, we struggled with that very issue but were unable to resolve it. I am pleased to hear that after 26 years there is going to be some progress on it. Technology, hopefully, has taken us somewhere.

My first question is really a clarification. I noted that in last year's budget, on the statement of financial performance that appeared in Budget Paper 4, Volume 1 at page 4.19, the total expenses from ordinary activities for Primary Industries and Resources shows as the budget for 2002-03 a different figure from that shown in this year's papers at page 5.29 as the budget for 2002-03. I have a copy of it if the minister

wishes to see it. I have circled the figure from last year's budget papers, but I am curious as to why it is different in last year's budget papers from what is in this year's papers.

**Mr KNIGHT:** The honourable member has quite rightly pointed out that, when handed down, the budget for Primary Industries and Resources was \$154.384 million and this year's budget indicates a figure of \$153.881 million. This does not affect the minister's portfolio but that of energy, because during the year there was a transfer of part of our energy function from PIRSA to Treasury and Finance, into the MERI unit. It was a small number of officers, so responsibility for energy policy and electricity policy was transferred from Energy SA into Treasury, and that just reflects the functional transfer.

**Mr KOUTSANTONIS:** My question relates to what the minister's department has done to assist those areas affected by drought. Can the minister detail to the committee what it is that he has been doing for those families?

**The Hon. P. HOLLOWAY:** On 12 October last year the Premier announced a suite of drought assistance measures for South Australian farmers and rural communities, which was valued at \$5 million. The package was recommended by a task force made up of representatives from state government agencies. They included PIRSA, obviously, Treasury, Premier and Cabinet and Human Services, as well as farmer representatives from the South Australian Farmers Federation, the Advisory Board of Agriculture and local government. It was co-chaired by the Chief Executive of PIRSA and the Chairman of SAFF. The package contained the following assistance measures.

There was \$1.5 million for FarmBis support grants; \$1 million additional FarmBis funding; \$300 000 additional rural counselling support; \$240 000 support for sustainable farming systems in the Murray-Mallee, which, along with the north-east, was the area worst affected by the drought; \$150 000 to fast track the development of drought tolerant crops; \$150 000 in community support grants; \$200 000 to extend results of research undertaken through the Central North-East Farm Assistance Program; \$300 000 to further support sustainable management and build capacity in the rangelands (again, they were in that north-eastern area of the state that was particularly badly affected).

The sum of \$200 000 was given to the National Farmhand Foundation Appeal, and South Australian farmers received back significantly more than that. There was \$140 000 to extend livestock management best practice in drought affected areas; \$50 000 to assist farmers in managing frost; and \$50 000 for additional road maintenance in the central north-east.

Also, of course, in the original package, \$720 000 was provided for the business support component of exceptional circumstances assistance, which represented a 10 per cent state share for areas of the Murray Mallee and central north-east, should that drought be declared and the funding provided by the commonwealth. Subsequently, \$320 000 of this funding was redirected to target support in the Murray Mallee and the lower lakes after the exceptional circumstances application was not declared in the southern Mallee. I note that, earlier in his comments, the member for Morphet criticised this government with respect to its support of farmers but I think that, if one looks at what assistance has been provided to the farmers in this state in one of the worst droughts, one will see that it really is his federal colleagues to whom he should be directing his criticisms to obtain a better deal for this state's farmers. Also, a moratorium was

imposed until July 2003 on proposed pastoral rent increases for central and north-east pastoralists.

The extent of this package has been appreciated by rural communities, as it offers a balance of social and technical support, a breadth of individual and community support, and it addresses both short and long-term needs. Wherever possible, support is directed to existing community programs, enabling district councils, action planning groups, task forces or other regional bodies to manage those state drought assistance funds.

**Mr KOUTSANTONIS:** The federal government was not very helpful with South Australian farmers with respect to drought relief. Can the minister briefly expand on that matter? Also, what was the impact of the drought on the overall food scorecard results?

**The Hon. P. HOLLOWAY:** The food scorecard, I should point out, is a measure that has been developed over the last few years to gauge our performance in relation to the state food plan. Of course, as I reported during the last year, the state performed particularly well, as one might have expected, given the very favourable rural conditions that we experienced during the 2001-02 season. Despite the adverse growing conditions that we experienced during 2002, the South Australian Agrifood revenue growth is expected to remain positive for the 2002-03 period. Field crop production for 2002-03 was 28 per cent lower than average, and less than half the record crop produced in 2001-02. Lower production and increased demand from local and interstate livestock industries for grain has significantly reduced the amount of grain available for export, but it has driven farm gate prices higher.

However, lower volumes in livestock and horticulture production have, in the main, been offset by a rise in commodity prices. Although the value of wheat and other grain exports has fallen by some 20 per cent compared to the corresponding period last year, exports in other food sectors have continued to grow in value. The value of retail trade in the food sector has grown by almost 10 per cent, more than offsetting the overall expected fall in the value of Agrifood exports. The gross revenue for food experienced an 18 per cent increase during 2001-02 due to a favourable season, strong exports and retail food sales. It is expected that the 2002-03 food scorecard, due to be completed in July to August of this year, will show smaller growth than the previous period, mainly due to less favourable growing conditions experienced.

The honourable member also asked about the lack of commonwealth support with respect to the drought. The commonwealth declared exceptional circumstances in the central and far north-east of the state on 5 February this year but, at the same time, it rejected an application for exceptional circumstances from the southern Mallee. The southern Mallee application was rejected because the National Rural Advisory Council, which advises the federal government, believed that there was an insufficient number of farmers severely affected by frost leading up to the drought to cause a significant regional impact. In June 2003, farmers in the southern Mallee will lose access to income support, which was made available when the area was announced as a prima facie exceptional circumstances area in mid-December 2002.

A further application for exceptional circumstances in this area was submitted to the federal government in early May 2003. If it meets the prima facie EC requirements, these farmers will then have access to income support for a further six months until late 2003 when their crop harvest will

provide them with income. The assessment for the EC undertaken by the National Rural Advisory Council will likely take place in late June after crop sowing. Of course, should the 2003 season deteriorate, it is probable that South Australia would make application for exceptional circumstances for areas where farmers are likely to suffer a second successive pasture or crop failure. This government has again submitted an application for the Murray-Mallee area which, in my view, has been affected at least as badly as any other part of the country by the drought that we had last year. I hope that, on this occasion, we will be successful with that application.

**Dr McFETRIDGE:** When is that application to go in?

**The Hon. P. HOLLOWAY:** It was lodged in May. The date that I gave about June refers to the likely assessment of that application by the national advisory committee which advises the federal government.

**Mr KOUTSANTONIS:** How adversely will growing conditions and the increase in the value of the Australian dollar affect South Australia's food scorecard results for the 2002-03 season?

**The Hon. P. HOLLOWAY:** As I indicated in my previous answer, the food scorecard results provide an important measure of how the state's Food Plan is performing. There have been some particularly difficult conditions over the past 12 months, and of course they may continue. Obviously, the lower availability of water for irrigation this year will have an impact on the entire state. Water restrictions have been implemented to assist with the issue of the lower availability of water due to the dry conditions experienced in the River Murray catchment area. The water in some of those catchments is the lowest that it has been for many years. I think Dartmouth is the lowest that it has been at any time since its construction in 1927.

There are about 20 per cent holdings across the Murray-Darling Basin Commission compared with the normal average of about 55 per cent. I think that indicates just how serious the conditions are across the Murray catchment area. So, although it is not expected to have a significant impact on food scorecard results in the short term, the profitability of food production could be adversely affected over time. There are, of course, measures to reduce water entitlements to irrigators by 35 per cent, but this will, in effect, only reduce the quantity of water being used by irrigators by 20 per cent on average due to the current under-utilisation of water entitlements.

Industries directly affected by water restrictions will include: wine, horticulture and, to a lesser extent, dairy. Water restrictions on food processing and other intensive animal industries will be applied less onerously. Water restrictions are likely to improve water use efficiency, although improvements and changes in production techniques—for example, irrigation techniques or increases in grain feeding for dairy herds—will also have an effect. The effects on the food scorecard will be minimal as output is not expected to be affected significantly in the short term.

Profitability could suffer as producers change to higher cost forms of production to maintain similar levels of output. However, increased efficiency caused by water efficiencies may allow profitability to be maintained. Output is only likely to be affected if water restrictions need to remain in place for longer than anticipated. Gross revenue from food experienced an 18 per cent increase during 2001-02 due to a favourable season, strong exports and retail food sales. It is expected that the food scorecard result (due to be completed in July/August

this year) will not be directly affected by the water restrictions currently in place.

Further effects in 2003-04 and subsequent periods on the food scorecard results may occur only if water restrictions remain in place for a longer period than anticipated. In short, let us all hope that we get heavy snows and lots of water in the alpine regions of the country so that we can get those flows down the Murray later this year.

The honourable member also asked about the impact of the dollar on the food industry. Since 30 June last year the Australian dollar has appreciated 15 per cent against the US dollar and 9 per cent against the trade weighted index. Although export prices have not been significantly affected until now, it is expected that this will place some pressure on South Australian exports and, I guess, all exports from this country in the near future.

The value of retail trade in the food sector has grown by almost 10 per cent more than off-setting the overall expected fall in the value of agri-food exports. This is partly due to the shortage in supply of fresh produce due to adverse growing conditions experienced across the nation. The Australian dollar is now hovering at 66¢ in the US market. Obviously, all rural producers will be watching that with a great deal of care over the coming months. We have been able to cope with it to date but, obviously, increases in that exchange rate will not be helpful for many of our rural industries.

*Mr Koutsantonis interjecting:*

**The CHAIRMAN:** Order!

**The Hon. P. HOLLOWAY:** I guess some economists have predicted increases that will clearly impact on Australian interest rates, and other things will all be part of that equation. I suppose that partly explains the dilemma that the Reserve Bank has at the moment, but I will leave that for the Treasurer; that is really his area.

**Dr McFETRIDGE:** The minister was talking about food production along the river being affected by the cutbacks in irrigation. What about non-food production, for example, the instant lawn producers and the turf producers? There are big ones at Murray Bridge and Langhorne Creek. I understand that they will be severely affected. It might be a double whammy because people may not buy lawn and they will not have the water to grow the stuff in the first place.

**The Hon. P. HOLLOWAY:** That issue would be better explored by my colleagues the Minister for the River Murray in the first instance and the Hon. Jay Weatherill who, obviously, has SA Water under his control. In relation to the irrigation areas, certainly my department has been involved in considering these issues. I might ask Jim Hallion in a moment to make some comments on our role in relation to these issues. Obviously, there will be a number of impacts, not just in the food production sector but in the food processing sector, and it will be important for the government to try to minimise those impacts. If there is 20 per cent less water coming down the Murray, there is 20 per cent less water in our allowance, and we have to work through that issue as best we can. I will ask Jim Hallion to make some comments about how we are dealing with that.

**Mr HALLION:** First, as the minister outlined earlier, one thing we are doing is increasing the level of research and development in this area to improve irrigation practices. As the minister outlined, something like \$2.24 million will be spent over four years to improve irrigation efficiency. Whilst this is a short-term impact, it is clear that irrigators will need to improve efficiency and, I might add, they have done so in this state, as outlined earlier, to 85 per cent. We are ready.



We have some of the most efficient irrigators in the Murray-Darling Basin. The other areas—

**Dr McFETRIDGE:** Some have achieved that 85 per cent already.

**Mr HALLION:** Yes, that is right. Also, we are doing a lot on technology diffusion—getting the new techniques out to the irrigators. We will be spending a total of \$1.1 million over the next four years to get the very best techniques and practices out to industry. As the minister indicated earlier, the research view is that we can halve water use across the basin and, given that South Australian irrigators are very efficient, that would not necessarily apply to us. With the right level of research it would double the output in 10 to 15 years over the whole of the Murray-Darling Basin.

It is important, I think, that the long-term direction is set with regard to the impact of the drought on individuals. It would depend very much on their level of usage compared with their level of allocation. If they are using water to a high level compared with their allocation then obviously it would have a much more severe impact than for those irrigators who have left river water for environmental purposes and not used all their allocation. There has been a great deal of discussion with the industry, with the irrigation trusts and the private irrigators. I have been involved in a number of those and I am also on the drought task force looking at the government's response to the issue of lack of entitlement flows in the river.

We have had a lot of discussion with the irrigators about the different models that could be used for dealing with this water shortage. Those models range from cutting usage and cutting allocation to a crop water use model that looks at the water use of each individual crop and providing the minimum water for those crops. The latter of those models would generally be favoured by most irrigators. Unfortunately the level of information we would need to implement that model is simply not available at this stage, particularly in relation to land use, but we are committed along with the Department of Water, Land and Biodiversity Conservation to develop that model over time, and I think that in future crises like this we will minimise the economic impact by using a crop water use model. In the absence of that, the majority view of irrigators I have spoken to is that a reduction of allocation rather than usage is probably the lesser of evils in respect of the direction in which we should head.

**Mrs REDMOND:** I refer the minister to Budget Paper 4, Volume 2, page 5.3. I notice that the ministerial office resources show nine full-time equivalents at a cost of \$899 000. Is this the total budget for staffing of the minister's office or are there other areas from which you derive the funding? If so, from where?

**The Hon. P. HOLLOWAY:** Consistent with longstanding practice, some ministerial liaison officers work in there and are departmentally funded. In my office the reception service is shared with the department; and the Chief Executive has his office on the same level, so there is some sharing of the costs there. Essentially, those are the full and complete costs less the ministerial liaison officers and the half time and cost sharing with the reception service.

**Mrs REDMOND:** As a supplementary question: why then does the government ministerial directory of 13 May this year indicate 14 ministerial staff, including the driver?

**The Hon. P. HOLLOWAY:** The driver certainly would not be included; that is paid through the department of administrative services, from memory. I would have to check that, but they are not part of the budget. There is a half time FTE. There might be a media person included on that list;

again, they are not necessarily located full-time in ministerial offices, whereas the ministerial liaison officers would be included. I have two of them, one for agriculture and one for the mining sector. In the agricultural case they are located in my office full-time, and in relation to the minerals office they would do that part-time and would obviously have other duties in the department. They are included on the ministerial list but are not part of the ministerial budget. It might be better if we provide you with the detail on that if you want an explanation for each.

**Mrs REDMOND:** I have another question on staffing: are there additional office accommodation staffing costs for the Hon. Carmel Zollo, MLC, Parliamentary Secretary to the minister? If so, how much and where are these costs detailed in the budget?

**The Hon. P. HOLLOWAY:** The Hon. Carmel Zollo's duties would be included within my budget line, but that would involve the provision of travel in relation to her duties. There are certainly no additional accommodation costs. The Hon. Carmel Zollo essentially works out of her Parliament House office here. From time to time when she is working she has access to an office in my ministerial office, but in fact I think the office she had might be taken up now; essentially she works out of the Parliament House office.

**Mr KNIGHT:** The salary and so on is under the legislature normal arrangement, so it is under the Premier's portfolio, but there are no additional accommodation costs separate to what is listed in the budget papers.

**Mrs REDMOND:** There is another question on employees: what is the overall comparison of the number of employees within agriculture food and fisheries with last year and, more particularly, the year before? Could you tell me how many employees were transferred to the department of environment and conservation and the Department of Water, Land and Biodiversity Conservation?

**The Hon. P. HOLLOWAY:** I can certainly give you the figures for what we have at the moment to compare them with the past. I am not sure whether we have the information on hand, but we could certainly provide that. The figures in relation to the current situation show that for 2002-03 the estimated result for this year and full-time equivalents—these comparisons are always somewhat complex as we are talking about full time equivalents here, not necessarily individuals—is 1 308.9 and the expected outcome for full time equivalents for 30 June 2004 is 1 297.9. In relation to the transfers, approximately 130 to 140 full-time equivalents were transferred to the Department of Water, Land and Biodiversity Conservation. As indicated, there are also those transfers in relation to energy, which are not really within my portfolio. Incidentally, let me make it clear that those figures are for PIRSA as a whole, which includes part of the energy portfolio as well; that needs to be understood.

**Mr VENNING:** I would like to thank the government on the record for the opportunity to ask lots of questions. The minister is giving us fairly short, frank answers and we appreciate that. My question is in relation to agricultural levies, which are found in Budget Paper 4, Volume 2 on page 5.39, under additional administered items operating revenue. The opposition has received complaints from producers in several industries that the levy funds held by the minister have become increasingly difficult for industry to access. This is despite the intent of the primary industries funding legislation whereby industries are able to collect levies for the development of their industries. Can the minister justify why

funds have become difficult to obtain for the purposes decided by the industry committees?

**The Hon. P. HOLLOWAY:** I really do not understand what the honourable member is getting at when he says these funds are difficult to allocate. Clearly, these funds are administered by the Department of Primary Industries and Resources and they are funds for industry. Obviously, the industry has to develop plans and so on in accordance with the act.

**Mr VENNING:** You have not heard any complaints or concerns about it? We have, so I wonder why you have not.

**The Hon. P. HOLLOWAY:** Perhaps the member may wish to give me specific details in relation to that. What I can say is that during the course of the last 12 months, additional schemes have been set up. One of those was in relation to the McLaren Vale wine industry. That funding approval was given and I think the winegrowers in that area have seen the benefit of such schemes. So, I would certainly be concerned if there were farmers who believed that to be the case. But, certainly, they are industry funds.

**Mr VENNING:** My second question is in relation to the FarmBis course uptake: the reference is Budget Paper 4, Volume 2, in the financial commentary at page 5.37, the fourth dot point. Referring to the higher levels of grants and subsidies of \$13 million due to delays in the uptake of FarmBis, as stated in the statement of financial performance, what proportion of the \$13 million in delayed uptake can be accounted for in each of the drought assistance measures, the central north-east farm assistance program and the lack of uptake in FarmBis funding?

**The Hon. P. HOLLOWAY:** I will make a general comment in relation to FarmBis. I understand there was something of a lag in the take-up last year—which is not surprising, given the drought. Also, of course, some questions had been raised in relation to FarmBis and its delivery through the TAFE system so, clearly, that would have had some impact on confidence. I think also that while that investigation of FarmBis in the TAFE system was being undertaken there was clearly a freeze on programs. But it is my understanding, from advice, that in fact there has been a significant increase in FarmBis take-up towards the end of the program.

I repeat the figures I gave earlier: if one looks at the \$16 million FarmBis 2 program over the three years 2001 to 2004, we are about two-thirds of the way through the program and about two-thirds of the money has been spent. But, clearly, there have been some delays in the take-up. It is my understanding that changes were made by the state planning group in response to the lower take-up and adjustments were made that have led to that. For example, the criteria were relaxed in October 2002 and again in April 2003, resulting in the increased level that we are now seeing. The 75 per cent level of funding was reinstated, with the exception of production management training, which remains at 50 per cent. So, as a result of that, there has been some increase towards the end of the financial year.

I note that my colleague the minister for training made a statement in relation to some of the investigations that were under way into TAFE and, obviously, one would expect that with that back on track we will fully expend funds for those FarmBis programs by the end of the program, which I think goes right through to and beyond the end of the financial year. I think it goes through until about September 2004. But to get back to the specifics, I will ask Geoff Knight if he can

provide some more breakdown in relation to the figure supplied on page 537.

**Mr KNIGHT:** That \$13 million figure, which was an estimate at the time of the budget, relates to under-expenditure due to the delays in 2002-03 that the minister has referred to, and obviously there has been a complementary increase in expenditure for 2003-04. Before I break down the \$13 million, I point out that, since the time of finalising the figures for the budget, we now anticipate the level of under-expenditure to be less than what was forecast.

**The Hon. P. HOLLOWAY:** Yes, that is a take-up towards the end of the year.

**Mr KNIGHT:** So, there has been a bit of an uplift. But, briefly, the figure for FarmBis was \$4.2 million at the time of finalising the budget figures, the figure for the central north-east farm assistance package was \$1.1 million and the figure for the drought assistance package was \$1 million. But, as I said, all of those figures are somewhat less now because we managed to achieve higher levels of cash flow towards the end of the financial year, particularly in the FarmBis program.

**Mr VENNING:** On the same reference, in relation to FarmBis courses, can the minister outline the specifics of what FarmBis programs were cancelled or reduced in the last financial year?

**The Hon. P. HOLLOWAY:** The original situation facing this government was that there was two years' funding for a three-year program provided for in the budget, so in the last budget the government decided, rather than having a full allocation during 2002-03 and then going to zero in 2003-04, to spread the funding over the remaining two years of the program. Of course, in the budget we announced a cut of \$2 million in the state contribution in 2002-03 but with an additional \$1 million going back in 2003-04. Subsequently, in the drought package, the government reinstated that \$1 million that was announced at budget time so, in effect, what was originally available in terms of funding for that program was restored but it was spread over the two financial years rather than just all in 2002-03.

At the time of the budget in July 2002, the changes were: grants were reduced from 75 per cent to 50 per cent of total expenditure for the training activity; basic computing quality assurance training and stand-alone recognition of current competencies were no longer available for funding; and there was a new rule that training must align to Australian Quality Framework level five and above competencies of the national agricultural and horticultural training packages. As we indicated in previous answers, the criteria were generally relaxed in October 2002 and in April 2003, resulting in the increased levels that we are now seeing. The 75 per cent level of funding was reinstated, with the exception of production management training which remains at 50 per cent.

It was intended that a number of activities would be provided by Spencer TAFE which did not proceed, and this impacted on the uptake of FarmBis programs (I am not sure whether that was to do with the investigations there). But there are other, external factors such as the drought; the timing of farming activities such as seeding, etc.; the timing of the training; and the preparation and submission of claims and payments. These result in great difficulty in forecasting the timing of FarmBis expenditure. At any one time, there are up to 400 contracts being administered by the program, so it is obviously very difficult for the state planning group to manage.

In summary, the original \$16 million program—\$8 million funded by the state and \$8 million funded by the commonwealth—is on track and, as I said, we are two-thirds of the way through and there has been two-thirds spent. But there were those adjustments made in October and April and we are trying to keep that expenditure on track with the estimates but, for the reasons I have just indicated, it is rather difficult for a program that is administering up to 400 contracts at any one time to get the funding flowing through as smoothly as perhaps one would like.

**Dr McFETRIDGE:** Madam Chair, with your concurrence, I will now read the omnibus questions into the record. I am happy if the minister wants to answer them now, but we have a lot of other questions. These will probably require long answers and so if I could treat these as omnibus questions.

**The CHAIRMAN:** The arrangement with omnibus questions is that there is an agreement that there are some omnibus questions that may be read into the record. They are the only questions that can be read into the record, but there is also the opportunity for the minister to answer them now if he wishes.

**Dr McFETRIDGE:** For all departments and agencies reporting to the ministers, are there any examples since March 2002 where federal funds have not been received in South Australia or will not be received during the forward estimates period because the state government has not been prepared to provide state funds for a federal-state agreement?

**The Hon. P. HOLLOWAY:** There has been no reduction in any federal funds in the forward estimates since March 2002. However, it should be noted that the commonwealth-state agreement for FarmBis has needed to be amended to

reflect the decision by the former government to fund the program for two years, at a total cost of \$16 million, as opposed to the original agreement of three years, at a total cost of \$24 million.

**Dr McFETRIDGE:** Did all departments and agencies reporting to the minister meet all required budget savings targets for 2002-03 set for them in last year's budget, and, if not, what specific proposed projects and program cuts were not implemented?

**The Hon. P. HOLLOWAY:** PIRSA has met the required budget savings target for 2002-03. Cost recovery targets from the agricultural industry, \$240 000, and the SA Food Online, \$50 000, will not be implemented in 2002-03. However, PIRSA has implemented reductions in general expenditure in other areas to achieve the financial target in 2002-03.

**Dr McFETRIDGE:** Will the minister provide a detailed breakdown of expenditure and consultants in 2002-03 for all departments and agencies reporting to the minister, listing the name of the consultants, the costs and the work undertaken?

**The Hon. P. HOLLOWAY:** I have a list of those consultants. Perhaps we could get it incorporated in *Hansard*. I would point out that they include those consultants engaged by Energy SA and within the portfolio of the Minister for Energy.

**The CHAIRMAN:** Only statistical tables can be incorporated in *Hansard*. Does the list conform with that criterion?

**The Hon. P. HOLLOWAY:** This is essentially a statistical table, detailing the consultants, the purpose and how much money each one was for.

**The CHAIRMAN:** You are defining it as a statistical table, and I will accept your definition.

Consultant	Purpose	\$'000
The Allen Consulting Group <sup>(1)</sup>	To provide program management and expert economic advice to NGPAC	65
Allens Arthur Robinson & Hedderwicks <sup>(1)</sup>	To provide expert legal advice on the National Gas access code to NGPAC	65
TCG	Provision of specialised R&D commercialisation services	62
Hudson Howells Asia Pacific Consulting	Building Regions through Horticulture	50
Cawthorn Institute	Development of a National Biotoxin Strategy	44
Hames Sharley (SA) P/L	Research to engage stakeholders on the draft compliance policy for the Petroleum Act 2000	41
Hames Sharley (SA) P/L	Survey of stakeholders re SeaGas Pipeline	32
Rankine Consultancy P/L	To prepare report on the structure of the Officer Basin	18
H R Bachman	To review and report on reporting arrangements for uranium mining in South Australia	18
David McKinna Pty Ltd	Development of supply fulfilment model for Regional Food Groups	13
Gaffney Cline and Associates P/L	Expert advice on interpretation of royalty provision of SA Petroleum Act for Royalty dispute	10
Ian Dixon	Professional services re capturing the Learning Project	7
Ocar	Employee counselling services	7
OCPE	Review positions and remuneration levels in Publishing Services	6
Qfacts	To provide advice on staffing issues	5
Adelaide Research and Innovation	Review of Petroleum Geology of the Officer Basin	5
Beckwith & Associates	Market intelligence relating to the US Food Market	5
InState Pty Ltd	Export facilitation policy and strategy	4
Lyn & Bill Lark – Distillery Consultants	Feasibility study for Malt Whisky Production	4
Hudson Howells Asia Pacific Consulting	Abalone project – evaluating Live Transport Technology	3
McPhee Andrewartha	Employee counselling services	2
PPK Environment & Infrastructure	Independent verification of 2001 Water Report for Brukunga	2
Geosurveys Australian P/L	Geological consulting in Outulpa region	2

Marcus Henningsen	Professional advice on the development of AS2885 (pipeline construction, operation & maintenance)	2
Cognition	Employee counselling services	1
Bakjac Consulting	To provide career counselling advice to redeployee	1
Advanced Geomechanics	To examine reports on tailings dams and provide comment	.4
Total to 30 April 2003		474

<sup>(1)</sup> Consultants engaged by Energy SA and within the portfolio of the Minister for Energy

**Dr McFETRIDGE:** Minister, in the financial year 2001-02, for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2002-03?

**The Hon. P. HOLLOWAY:** That is one that will need a little bit more work, so I will take that on notice.

**Dr McFETRIDGE:** I have a very important question. For each department or agency reporting to the minister, how many surplus employees are there, and for each surplus employee what is the title or classification of the employee and the TEC of the employee?

**The Hon. P. HOLLOWAY:** At 19 June 2003, there were 16 redeployees in Primary Industries and Resources South Australia. I have a statistical table relating to this which I seek leave to have incorporated in *Hansard*.

Leave granted.

Classification	TEC (excluding on-costs) \$
1@ASO1	31 124
1@ASO2	35 845
1@ASO3	41 296
2@ASO5	51 287 & 53 311
1@GSE1	27 450
1@MAS3	75 716
3@OPS3	3 x 41 296
1@PSO2	55 334
1@PSO3	60 734
1@TGO0	35 586
2@TGO1	2 x 40 068
1@TGO2	46 338

**Dr McFETRIDGE:** I refer to administration and corporate support in Budget Paper 3, page 2.18, which identifies a saving of \$259 000 in 2003-04 with ongoing savings in excess of \$1 million in the out years. Can the minister detail what sponsorships, marketing initiatives, services, etc. will be reduced and/or closed? Is this an indication of a reduction in participation by the department in field days and other on-the-ground initiatives?

**The Hon. P. HOLLOWAY:** In relation to the administrative costs, more efficient IT services will be implemented including changes to database services, the use of fibre optics and changing from network arrangements at various sites to internet-based access. In relation to corporate services, grants and sponsorships, electronic publication of the MESA journal and internal publication is leading to reduced production costs. There will be improved efficiency within the financial services area by restructuring the area and implementing the PIRSA payments-plus system.

Implementation costs of \$100 000 in the first year are required for implementation of the PIRSA payments-plus system, which will lead to improved accounts receivable, electronic external feeds and an improved RECULVER inquiry facility. There will be a reduction in community sponsorships and grants, with funding to be provided only where there is a demonstrated benefit to PIRSA. One example is the Australian Rural Leadership Scholarship of \$40 000,

which has been announced to that group. However, I think the question was really about field days.

There would be no direct impact. Of course, one of those field days in particular has been advised for the past few years that funding was to be phased out, but it manages to keep writing to us, asking for money. There are obviously some special cases but, by and large, the thrust of this program is not aimed at field days.

**Dr McFETRIDGE:** On page 2.18, above the listing of savings it states:

A reduction in some lower priority research activity as well as improved returns from research facilities are also a focus of the saving initiatives.

Can the minister detail what programs are considered to be of low priority and therefore will be cut; and how many jobs will be lost?

**The Hon. P. HOLLOWAY:** First of all, let us put the whole research activity of the government into context. There were some cuts to the SARDI budget last year, but the government also provided significant funds to the Plant Functional Genomics Centre. Of course, I have already announced earlier on today significant increases in relation to irrigation research and funding. I think one needs to put the total research activities of the government into context. At any one time some programs will be removed but other newer programs will be occurring. I can understand why the opposition would target the negativity of those lower priority programs being phased out, but one also needs to consider all the new activities which are being increased. Obviously, in any dynamic research organisation there needs to be that movement because research needs change as industry changes. I will hand over to the chief executive, Jim Hallion, in relation to the specifics.

**Mr HALLION:** In relation to SARDI, overall the impact will be relatively small, in fact the focus primarily will be on some cost recovery functions and I can give a couple of examples of those. Firstly, the research support function operates the greenhouse growth room and related facilities at the plant research centre at the Waite, which all members would know is now a world-class facility in plant bioscience. SARDI uses these facilities about 50 per cent, but they are also used by other organisations at the Waite—about 50 per cent. The budget initiative will result in an increased cost recovery for research support services provided by SARDI through increased charging for use of the plant research centre facilities. It is not about reducing SARDI's research effort as such, but perhaps getting a fairer cost recovery from third party agencies using the centre.

The second area is the foundation seed scheme, which maintains pure and clean samples of currently used varieties of field crops, and that is a very important component of the field crops area. The material is regularly multiplied, as members would know, and made available to grain producers. It is an important element. Initially, the budget will result in this service continuing to be provided but we are looking at

a reduced cost through improved efficiencies which is the direction we are heading in that program. The program currently covers about two-thirds of the cost of providing the service. We are looking for improved efficiencies in that area and in the plant research centre and improved cost recovery.

The other area to which there will be some minor adjustments to improve efficiency is SARDI's administrative area. Our intention is to look for efficiency savings and cost recovery, rather than any significant direct impact on the research on the ground.

**Dr McFETRIDGE:** Will there be any job losses?

**The Hon. P. HOLLOWAY:** Again, one needs to look at the overall picture. In relation to SARDI, if one looks at the new initiatives and savings measures, the net effect of those changes would be an improvement of \$730 000 in the current budget. There may be some job losses in a few programs, but with the additional level of expenditure, particularly the new irrigation expenditure—and there will also be additional research because of increased fishing licensing fees and increased funding from the FRDC (Fisheries Research Development Corporation)—the impact on the budget overall will be significantly positive for SARDI. As I said previously, as with any dynamic research institution, there will be changes in priorities occurring at any one time to ensure that the research institution keeps at the forefront of those areas which are most necessary for government to address.

In relation to staffing issues, and as I indicated previously, there were some reductions in SARDI: it was a net reduction of 12 in the 2002-03 year. Although, as I said, the government also made a considerable contribution to the Plant Functional Genomics Centre, which, although it will not be a SARDI body, will nevertheless result in a significant increase in scientific effort in the state, which obviously will be of benefit to rural industry. In relation to the 2003-04 year, we will be looking at one reduction of staff, but the new initiatives will increase staff by two. The net increase of the loss of one but an increase of two does not include the River Murray initiatives, that is, the irrigation technology and diffusion research programs. Those figures do not include that program, which obviously will be a positive increase.

**Mr VENNING:** My favourite subject is staffing at regional establishments which is referred to in Budget Paper 4, Volume 2. There is an increasing lack of independent, non-commercial advice for our farmers and it is of great concern to us because the issues before us are very technical issues, such as GMOs, wheat viruses and the list goes on. This has been a steady trend in recent years, that is, we are now depending more and more on commercial advice. The department's record over the years has been very good; first, in the research area with our scientists, agronomists and SARDI, and, secondly, in disseminating information through the agricultural bureaus. Will the minister advise the committee of the staffing levels at each of the following research establishments within his portfolio: Struan, Minnipa, Loxton, Lenswood, Kybybolite and Turretfield; and indicate whether the employment levels have increased, decreased or remained static over the past 12 months?

**The Hon. P. HOLLOWAY:** Obviously I will have to take that question on notice in relation to the specific bodies. In general, I can say that PIRSA projects and services continue to be—and we are talking about rural solutions first—provided through effective service delivery mechanisms emanating from 58 locations, that is, 44 regional, 11 metropolitan and three CBD locations. There will be no significant changes to the accommodation provided at these

locations in 2002-03, other than to say that Minerals, Petroleum and Energy are no longer operating from the Mintabie property or the Blinman mine. I can certainly give the honourable member a list of all the regional locations where PIRSA has a presence. This table also gives the business groups operating from these sites. In relation to the specifics that the honourable member wanted about those sites I will endeavour to obtain that information.

**Mr VENNING:** My second question is a specific one and it has been provided to me by my colleague John Meier. Mr Simon Gierke, who was a former field crops consultant with the Rural Solutions SA base at Kadina, has taken a new position in Adelaide as a policy project officer. The rumour is that this vacancy at Kadina is unlikely to be refilled. How will PIRSA maintain effective links with producers and resource managers in this region if this vacancy is not filled? There is a lot of concern about this matter.

**The Hon. P. HOLLOWAY:** It was my understanding that this position is under review. In relation to services provided by PIRSA, from time to time there are obviously reviews. In relation to the fisheries sector, for example (and we have talked about this before), whereas one maintains the presence of those fishery compliance officers in the key fishing ports, there obviously would be other areas where from time to time in the past their presence has been moved around to reflect the needs. That policy in fisheries is also obviously necessary from time to time, depending on where demand is within the primary industries sector. I will refer that question on to see whether we can provide any further information.

**Mr VENNING:** I will take a little latitude in this question. In the last days of the previous Labor government, the then minister (Hon. Terry Groom) had in place a policy to move sections of the department, particularly the primary industries department, into the country areas—Clare in particular—and there were plans for it to build a new centre. Is there any chance that this government will reintroduce that policy?

**The Hon. P. HOLLOWAY:** In relation to the issue of decentralisation, it would be fair to say that, of all the departments within this state, primary industries is one of, if not the most, decentralised groups. Total employment as at 21 March was 1 383, and 464 of those employees are regionally based, with 990 in the metropolitan area. That is the breakup we have.

**Mr VENNING:** It gets worse, does it not? The balance is tipping one way all the time—and it is not just your government, either.

**The Hon. P. HOLLOWAY:** There are some specific issues in relation to our office at Clare. There are some issues with the current office accommodation.

**Mr VENNING:** By way of supplementary question, that accommodation is substandard. Will there be an attempt to provide some purpose-built accommodation?

**The Hon. P. HOLLOWAY:** All those issues are being looked at now. I will ask Mr Knight to comment on our accommodation strategy.

**Mr KNIGHT:** The department is working towards implementing a longer term accommodation strategy. One of the constraints we have is that the cost of establishing new facilities and the cost of getting out of existing long-term lease agreements is quite substantial. While we have a direction in which we are moving, that direction is to get as much of our service delivery in the regions as possible. By and large, we are an agency that has a rural and regional

focus. Of course, when you have the large research centres such as those we have at Waite and at West Beach, you need some central facilities. That is important in terms of attracting and retaining key scientists and others. We could not all of a sudden decide that those people all have to relocate to Clare.

Earlier on a reference was made to the fact that the numbers are declining. We could probably do some figures on this, but I do not know that that is the case. Our figures have been quite stable for some time. About one-third of our staff are in regional areas, about one-third are in metropolitan areas and about one-third in the CBD. We could look at those numbers and provide further information on that.

In relation to the Clare project, it is probably well known that we occupy facilities in Clare that are owned by government. A proposal is being progressed in consultation with the council. We are not the prime developer, but a developer who is involved has made an approach to us. We are in the process of working through that opportunity with the developer. We are working pretty closely with it to try to ensure that we can be part of that new development. Of course, subject to our needs being able to be met, we have some researchers up there, as well as a variety of other people. Our long-term accommodation strategy is based around decentralisation, so as much as possible we are trying to get our service delivery out there where the people can still contact us. Most of our regional locations have public access built in. So, it is a key part of our service delivery model.

**The Hon. P. HOLLOWAY:** It is worth pointing out in relation to those SARDI research organisations that a lot of the field work done by those officers is clearly in the regional areas. So, many of our officers who might nominally be based in the city will obviously spend significant time in the various parts of the state conducting their work.

**Mrs REDMOND:** I have a group of questions about the 35 per cent water allocation reduction. I understand that it is a complicated issue. It is probably easiest if I ask the group of questions and then get a response, rather than going through them one at a time. What input has the agriculture, food and fisheries department had into discussions about the implementation of water restrictions to irrigators? Were rural solutions involved in any consideration to implementing a variety of methods of introduction which may be more specific to the problems within certain industries in certain regions? Has any economic study been carried out by the minister's department or any other department on the crisis in the dairy industry, in particular the Lower Murray irrigation flats? The minister has expertise available within his department, in particular the SA food team, to develop a community impact study or prepare forward predictions as to the impact that the crisis within the dairy industry will have on Murray River communities, particularly in respect of the regional town of Murray Bridge. Has that been done?

**The Hon. P. HOLLOWAY:** Some of these matters have been touched on earlier. I know Jim Hallion earlier talked about his role in the task force. I will get him to comment on that first, and then we will go through some of the other issues.

**Mr HALLION:** It is important to indicate that this is the responsibility of Minister Hill's portfolio, and also Water, Land and Biodiversity Conservation as the lead agency. However, I point out that our department has a strong involvement in water issues. I am Commissioner of the Murray-Darling Basin Commission and am also on the water trading board, which will be important in the future in

ensuring that water trade is allowed to occur so that water can flow to its highest and best use. I personally have taken a very important role in ensuring that that work is progressed through the Murray-Darling Basin Commission, as well as taking a very active role in commission affairs.

The department has had input on the latest restrictions. As I mentioned earlier, I am a member of the task force that is advising the government on that issue. Also, I can advise that rural solutions have been involved, particularly in relation to the sorts of responses that irrigators will need to adopt in relation to this issue. As I mentioned earlier, a significant amount of funding has been provided—about \$11.1 million—for technology diffusion, and that is about working with irrigators over the next four years to improve their already outstanding efficiency levels.

With regard to the third question in relation to the dairy industry, again the lead agency is Water, Land and Biodiversity Conservation. However, this department has input and involvement, and on a contract basis certainly it has looked at the impacts of that on the industry. Obviously, we look at it from the context of the overall dairy industry and the dairy industry plan. I can indicate that the department has been involved significantly in supporting the dairy industry plan in this state. As members would know, the dairy industry itself produced an outstanding plan for the future of the industry.

We are working on a number of projects to assist the industry in that regard. A very important prospectus of the state's dairy industry for use with potential investors and stakeholders is being developed by the Dairy Industry Development Board to provide the basis for a major program to progress implementation of the ongoing dairy industry expansion. Also, we are looking at expansion opportunities in the processing sector, identifying infrastructure needs and investment opportunities for export to China. Funding of \$70 000 has been provided from the department's RIAD funds for developing these projects and for the prospectus, as well. The agency has been involved.

In relation to the question on the SA Food Team, Susan Nelle, Executive Director of Food SA, is here, and I will ask her to talk more about the work in that agreement.

**The Hon. P. HOLLOWAY:** While Susan is coming forward, the question also included Rural Solutions. When we had a community cabinet meeting in the Riverland at the end of last year, one of the officers from Rural Solutions first drew to my attention some of the potential problems that would be faced as a result of the lower lake levels in the area of Langhorne Creek, and so on. I know that Rural Solutions does work for the Department of Water, Land and Biodiversity Conservation, as well as our own agency. I am sure their input has been significant.

**Ms NELLE:** I think the food scorecard team has very much been involved in looking at the projected impact in all sectors and, clearly, dairy is one of those. We particularly focus on the value-added opportunities. So, they have been involved.

**Dr McFETRIDGE:** I refer to Budget Paper 2, page 5.14 on incident response services to adverse events and emergencies. In last year's budget, amounts were put aside for animal disease control. How is Ovine Johnes disease control progressing? Where can I get a copy of the completed Bovine Johnes disease control program? But, I am more interested in Ovine Johnes disease control at present.

**The Hon. P. HOLLOWAY:** In relation to BJD, I understand the future success of that program will depend

very much on what happens in Victoria, given the close link between our dairy industry, particularly in the South-East, and the Victorian industry. Obviously, it is important for the future of the dairy industry plan that our approach to BJD should be consistent with that of Victoria's. I know there has been some negotiation with industry in relation to progressing that. I will ask Dr Robin Vandegraaf to comment on that.

In relation to OJD, our response to that has been evolving over time as there have been changes to the technologies and the costs involved in detecting the disease. The accuracy and costs of those tests are changing the approach and, of course, there have been developments in other states. I will ask Robin Vandegraaf to give comprehensive information on that.

**Dr VANDEGRAAF:** In relation to Bovine Johnes disease, over the past 12 months a lot of effort nationally has been put into a national strategy for this disease. At the same time, officers from PIRSA have been working closely to ensure cooperation with the other south-eastern states in Australia, where this disease is endemic, to ensure that we have a consistent approach to this disease. I am pleased to say that one of my senior officers was at a national meeting in Canberra yesterday, where the national BJD program was endorsed across the board by both governments and industry. The South Australian proposal for Bovine Johnes disease control, known as dairy managed, was acclaimed by both the Cattle Council and the Australian Dairy Farmers Federation as the model the other states should follow. We are now in the process of putting long-term implementation plans in place to involve both industry and government funds, in order to implement the dairy managed program. It is an exciting development and endorsement nationally.

In relation to Ovine Johnes disease, there has been considerable progress in managing this disease, particularly in the endemic area on Kangaroo Island where the policy has been modified and amended to include the widespread use of vaccination as a means of control in preparation for a longer attempt at eradication. Our initial target for the time being is control. There has been a large acceptance and a widespread uptake of the vaccine on Kangaroo Island.

**Dr McFETRIDGE:** In relation to OJD, the National Livestock Identification Scheme, as I understand it, will be flock identification with sheep. I have been informed that a producer in the South-East sent sheep to a New South Wales abattoir and subsequently came back with a positive OJD result. The consequences of that were quite dramatic, if not horrendous, for his enterprise. It turned out, when he contacted the abattoir, that one of the stockmen said, 'There are occasionally stragglers in the pens and they just get shunted through with the flock that is going through.' The specifics of identifying his sheep were just not there, and he is suffering the consequences of misidentification of his flock. His flock was tested negative on repeated occasions for OJD, as I understand it. Is there some way in which we can overcome this happening again? It is quite dramatic for not only the particular producer but also the whole sheep industry in South Australia.

**The Hon. P. HOLLOWAY:** I make the general comment that I think the economic impact statement that we conducted in relation to the NLIS and NFIS indicates that there are significant production benefits for producers as a result of these new schemes. Obviously, the case to which the honourable member referred is perhaps one of them, but there are other benefits for producers in terms of being able to identify particular stock because it will give feedback on production statistics, and so on. There are significant benefits

besides disease prevention that come from the NLIS. I ask Dr Robin Vandegraaf to comment on those sorts of cases.

**Dr VANDEGRAAF:** I cannot comment on the exact example that has been raised, but it is not uncommon for sheep trace-back and trace-forward operations to become quite complicated because of the lack of a specific property of birth identification system. OJD is not the only disease issue with which we have been dealing across state borders and within the state and which suffers from this problem. The sooner we can get an effective sheep identification system in place, the better, for all sorts of reasons—that being one of them.

**Dr McFETRIDGE:** I appreciate the practical difficulties associated with some of this. The National Livestock Identification Scheme (NLIS) is one that members of the Liberal Party support with a lot of vigour, and we will be offering as much assistance as possible in implementing it. The minister will probably say that is a federal problem, but the problem I see for us as a state is that, when the Australian export of beef is 7 000 tonnes a year and you have the European Union allowing 45 000 tonnes of meat to be imported from developing African states—and we are talking about deboned beef from Botswana, Kenya, Swaziland, Zimbabwe, Namibia and even from Madagascar—while we are doing our darnedest here to implement HACCAP and QA implementation and the trace back, does the minister have any money put aside to work out how we are going to get around the difficulties of competing with third world countries?

**The Hon. P. HOLLOWAY:** I guess the answer is directly, no, but, obviously within the policy development functions of the department they are the sorts of issues that would be looked at. I have referred a couple of times today to the Economic Impact Statement on the NLIS system. If one looks at which other countries are taking this up, countries like Uruguay are due to introduce it and a number of other countries have these more advanced stock identification trace forward, trace back, systems already in place. In relation to those African countries, I guess we could speak for a long time about preferential trade arrangements and non-tariff trade barriers. If one were to talk about genetically modified crops, for example, one could suggest that some of those issues are being used as non-tariff trade barriers in relation to some trade issues.

It is a pretty big area, but what should be obvious to Australian producers is that our continued access to key markets will depend on our ability to demonstrate that we are disease free and have the capacity for dealing with any outbreak of disease very quickly. I think that is absolutely imperative for our future access to markets. In relation to competition from other blocs, that is really a matter for the federal government in relation to breaking down any non-tariff trade barriers that might be imposed.

**Mr HALLION:** The issue here will be one of consumer issues in-country that will determine how this goes in the future. There is no question that the recent example of the BSE outbreak in Canada resulted in its markets becoming closed overnight. There is a view, strongly held by both industry and governments in Australia, that unless we adopt NLIS we will be closed out of markets, and those jurisdictions that do not, if they get disease outbreaks, will see their export markets closed very quickly. I think international forces will eventually mean that if you are participating in premium markets you will have to have both a livestock

identification system and the equivalent to our standards for food safety.

In Europe now, under the EUREP GAP protocols, major retailers are themselves looking at substantially increased standards for purchasing. I think we are on the cusp of a significant change in attitude of consumers, buying power and access to markets, and we need to be at the forefront of that. Those countries that are not participating will see themselves more as commodity traders, taking whatever price they can get on markets, rather than setting premium prices.

**Mrs REDMOND:** On page 2.28 of Budget Paper 3, the government has announced a new tax on fishers called the commercial fishing levy. What is the purpose of the levy? Was a regional impact statement undertaken before its introduction and was there consultation within the department and/or with industry in relation to that levy?

**The Hon. P. HOLLOWAY:** As I understand it, that levy is the responsibility of the Department of Transport. I presume that it is to do with cost recovery. I recall that back in 1992, when I was a member of the House of Assembly, that legislation was first introduced to, I think, the Marine and Harbours Act, which allowed for both the levy on recreational boats, which was to fund boat ramps, and provision for a commercial boat levy. For the details on that, the honourable member should ask my colleague the Minister for Transport in his estimates next week.

**Mrs REDMOND:** That would also mean that the Minister for Transport would be the person who would be able to detail how the rates were arrived at and the basis of that tax.

**The Hon. P. HOLLOWAY:** Yes.

**Mrs REDMOND:** On the river fishers and their compensation, can the minister provide precise details of the compensation offer put to the River Murray commercial fishers? Can he confirm that the new offer being put as compensation for River Murray fishers is some \$300 000 less than the package offered last year? Does it include relocation fees or a retraining component? And is it fair to say that no single fisher will be eligible for a payment over \$85 000 under the current offer?

**The Hon. P. HOLLOWAY:** I wrote to the fishers last week, and the compensation package that is currently before them is essentially a restatement of the offer that was made to those fishers last year. The reason why the overall value of that package might be less than the total value last year is that two of the 30 fishers did accept the compensation offer. But no individual fisher in the River Murray who was given an offer last week would be offered less than they were offered in October last year. There were a number of other parts to the question.

**Mrs REDMOND:** Does the offer include relocation fees or any element of retraining?

**The Hon. P. HOLLOWAY:** No. When we first made an offer half way through last year, it did contain that package. In the end, I went back to cabinet and the overall ex gratia offer was increased by some \$200 000 in total. We removed those elements of that package that included specific grants. In other words, it was all cashed out, essentially. After all, this ex gratia package is to compensate for the return of the fishing licence, and cashing that all out was more beneficial to those fishers in the sense that they could basically choose to use the money how they wished rather than having specific components which were in the original package but which were removed in the second package in October.

I should also indicate, while we are on the subject, that I did write to the President of the South Australian River

Fishery Association yesterday, following a meeting with him and other fishers during the week, indicating that I would be considering ex gratia offers in relation to eight of the 30 fishers. Whereas I had indicated publicly that the government was not prepared to shift in relation to the basic design of its ex gratia package, I said that I would consider specific anomalies. The member for Chaffey approached me with some issues affecting fishers in her region who entered the industry post-1997. Prior to 1997, fishing licences were not transferable. Those rules changed, and after 1997 there were some new entrants. I have undertaken to consider the offer to those post-1997 entrants, and I will take that to cabinet.

**Mrs REDMOND:** That partly answers the next part of my question on river fishers, which is: has the minister received requests to discuss the compensation packages with individual fishers; and, if so, what consultation has he had with them in person on a face-to-face basis and when?

**The Hon. P. HOLLOWAY:** Together with the member for Chaffey, I met with, I think, three fishers. I have met with the president of the river fishery and one other person. I have also met with another individual person, and I believe I have an appointment arranged with another fisher who has requested a meeting for next week. Obviously, I have also received correspondence from fishers in relation to this matter.

**Mrs REDMOND:** In my original group of questions I also asked whether it was the case that no individual fisher under this current compensation package offer would be entitled to a payment of more than \$85 000. Is that the case?

**The Hon. P. HOLLOWAY:** No, that is not the case. The original package which was offered in October was increased by \$200 000 in total. It was split into two parts: a minimum payment of \$60 000—so, no fisher would receive less than \$60 000; and the other component was based on gross income from the fishery over three years. The offers that are now being made to the remaining 28 fishers range from, I think, \$60 000 to about \$170 000.

**Mrs REDMOND:** And that is under the current offer?

**The Hon. P. HOLLOWAY:** Yes. The top package was actually \$290 000.

**Mrs REDMOND:** Do you know how much of the possible \$2.4 million available for compensation will be spent?

**The Hon. P. HOLLOWAY:** I hope to spend the lot of it. I hope the fishers will take the ex gratia payment. The court case made it clear that the state is not obliged to pay compensation in relation to fisheries licences. There was the case of a fishery in the South-East which was closed some time ago because of the collapse of the fishery. Those fishers were offered an ex gratia payment, but they did not take it, so it lapsed. In relation to the river fishers, the government has always accepted that, because this decision would remove those licences, we had if not a legal obligation (which the courts have said) a moral obligation, and that is why we are making this considerable package available.

Getting back to the previous question asked by the honourable member, the total package of ex gratia payments is \$2.9 million. The package for 30 fishers is almost \$100 000 each with, as I said, a minimum of \$60 000. For some of those fishers who were offered \$60 000, the income they received from fishing (according to their declared net income from that fishery as stated in their tax returns) was as little as \$90 a year. So, \$60 000 is a lot of years' income.

**Mrs REDMOND:** I refer to Budget Paper 4, Volume 2 (page 5.18). At the very bottom of the performance commen-



tary there is a financial commentary. It suggests that drought assistance measures were introduced in 2002-03 but, using the budgeted and expected net expenditure levels for last year, it indicates that only \$76 000 of the budgeted drought assistance funding was spent in the last financial year. Will the minister explain where is the up to \$3.5 million of other drought assistance funds that he has discussed in question time in the upper house, and in which budget line can the remainder be found?

**The Hon. P. HOLLOWAY:** The figures at the bottom of the table on page 5.18 represent the net cost of the sub-programs. That is not expenditure; it is the net cost of the program.

**Mrs REDMOND:** I am looking above those figures at the financial commentary.

**The Hon. P. HOLLOWAY:** In relation to the drought package, it was always understood that the most difficult time for those farmers would come at about this time of the year when the rains come, which hopefully they will, although I am not prepared to say yet that they have. Now is the time that those farmers would be feeling the pinch the most. Given the nature of the grants, particularly the \$1.5 million business support program, which gives \$10 000 grants to farmers in the worst affected areas, it is expected that they would be taken up at about this time of the year when they have to meet their reseeded and restocking costs.

I have a list of the expenditure of that drought package, and I will go through its various components. In summary, first, if we exclude from the \$5 million package the \$720 000 that was originally set aside to be our state's component for exceptional circumstances, the budgeted figure is expected to be \$2.22 million for 2002-03 and \$2.18 million for 2003-04. As I have said, the estimated result for this year will be \$1.22 million, but you must take into account the point I just made, that it is about this time of the year that we would expect most of that money to be flowing out as receipts come in for reseeded and restocking.

I will go through each of these components. For rural counselling, \$300 000 was provided in total. The budget for 2002-03 was \$160 000; \$120 000 is the estimated result for this year. That will leave \$140 000 for the 2003-04 budget. In relation to FarmBis, \$300 000 was provided in the budget for 2002-03. We hope that will be the estimated result. That will leave \$700 000 going into the 2003-04 budget for that component. The business support grant originally for 2002-03 was \$1 million; and \$300 000 is the expected result for this year. There were 53 grants approved on 19 March and 64 grants committed on 29 April. Letters have been sent committing \$1 153 100 in grants. The closing date for the second round was 16 May with assessments yet to be made. There was also under that program \$25 000 provided to Lions International to transport fodder from the South-East to the Murray-Mallee region.

In summary in respect of those business support grants, letters have already been sent committing \$1.153 million, but the expected result for 2002-03 is \$300 000. The budget for 2003-04 was \$500 000, but obviously there will be a carryover in that area. The budget for community grants was \$150 000; and the expected result will be \$90 000. In respect of sustainable farming systems, the budget was \$80 000 for 2002-03 and \$120 000 for 2003-04; and \$40 000 is likely to be the estimated result for the current year, of which we still have 10 days to go.

The drought tolerant crop research budget shows \$50 000 for 2002-03 and \$100 000 for 2003-04. We expect the budget

for this year to be fully spent. The \$100 000 provided for the central north-east program is expected to be fully in the 2003-04 budget. The original budget for the proposed agricultural development projects through Outback SA was \$100 000 in 2002-03. It is not likely we will spend it this year, so there will be \$100 000 in the 2003-04 budget. I should make the comment that we are developing a submission to the commonwealth for joint funding so that can be leveraged, so that is why that will carry over into the 2003-04 year.

The 2002-03 budget for livestock best practice was \$100 000, and \$70 000 is the estimated result and \$40 000 for the 2003-04 budget. Frost management has \$30 000 in the 2002-03 budget. It is estimated at this stage that we will not spend it this year, so that will go over to next year in addition to the \$20 000 that was originally to be part of the 2003-04 budget on frost management. Additional road maintenance had \$50 000 allocated, all in the 2002-03 budget. We expect that to be fully spent in the 2002-03 year. Some \$200 000 was donated to Farmhand that was fully spent in this year.

In relation to that I could point out that total Farmhand distribution in South Australia was \$517 500, so that was the sum returned as a result of that donation back to farmers in this state. I am informed that the total budget for Outback SA is \$300 000 of which none has been spent yet, but we are working on a submission for commonwealth funding for the joint budget. That is in relation to the total sum, which would have been \$4.4 million. The estimated amount spent to date on the exceptional circumstances money, which I have not included, is \$50 000, out of the total of what we expect to be \$400 000, and there are 20 applications under assessment.

**Mrs REDMOND:** What the minister is saying is that, with all the drought assistance packages, essentially if you have not expended the full amount in an area we will find it in the various parts of the budget carried over into the next year under all those headings you have read out?

**The Hon. P. HOLLOWAY:** I will hand that over to Geoff Knight in a second but, given that the commonwealth EC support was rejected for the southern Mallee, the government decided earlier this year that we would reallocate the \$320 000 that would have been our component of that back into other measures to assist the Mallee region. That was \$120 000 for sand drift removal from roads, and that money has already been sent to the Murray-Mallee Local Government Association. There was \$60 000 for rehabilitation—

*An honourable member interjecting:*

**The Hon. P. HOLLOWAY:** They would probably be part of that association; it is my understanding also that they would be eligible for some funding. Obviously if they exceed certain allocations they may be eligible under the disaster funding, but that is something they will take up. There was \$60 000 for rehabilitation of degraded land that is expected to be fully spent and \$80 000 allocated for capacity building in the Murray Mallee. The estimated result for 2002-03 for that program is \$58 000, and there are currently negotiations with the Murray Mallee strategic task force in relation to that. Also, \$20 000 is allocated for support for youth and young farmers. It is estimated that \$10 000 of that will be spent in the 2002-03 year. Also, \$40 000 is provided to the Coorong and lakes fishery to ease their burden there, because clearly that fishery is one area of primary industry that is badly affected by drought conditions. That is a total funding allocation of \$320 000, and the estimated result for 2002-03 is \$248 000. Perhaps Geoff Knight can explain the particular budget lines on page 5.18.

**Mr KNIGHT:** One part of the question at the outset was how is it that, given the level of drought assistance spending during 2002-03, the estimated result was only \$76 000 higher than the budget against subprogram 4.1 set out on page 5.18. I need to point out two things here that are essential to understand in order to interpret those numbers. The first thing is that the drought assistance package is not entirely contained in subprogram 4.1; it is spread out across two subprograms. I could ask the committee also to take note of the financial commentary under subprogram 4.2 on page 5.19 where you will also note a reference to an increase in funding for FarmBis in 2003-04 in relation to the drought assistance measures. That is the first thing to point out. You will notice that the estimated result in 2002-03 for that subprogram is \$849 000 higher than the budget. I point out that the drought package is split across two subprograms. Referring back to subprogram 4.1, the second thing it is important to note is that those are net costs of programs; they are not actual expenditures, so the way Treasury reports these numbers on page 5.18 and elsewhere in these pages is the difference between the total expenditure for that subprogram and the total revenue for that subprogram.

In fact, on page 5.18, where the variance is only \$76 000, what is happening there is that we have had an increase in expenditure of \$732 000 against that subprogram, but that is masked by an increase in revenue, also in excess of the 2003 budget, that is unrelated to the drought package. So, quite a large uplift in spending in 2002-03 is built into that estimated result which relates to drought but which you do not see from those numbers because revenue is net-off; those are not actual expenditure numbers. I reiterate: the explanation lies in the fact that they are net costs to program, not expenditure, and also the fact that the drought package is split across two programs, so the FarmBis element of the drought package is shown under subprogram 4.3 on page 5.19.

**The Hon. P. HOLLOWAY:** In relation to some of those figures I have given out, I need to make clear that for the sustainable farming systems the total budget under that package is \$240 000 and for the central north-east program it is \$200 000. So, we will obviously need to compile that into a table, which I will circulate to the members of the opposition later to make that clear. I appreciate that reading that out is probably about as clear as mud, but we will put it on the table and hope it all makes sense later.

**Mr VENNING:** This question relates to my previous question about intellectual property. I refer to Budget Paper 4, Volume 2, page 5.6 and the targets for intellectual property management and commercialisation. Will the minister explain what is meant by the target of implementing the state government intellectual property management and commercialisation policy?

**The Hon. P. HOLLOWAY:** This is page 5.6, is it?

**Mr VENNING:** Yes. It is the South Australian government intellectual property management and commercialisation policy.

**The Hon. P. HOLLOWAY:** In summary, the government's policy is to ensure that intellectual property created with government resources is identified, captured, suitably protected and responsibly managed. Commercial rights to the intellectual property will be allocated in a manner that will optimise the benefit to South Australia. I will hand over to Jim Hallion who might give you more illumination on that.

**Mr HALLION:** Intellectual property and the broader concept of innovation is very important to drive economic growth, as members will know. There is a very strong

correlation between innovative communities and the gross domestic product per capita. It is almost a linear relationship—the more innovative the community, the higher its GDP per capita and, therefore, the wealth of its citizens. We have been looking to considerably upgrade the state's IP policy to foster innovation, particularly within the public sector, and to encourage commercialisation of research activity. So the senior management council of the state government has asked a small group (chaired by the CEO of BioInnovation SA with Crown Law, SARDI and other input) to develop a new intellectual property program.

Dr Jurgen Michaelis, who chairs that group, has made a presentation to senior management council and I now chair a small sub-committee of senior management council to look at the implementation of that policy. Obviously it will need to go to cabinet for acceptance, but the broad concept is to ensure that we can capitalise on the very good ideas that come out of the research institutions in this state for the benefit of the South Australian community. That work will be ongoing during this current financial year.

**Mr VENNING:** I refer to Food SA, Budget Paper 4, Volume 2. Can the minister outline the major projects for Food SA for the coming 2003-04 financial year?

**The Hon. P. HOLLOWAY:** I will ask Susan Nelle to comment.

**Ms NELLE:** Food SA will continue to support the implementation of the state food plan. Basically, there are two areas in which that occurs. One is in the area of market development, which is working hand in hand with industry—literally in partnership with industry—to improve the ways that South Australian companies can get into new markets. For smaller companies that means going into interstate markets and for the larger, more capable companies it means developing systems into international markets. South Australia's two current leading national projects, one into Singapore and one into Dubai, are creating new opportunities for our exporters to actually enter those markets.

The other equally important side of the state food plan is that of continuing to stimulate innovation. Innovation is the key to the ongoing competitiveness of the industry, and in 2003-04 there will continue to be support for demonstration projects in innovative value-adding and for improving innovation along the whole chain, in particular looking for ways to increase the value of the food and move away from being dependent on commodities.

That really describes the two main programs—the third is to support the development of regional food groups. There are now 10 food groups that are developing in regions throughout the state, and the program provides support to people within these regions so that they can access the other services that are available.

**Dr McFETRIDGE:** To expand on that a little: minister, can you give us an overview of the whole progress of the state food plan with some further details of the number of employees still involved in the plan and the processing of the state food scorecard?

**The Hon. P. HOLLOWAY:** I provided that information earlier when I indicated that, in spite of some particularly difficult conditions—we obviously had significant reductions in field crops and the flow-on impact into some of our livestock production—we nevertheless expect to see some growth this year. I will hand that over to Sue. She might have some additional comments in relation to that.

**Ms NELLE:** The scorecard for 2002-03 will not be completed until July/August and we will report that at the

Premier's Food Council in September. But early indications show, as the minister has already said, that we will be on target to achieve the \$15 billion. We will have less, obviously, in some of the grains areas but we continue to show strong growth in value-added exports.

**Dr McFETRIDGE:** Are there a number of employees involved in developing the plan?

**Ms NELLE:** Well, there is no change in the number of employees. The number does not include only employees in PIRSA, it actually includes employees across other departments as well, but the plan for 2002-04 is that there is no change.

**Dr McFETRIDGE:** I refer to Budget Paper 4, Volume 2, Program 4.4, Portfolio Program Management (page 5.19), Food Safety. What are the food policies endorsed for action in 2003-04 and what is the cost of each of those programs? Can you give a detailed break-down of the discrepancies between the 2002-03 budgeted amount of \$6.8 million and the actual result for 2002-03 of \$814 000? That is a nearly \$6 million-difference.

**The Hon. P. HOLLOWAY:** In relation to that latter part I will just hand over to Geoff Knight. He can explain the Treasury financials there. Actually, perhaps I will give Geoff the chance to get that while I deal with the first part of the question, which was in relation to the policies actually underway—the new initiatives. There are actually two of those new initiatives underway. One is a new bill to allow food safety standards to be mandated in primary industry sectors where improved risk management is needed. That legislation will be part of our key objectives this year, but there is also an action plan that outlines PIRSA's approach to managing potential risks identified by national and South Australian risk assessment reports.

So, we obviously need, having identified potential risks in the area, to develop an approach for managing and reducing those potential risks. The new bill will provide a mechanism for primary production and processing standards to be applied to primary industry sectors through a co-regulatory partnership with industry. Obviously, in some areas of primary industry, such as the Meat Hygiene Act, we have already developed a comprehensive program. I think the citrus industry has its own act, as does the dairy industry and probably other industries that are advanced in terms of minimising risk potential. What we are really looking at with the new Primary Industry Act is to extend these sorts of schemes right across the primary industry sector. I will hand over to Geoff.

**Mr KNIGHT:** The answer is reasonably simple, although it looks a bit strange from the printed numbers. I will point out two things. First, I reiterate that they are net costs of services rather than expenditure numbers published in the papers. Second, the main reason there is such an unusual pattern in the cash flows relates to the carryover issue that has been touched on a number of times before. Essentially, the actual estimated result for 2002-03 is approximately \$6 million less than the 2002-03 budget.

A significant carryover expenditure relates to that under expenditure into 2003-04. The reason why that 7.5, 7.3 figure does not reflect all that carryover is that—and members might recall that in his opening statement the minister referred to the fact—that there is a large amount of money (I think it is \$5.7 million) held in Treasury essentially for carryovers that will be able to be drawn on as we require them during the year. Effectively, the low result for 2002-03 relates to carryovers. I touched on the main composition of those

carryovers earlier in relation to a question, but just to reiterate, FarmBis, central north-east, rural assistance grants and the Riverland rural partnership program all contributed to that. All that expenditure will be incurred in 2003-04, but it is not fully contained in that 7.5, 7.3 figure because of some provisions being held essentially within Treasury for some cabinet approved carryovers.

**Dr McFETRIDGE:** To be clear, that 5.7 that is held now in Treasury is on top of this 7.5.

**Mr KNIGHT:** It is on top of that.

*Dr McFetridge interjecting:*

**Mr KNIGHT:** No, it is in addition to that. As the minister pointed out in his opening statement, there is about a \$20 million increase from about \$151 million to \$171 million and, in addition, funds have been approved for carryover but they are not built into our figures yet, but we will be able to draw on those throughout the year as we need to spend them, and that particularly applies to FarmBis as well.

**Dr McFETRIDGE:** I refer to Budget Paper 4, Volume 2, program 4.1, 'Facilitation Planning Services', page 5.18. Can the minister explain why, in spite of an increase of \$1.1 million on last year's budget for facilitation planning services, it is still \$2.1 million less than actual expenditure in 2001-02? What planning services have been scaled down or discontinued in that time; and what proportion of those scaled down services relate to the State Food Plan?

**The Hon. P. HOLLOWAY:** Again, one can make the comment that the figures we are looking at are not expenditure as such, but the net cost. I will again ask Geoff Knight to explain those financials.

**Mr KNIGHT:** There is a very simple answer to all the figures in relation to 2001-02 actuals. I just need to point out that in trying to understand any of the figures in relation to these sub-programs, all the 2001-02 actuals are audited numbers from the Auditor-General's report in the relevant year. Members will recall that part way through that year the sustainable resources group moved to the Department of Water, Land and Biodiversity Conservation as at 1 May 2002. That meant that about 10 months of the year 2001-02 included the sustainable resources group. They accounted for about \$13.8 million of net cost spread across the various program areas. The figure of 9.728 included nearly a full year of sustainable resources group, and it just so happened that much of their activity fitted under the facilitation planning services sub-program.

For example, the NHT program was largely under that sub-program. Therefore, you really cannot compare 9.728 with 7.641. I do not have the figures with me, but if we adjusted that figure for the former sustainable resources group of PIRSA, you would have a more accurate comparison. I can tell you that across the whole department the adjustment in relation to taking sustainable resources out of those audited numbers for 2001-02 is about \$13.8 million. I cannot tell you how much was against that sub-program but it would be considerable.

**Mr VENNING:** On the subject of aquaculture industry development, I refer to Budget Paper 4, Volume 2, page 5.6, 'Targets'. Can the minister explain the differences between the announced \$2.8 million funding over four years for the development of the South Australian aquaculture industry and this year's target—'commence three year innovative solutions for aquaculture planning and management program'? Is this the three remaining years of the four year plan announced last year? What funds have already been spent? What progress

has been made under the development plans announced last year?

**The Hon. P. HOLLOWAY:** What I can say is that the state government and the Fisheries Research and Development Corporation have jointly funded a three-year research program to underpin the future sustainable development of marine aquaculture in South Australia. The program includes an environmental baseline study of existing aquaculture areas, research to gather scientific information on appropriate levels of aquaculture activity within a given area and ways to manage interactions between aquaculture and marine animals, including fish health relationships and population interactions between farmed and wild fish. Essentially that is what this program involves and we are very pleased to have the support of the Fisheries Research and Development Corporation. This is a new program. I am not quite sure exactly to what program the honourable member was referring in his question, but this is certainly a new program that we are undertaking with the FRDC. I am advised that principally this money will go to SARDI aquatic sciences.

**Mr VENNING:** My second question is a bit closer to home and relates to the Lower Murray irrigators. I refer to Budget Paper 4, Volume 2, page 5.6, 'Targets', under 'Dairy Industry Strategies'. One of last year's highlights for the department was the announcement of the South Australian dairy industry strategic plan for 2010. Can the minister give an overview of the success measured against that plan and the highlights of its implementation for 2002-03; and also is the government's commitment to the rehabilitation of the Lower Murray irrigation area consistent with the SA dairy industry strategic plan?

**The Hon. P. HOLLOWAY:** We have already had some discussion in relation to the dairy industry. Certainly I can say that the government is very committed to the dairy industry plan. Obviously the drought which we have had over the last 12 months has had an impact, although, as I pointed out in answer to a question in parliament, one of the interesting things is that during the past 12 months the dairy industry in South Australia was the only eastern state to increase production. Its share of national production rose from 6.1 to over 7 per cent. I think that does indicate that there is a significant advantage for our dairy industry in South Australia in that it is perhaps more drought proof, if one could say that, compared with the other states.

Quite clearly, the restrictions on water in the Murray this year will have some impact. Of course, we also have—and I think an opposition member referred to it in an earlier question—problems in the dairy industry at the moment in relation to falling prices. The dairy industry certainly has its fair share of problems at the moment. A prospectus of the state's dairy industry for use with potential investors and stakeholders is being developed by the Dairy Industry Development Board to provide the basis for a major program to progress implementation of ongoing dairy industry expansion, notwithstanding the difficulties we are currently facing.

Other projects being developed include expansion of the processing sector, identifying infrastructure needs and investigating opportunities for export to China. Funding of \$70 000 was made available for developing these projects and the prospectus was provided from state rural industry adjustment and development funds. We have certainly been supporting that plan. I met with the dairy association just a few weeks ago. I am certainly well aware that there are problems in the industry, but notwithstanding that, I think that

there is also significant optimism within the industry that they will overcome these problems. The fact that we were the only eastern state to increase our production is significant. Year to date milk production in South Australia has increased by 2 per cent compared to 2001-02, and by 5.1 per cent compared to 2000-01.

The honourable member also asked about the Murray River restructuring. Obviously, those dairy farmers in that region are facing difficulties at present, not the least of which is the lower flows in the Murray River. I am sure my colleague Minister Hill, Minister for the River Murray, is well aware of those in his discussions with them. I am sure he would be pleased to discuss the latest developments in his estimates next week. I am sure he would be happy to provide more details in relation to that part of it next week.

**Mrs REDMOND:** On page 5.19, subprogram 4.2, the last part of agriculture, food and fisheries' performance commentary states:

The performance of PIRSA's Meat Hygiene Program continues to support access to interstate and international markets. . .

That was reflected in the 2002-03 year by issuing over 35 certificates for meat products exported from Australia. How does that compare with previous years, and how much more money is expected to be expended before that meat hygiene program concludes?

**The Hon. P. HOLLOWAY:** I will ask Barry Windle to provide an answer.

**Mr WINDLE:** The meat hygiene program is an ongoing program. The minister referred earlier to the development of a bill for a primary industries food safety act, and that bill will not only continue the work being done under the Meat Hygiene Act and the meat hygiene program but also will pick up dairy, and steadily extend our programs in conjunction with industry through primary industry sectors generally where the risks warrant food safety programs. So, there is no intention for the meat hygiene program to wind down or cease. It will continue to evolve. It has a high level of meat industry support through the Meat Hygiene Council. However, we are looking at ways that that program—alongside dairy, citrus and all the others—can evolve and develop into a broader-based food safety program for all primary industries.

**Mrs REDMOND:** There was a first part to the question as to how that number of 35 certificates issued in the current year compares with those of previous years.

**Mr WINDLE:** I will have to take that on notice. That involves meat products exported from South Australia. Certainly, the number of enterprises being accredited right through to retail butcher level has been increasing every year and continues to grow as every enterprise comes into the sphere of the meat hygiene program.

**Dr McFETRIDGE:** In the sheet the minister handed out before on PIRSA regional locations, there are 27 listed locations for rural solutions in South Australia. In Volume 2, under 'Major projects—Rural solutions,' will the minister outline the activities and projects for rural solutions in the coming year in those 27 locations?

**The Hon. P. HOLLOWAY:** Obviously, rural solutions works not just for Primary Industries and Resources but for other departments, in particular, Water, Land and Biodiversity Conservation. I will ask Mr McLaren to provide some information on that.

**Mr McLAREN:** Rural Solutions SA has some 220 consultants spread across South Australia. About a third of

the programs that Rural Solutions SA is involved in are associated with PIRSA programs from the agriculture, food and fisheries group, and the like; about a third are associated with programs from the Department of Water, Land and Biodiversity Conservation; and about a third are from other national industry funding bodies and commercial consultancy activities.

**Mr HALLION:** Perhaps I can add some of the strategic overview as to the direction in which Rural Solutions is going. If necessary, we can take the question on notice and add further detail. Rural Solutions is the key technology diffusion arm of the department and links very closely to SARDI in research. So, the strategic aim of Rural Solutions is to ensure that farmers get access to the latest and best techniques and technologies in primary production. One of the keys of that is to improve sustainable farming practices and environmental management systems. In SARDI we have enhanced efforts in that area through a new position.

The new position is chief scientist, held by Rob Thomas, who many of you would know. He has been transferred to SARDI to head up a new unit in that area to develop the research. That will flow through to Rural Solution in terms of technology diffusion. The strategic direction of Rural Solutions for the year is to build on the existing relationships it already had within and outside government to increase its revenue base. It is obviously looking to diversify its revenue base and to increase the amount of commercial activity in Rural Solutions during the coming year. It has a very strong brand in the marketplace. It is highly respected in the marketplace, and it wishes to build on that. It is looking at adopting quality management principles and practices within the organisation, and developing a more innovative culture, improving project and business performance, and ensuring that it gets the very best people to its organisation. The direction is one of improving advice and assistance to our rural communities in the areas I talked about earlier, which is in sustainability and production systems.

**Mr VENNING:** I refer to Budget Paper 4, Volume 2, 5.6 'Targets'. With regard to the listed target for 2003-04 of national competition policy requirements for dried fruits, citrus and meat hygiene acts, can the minister give an estimated time for completion of these requirements, and when will any reports pertaining to compliance under national competition policy be released?

**The Hon. P. HOLLOWAY:** We have completed dried fruits. I will introduce a bill into parliament fairly soon in relation to that. It is basically a repeal of the act. In relation to citrus, it has been a somewhat more complicated development. A consultation draft bill to amend the act is being developed. I am hopeful that I can get that in before the end of this session. That is certainly the aim. Further process of industry consultation will then be undertaken before the draft bill is introduced to parliament. That is the final bill. Presumably, we are talking about the consultation draft bill. We have covered the meat hygiene legislation. Obviously, the new food safety act will tend to deal with those issues.

**Mr VENNING:** You have raised before the issue of the irrigators' handbook in the Riverland. The document is being produced by SARDI. There is funding to have it printed for distribution, but its writing has still not been finalised. In answer to a previous question, you said it would be ready in March, but we still have not seen it.

**The Hon. P. HOLLOWAY:** I understand that has been undertaken in a voluntary capacity.

**Mr HALLION:** My advice is that it will be ready by the end of next month. It is imminent in terms of getting it out there and its being published.

**Mr VENNING:** In relation to the future of integrated natural resource land management, I worked with this program for many years—

**The CHAIRMAN:** Order! It is necessary to extend beyond 1 p.m. if you wish to continue.

**Mr VENNING:** I have only a couple more words. My concern is that, if it remains with PIRSA, we would have some success. With WLBC like it is now, I am concerned it will not be successful. Do you share my concerns?

**The Hon. P. HOLLOWAY:** I have every confidence in my colleague and his consideration of the matter. We do not yet know the final outcome of those consultations, but we will know shortly. I have full confidence in my colleague.

**Mr VENNING:** I have full confidence in your being able to handle it because—

**The CHAIRMAN:** Order! We are moving to private discussion. The sitting is suspended until 2 p.m.

*[Sitting suspended from 1.01 to 2 p.m.]*

#### **Membership:**

The Hon. W.A. Matthew substituted for Mrs Redmond.

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

Dr D. Blight, Executive Director, Minerals, Petroleum and Energy.

Mr B. Goldstein, Director Petroleum, Minerals, Petroleum and Energy.

Ms P. Freeman, Manager Land Access Branch, Minerals, Petroleum and Energy.

Mr G. Marshall, Manager Mine Regulation and Rehabilitation, Minerals, Petroleum and Energy.

Mr Paul Heithersay, Acting Director Minerals, Minerals, Petroleum and Energy.

**The CHAIRMAN:** Order! According to my timetable, we are now moving to mineral resources development. Minister, do you wish to make an opening statement in relation to this area?

**The Hon. P. HOLLOWAY:** Yes. I think it is important to mention that Barry Goldstein is the new President of the Petroleum Exploration Society of Australia. If members look at the society's last magazine, they will see pictures of what he looked like 30 years ago. South Australia's abundance of valuable natural resources, world-class resource legislation, attractive fiscal regime, best in the nation processing for attaining native title access agreements, easy access to extensive exploration information, and world-class resident experts with industry, government and academia, combine to sustain the state as a very attractive destination for well-regulated resource exploration and development investment. PIRSA's mineral resources and petroleum groups are cornerstones to attracting and sustaining the well-regulated resource industry investment in the state.

It is worthwhile drawing attention to a few salient achievements that verify this. The state has effectively promoted and sustained an attractive risk-reward profile for exploration investment. Roughly 80 per cent of the play trends considered reasonably prospective petroleum are now under licence or licence application. Currently, there are 414 mineral exploration licences held by 151 licensees, covering

approximately 283 000 square kilometres of the state. The number of new minerals exploration licences issued in 2002 was the second highest ever—only exceeded during the 1996 gold boom. All exploration investment indicators are significantly higher than for the same period last year. It is now certain that there are more gas reserves from more basins competing to supply South Australian gas markets than ever before, keeping a lid on the world head price of gas and extending the term for secure gas supplies to the state. The Seagas pipeline will roughly double gas transmission to South Australia on completion in the first quarter of 2004.

As we are reviewing the budget estimates, a multimillion dollar investment is in progress to establish whether innovation by adopting new high temperature drilling technologies, and South Australia's comparative advantage of having the hottest non-volcanic terrain in the world in the Cooper Basin, will lead to a step change in Australia's future energy supplies. That investment is based on the drilling of the Habanero No. 1 geothermal exploration well by Geodynamics.

The two cornerstone resource development projects in South Australia—Olympic Dam and Cooper Basin—have been, and will continue to be, material contributors to the state's wealth, and there are plans to extend both projects. In December 2002, Santos announced its contract to sell an incremental 550 petajoules of natural gas from the Cooper Basin to AGL over a 14-year term from 2003 to 2016. More than half the gas will emanate from the South Australian sector of the Cooper Basin, and more than \$100 million in royalties will be paid to the state over that term as a result of the contract. In relation to Olympic Dam, the inground value of that giant ore body has encouraged Western Mining to plan a further \$5 billion to \$8 billion development, with proposed long-term production rising to 600 000 tonnes of copper and 10 000 tonnes of uranium per annum.

A two-year \$35 million feasibility study will include reassessment of the size and quality of the ore body and whether the ore can be economically extracted by open cut mining. The assessment will be completed by August 2003 for \$4.2 million. South Australia is widely acclaimed as the jurisdiction that has achieved more than any other state or territory in relation to native title access agreements. That claim has been there for a number of years and it is this government's intention that that continue. The state has and continues to aim to attain native title access agreements that are fair to the native title claimants and sustainable in relation to development. The government is the custodian of the two processes that have achieved these laudable results.

First, there is the right to negotiate process for petroleum licences in South Australia. A total of 27 conjunctive native title access agreements have been achieved so far for the South Australian Cooper Basin petroleum exploration licence areas. An additional 30 petroleum exploration licence areas have been lodged over lands either owned by indigenous people or subject to registered native title claims. Indigenous land use agreements (ILUAs) appear to have a future for minerals exploration. ILUAs may be negotiated by individuals or companies and registered native title claimants, providing flexibility as to process and, if agreed, conjunctivity.

An ILUA negotiations working group has been formed to progress the negotiations of the template ILUA in respect of mining exploration in South Australia. This working group includes Aboriginal, government, mining industry and farming interest groups aiming to address critical issues for

the resource industry in relation to exploration activities and expediting the process involved for work site clearances. One key current pre-competitive initiative to facilitate native title access agreements is PIRSA's mineral exploration promotion program that commenced on Anangu Pitjantjatjara Lands in 2000. The Anangu Pitjantjatjara Lands host the highly prospective Musgrave Block, which is one of the three terrains targeted by the South Australian government for geological investigation and mineral exploration promotion.

This initiative is being undertaken in close collaboration with the Pitjantjatjara Yankunytjatjara Lands Council to ensure that traditional owners approve of the scale and pace of geological investigations and resource exploration and development on their lands. It is pleasing to note that the Anangu themselves have identified mining on their lands as a trigger to sustainable development in their strategic planning. In July the program will take key traditional owners to visit existing mines and gas fields on other Aboriginal lands that employ and involve indigenous people in the operations and related businesses.

Several recent minerals and petroleum discoveries in the state are worth briefly mentioning. The TEISA 2020 initiative, which began in 2003 with an initial \$1.14 million funding, will increase to almost \$2 million per year over five years, when it will become part of the core budget. This initiative will ensure that the minerals and petroleum exploration industry has continued access to this high quality pre-competitive geoscientific data. Some recent material outcomes from the effort of PIRSA's petroleum group are as follows. The CO98, CO99 and CO2000 licensing rounds were very successful in attracting extensive work programs to the South Australian Cooper Basin. The work programs for these additional 27 PELs include geographical and geophysical studies of approximately 6 400 kilometres of two-dimensional seismic, 320 kilometres of three-dimensional seismic, and 182 exploration wells, worth an estimated aggregate \$275 million investment.

Some recent material outcomes from the efforts of PIRSA's mineral group are as follows. Pre-competitive surveys concluded by PIRSA's mineral resources group were instrumental in attracting the existing minerals explorers to the state. Discoveries that have resulted, particularly the discovery of Prominent Hill by Minotaur, has been one of the most material reasons for a healthy resurgence in the Australian mineral exploration industry within the past few years. The release of Australia's private company mineral exploration figures by the Australian Bureau of Statistics for March 2003 shows a significant increase in national expenditure of \$9.9 million, a 5.4 per cent increase to \$192.8 million for the December 2002 quarter.

A total expenditure on mineral exploration in South Australia for calendar year 2002 was \$36.9 million, a 15 per cent increase on 2001, representing the second successive increase since 1997. South Australian mineral exploration of \$10 million for the December quarter 2002 was an encouraging 25 per cent higher than the \$8 million recorded for the same quarter in 2001. This increase can be directly attributed to a statewide flow-on in exploration as a result of the Prominent Hill copper/gold discovery and the continued release of high quality precompetitive geoscientific data through the Targeted Exploration Initiative South Australia. Further excellent drilling results by the Mount Woods joint venture from the Prominent Hill prospect during 2002 have continued to promote a rise in exploration activity in the eastern margin of the Gawler Craton.

The new Central Gawler Gold Province is also attracting considerable exploration activity. Exploration is being led by local explorer Adelaide Resources, whose Barns prospect north of Wudinna continues to return encouraging results. Increased exploration activity in the Gawler Gold Province is mirrored by Helix Resources, which has committed \$2 million for exploration at the Tunkillia prospect in this calendar year, and they have just acquired Anglo Gold's 75 per cent of the Tarcoola project. Dominion's Challenger mine continues to progress, having produced 10 206 ounces for the December 2002 quarter at an operating cost of \$A296 per ounce. PIRSA's petroleum and mineral resources group is widely recognised for providing easy access to extensive exploration information, and this is a strategic advantage for attracting and making the most of exploration investment.

South Australia's SARIG II web base portal to geoscience, tenement and legislation information is particularly noteworthy and continues to lead the nation in online information. I would also like to draw attention to the South Australian Mineral Explorers Guide published by PIRSA, which has also set a new benchmark in providing a comprehensive set of information for newcomers to exploration in South Australia. Last, but not least, industry, government and academic collaboration at the University of Adelaide has resulted in establishing a world-class school for petroleum, which includes the National Centre for Petroleum Geoscience and Geophysics, and the School for Petroleum Engineering.

The state Chair of petrophysics and reservoir properties, currently held by Dr Richard Hillis, is supported by PIRSA. The excellence of the School for Petroleum Engineering and the NCPGG has resulted in millions of dollars of industry support for university education in South Australia. The petroleum group was instrumental in attracting the Hedberg Risk Conference to Adelaide in 2002, and this drew considerable attention to the intellectual property and strength resident in Adelaide. PIRSA continues to be a core partner in CRC LEME, a cooperative research centre that focuses on the cover or regolith, that obscures much of South Australia's mineral endowment.

South Australia's natural human and information resources are the necessary high quality ingredients for healthy minerals and petroleum industries in the state, and I am pleased to say that PIRSA's mineral and petroleum teams do an excellent job. Their efforts are essential leading steps towards well-regulated resource development projects that will inevitably continue to be a significant underpinning for South Australia's prosperity.

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

**The Hon. W.A. MATTHEW:** Yes, but a much briefer opening statement. On 7 August 2002 I opened questioning for the opposition in relation to the minerals and petroleum portfolio. On that occasion I gave a very brief opening statement advising members to refer to the *Hansard* record of Wednesday 20 June 2001, which details the intended activities for 2001-02 of the then (Liberal) government. I indicated then as I do today that those activities stand as a public records and the results are a testament to what was achieved by the then (Liberal) government over a period of eight years and beyond.

I also highlighted on that occasion that, with the exception of the addition of Jim Hallion as the very capable new Chief Executive Officer of PIRSA, all the government officers at the estimates hearing were the same officers who had attended previous estimates with me. I am glad to see that that

is equally true today, and I pay the minister tribute for having the good sense to recognise that he is surrounded by good staff and to retain them to continue with the activity they had started.

Labor has now been in government for 15 months. The consequences of this are already starting to unfold with a devastating series of blows to the mining and petroleum industries. I sympathise with the officers of the department (whom I know to be dedicated people) who are striving to ensure that the mining and petroleum industries have the best possible opportunity to expand and prosper. They know full well (as does the opposition) the potential that these industries have in South Australia, given the right encouragement but, regrettably, this government is not heeding their advice.

This last budget is a slap in the face for an industry which delivers so much to our state and which has the potential to deliver so much more. This budget runs the very real risk of setting the mining industry back. It is seen as a serious threat by many mining companies that have approached the opposition with concern. The Chamber of Mines and Energy, which capably represents the industry as its advocate, has put out a media statement expressing its concern about the budget. In my 13½ years as a member of parliament, this is the first time I have seen that organisation put out a media release criticising the state budget. It did so for a very good reason. It is not just that it is a bad budget for the industry but there was no consultation before the industry was set upon by the government in this latest budget.

We now have a government that has increased fees and a whole range of charges for licences and permits in every area of the industry, whether it be petroleum or minerals, by as much as 23 per cent for petroleum and 8 per cent for other areas of mining. The government also intends to increase royalties by 1 per cent from 2.5 to 3.5 per cent. This government has also reduced exploration funds through the TEISA program. Whilst TEISA 2020 (or what is left of it) continues to operate, the finance for this financial year is almost \$1 million less than that in the budget projections.

*The Hon. P. Holloway interjecting:*

**The Hon. W.A. MATTHEW:** The minister was given the courtesy of my listening and not commenting during his opening statement; I would appreciate being given the same courtesy. This government has failed to put the funds that are needed into the Indigenous Land Use Agreement (ILUA) process to ensure that Indigenous Land Use Agreements are negotiated so that exploration and mining can occur. The simple fact is that, without encouragement to explore, without access to land, the mining industry cannot prosper, and companies simply will not be encouraged to come to South Australia.

Over the eight years of Liberal government, we encouraged an environment where South Australia was regarded as a location for prospectivity. Now all that hard work is at risk. This opposition will not sit idly by and allow this government to sabotage eight years of hard work undertaken by the former government. The minister must stand up for the mining industry and champion the industry's cause. To date, he has not, and today's process will hold him accountable. I make no apology for that statement. The Chamber of Mines and Energy, in its 29 May 2003 media release entitled 'State budget—government takes resource industry for granted', said:

The resources industry is at the cusp of realising significant economic benefits for South Australia. We would have thought that the budget would reflect this potential. Unfortunately, it doesn't.

That concludes my opening statement.

My first question relates to the State Resources Plan (Budget Paper 4, Volume 2, page 5.18). I put to the minister that in Program 4 in last year's budget papers \$2.5 million was allocated to complete year 3 of the State Resources Plan, which was implemented by the Liberal government to encourage the expansion of the mining industry. Regrettably, the page to which I refer the minister today does not contain reference to that plan, nor for that matter do the papers contain any further financial allocation reference. I put to the minister that this has so angered the industry that on 29 May 2003 the Chamber of Mines and Energy, in its media statement entitled 'State budget—government takes resources industry for granted', said:

It is not acceptable for the government to inject \$3.4 million into the Defence Industry Advisory Board, in order to develop the defence sector, and yet give nothing to the Resources Industry Development Board.

I ask the minister: did he submit a budget bid for money to support the work of the Resources Industry Development Board; and, if not, why not?

**The Hon. P. HOLLOWAY:** In answer to the criticism from the honourable member in his question about the resources task force report and the State Resources Plan, as I understand it, the \$2.5 million provided for that is ongoing funding which is built into the budget. That is a significant source of funds that is there within the department to advance the activities of the mining industry. Apart from its regulatory functions, the whole purpose of the Petroleum, Minerals and Energy Branch is to advance the petroleum and mining industries in the state. That is its essential purpose in addition to its regulatory activities.

In relation to TEISA funding, as I indicated in my opening remarks, when this government came to office there was no ongoing funding for a number of programs, of which TEISA was one. One of the fundamental tasks of this government was to restore some stability and integrity to the budget by ensuring that funding of some of these important programs was ongoing. The funding announced in the TEISA 2020 program (which was introduced last year) was \$1.14 million in 2002-03, increasing to \$1.33 million in 2003-04, \$1.52 million in 2004-05, \$1.7 million in 2005-06, and \$1.9 million in 2006-07, and beyond. So, I think it is important that it is put on the record that the new TEISA 2020 program was filling what was basically a hole in the forward estimates.

**The Hon. W.A. MATTHEW:** That's not the case.

**The Hon. P. HOLLOWAY:** It was a hole in the forward estimates.

**The Hon. W.A. MATTHEW:** That is not the case.

**The CHAIRMAN:** Order!

**The Hon. P. HOLLOWAY:** The honourable member and I have had this debate on a number of occasions, what the Liberal government would have put into their budget. One could say that about all sorts of things in the budget, but the reality is that in the current state budget this year there is still a \$20 million accrual deficit. The opposition in its questions throughout the estimates period so far has put on demands for many tens, if not hundreds, of millions of dollars of extra expenditure in all of these areas. It is easy to say what one would have done, but the reality was that when this government came to office there was not that forward funding. It might have been in one of the honourable member's budget bids. Maybe it would have been won, maybe it would not have, but the reality is that this

government had to get the budget of not just PIRSA but the whole state into some sort of shape.

**The Hon. W.A. MATTHEW:** I wish to ask a supplementary question for clarification. In his response, the minister claimed that the money that was allocated by the previous government for the State Resources Plan had been retained within the budget. In view of the fact that the budget documents do not reflect any separate detail as to what moneys have or have not been allocated for this part of his portfolio, will the minister illustrate his answer by detailing specifically how much money is in the budget to support the mining sectors in this financial year versus the last two financial years to quantify his statement?

**The CHAIRMAN:** Order! I will allow that as a supplementary question, but it is the last time that anything so long will be accepted as a supplementary. You have moved into new territory. Supplementary questions are only for clarification.

**The Hon. W.A. MATTHEW:** With respect, Madam Chair, it is the same question.

**The Hon. P. HOLLOWAY:** I will begin by answering that question. The way in which budget information is presented in the Portfolio Statements has evolved through Treasury over the last four or five years. If members find it difficult to break it down, they need to understand that this is the way this process has evolved. I remember the former treasurer telling me that it was done to make it clearer for our benefit.

I will let members judge whether or not that is the case. Certainly the way the expenditure is put into these output categories is something that has evolved, and I will not make any comment on that process other than that. If one looks at the overall operating expenditure and the expenditure by areas one sees that the revenue budget this year for minerals and petroleum is \$5.226 million; the expenditure budget is \$17.283 million. That is on Petroleum SA; obviously, for Energy SA those figures will be available from my colleague, the Minister for Energy, when he has his estimates. I will ask Jim Hallion to add to those figures.

**Mr HALLION:** I can also reassure members of the committee that the government's commitment to the resources industry task force and the resources industry plan is very solid. I was a member of the resources industry task force, as members may be aware. It set a cornerstone for the strategic direction for the industry in this state dealing with the issues of significant importance such as access to land and outstanding pre-competitive data that would give the state a competitive advantage—two of the big cornerstone issues in that plan. In effect, that has now been built into the core budget of minerals, petroleum and energy. So the implementation of that plan is now very much part of their ongoing work, and TEISA is a key element of that which is built in as ongoing core funding, which I think is important.

**The Hon. W.A. MATTHEW:** I can see we will go around in circles all afternoon at this rate. Basically, the answer was that it is included but the funding has been cut anyway, so effectively it has not been. My next question relates to the SAMAG project. To give the minister his budget quote, that project is mentioned in the Regional Statement 2003-04, Budget Paper 6 on page 3 and I am pleased to note the government has a commitment of continuing the \$25 million funding to SAMAG over two years, depending on the project proceeding. Specifically, why did the minister tell the Port Pirie community last night and also listeners of ABC 639 radio today that Robert Champion



de Crespigny had no role in calling for a review of SAMAG, when this conflicts with statements made by the minister for Industry, Trade and Regional Development? To assist the minister, I will first read part of the statement he made this morning on the ABC when he said that the only reason we are having this update in relation to the business case for the project is to try to convince the federal government to get behind the project. He also said:

The point I was making at the meeting last night—referring to the Port Pirie meeting—

is that Robert Champion de Crespigny hasn't been involved and won't be involved in any of the government decision making in relation to this project, its funding or other aspects.

On 2 June 2003 the Minister for Industry, Trade and Regional Development issued a media statement headed 'Commitment to SAMAG remains'. In that press statement he states:

... Mr de Crespigny recommended a review of the project be undertaken, a request I fully endorse and have already taken action to implement.

In other words, minister McEwen was saying he was implementing Mr de Crespigny's request. I ask the minister: who is telling the truth here—Mr McEwen, or you?

**The Hon. P. HOLLOWAY:** Mr de Crespigny has not and will not have a role in relation to the government's decision making in relation to the SAMAG project. That is the advice that has been given to me. Obviously it is not my department that is involved, but the advice I have is that he has not been involved in the government's decision making process. We all know that he has written a letter as an individual to a couple of commonwealth ministers and minister McEwen—we all know that—but my advice is that he has not been and will not be involved in the government's decision making in relation to the SAMAG project. He may have a view in relation to that, given his previous involvement with the magnesium industry, but the point is that he will not be involved in the government's decision making on this matter.

In relation to the need for this review, what I told the meeting at Port Pirie last night was on the advice of the relevant minister, and the honourable member can take this up with him in his estimates next week if he has the opportunity and ask minister McEwen to speak for himself. It was certainly my advice that the commonwealth government had made it clear that it will not provide financial support for the SAMAG project while queries remain over that project. As it will not take any action to advance it, my advice was that that is why the state government has proceeded with this update of the business case. It has employed a couple of international consultants to help conduct this case, so that the essential purpose will be to bring the commonwealth across the line.

The point that I made last night on the advice of the minister was that if the commonwealth were to announce its support for this project there would be no need for the state to continue with the update case. At the end of the day, whether or not the SAMAG project goes ahead will be decided on whether that project gets the backers from the private sector. It obviously needs the financial support of its backers to go ahead. In terms of getting that, the support of the commonwealth and state government is important to ensure that that project proceeds. The Rann government has made clear that \$25 million is available—that is there in the budget, not the lines we are discussing here today but in other parts of the budget—and the step that is needed now to ensure

the SAMAG project proceeds is to ensure that that commonwealth support is forthcoming. I am sorry if I gave the impression that PIRSA was not involved in the process. I meant to say that BMT is the lead agency. Clearly, in relation to the steering committee, Jim Hallion as CEO of the department is part of that steering committee overlooking the process. The point is that Mr de Crespigny is not and will not be involved in that process. That is essentially the point I was making last night and I stand by that comment; Mr de Crespigny is not part of that process related to decision making on the SAMAG project.

**The Hon. W.A. MATTHEW:** I would like to clarify what the minister is saying there, because this is a very important issue and I am sure he would not want to be misquoted after these estimates. Minister, are you saying that as far as you are concerned the SAMAG review is directly in response to a request from the federal government, even though the Minister for Industry, Trade and Regional Development is saying that the SAMAG review is as a consequence of a recommendation to him by Mr de Crespigny? I want to be sure, because you are both saying different things and you were briefed two days ago by minister McEwen's office.

**The Hon. P. HOLLOWAY:** Obviously, minister McEwen is the one who will have to provide the information as to why he established the review, but I do not resile from the fact that on the advice I was given an update of the business case is necessary to satisfy the commonwealth. That is the point I am making; I do not see that that is necessarily inconsistent with any comments that have been made by minister McEwen.

**The Hon. W.A. MATTHEW:** I think the minister may be talking about something different.

**The CHAIRMAN:** I do not think so; I understand the answer.

**The Hon. W.A. MATTHEW:** Bear with me, Madam Chairman. It seems to me that the minister is talking about a review that the commonwealth wants to establish a business case, and minister McEwen is talking about a review by Mr de Crespigny. Are there in fact two very reviews occurring?

**The Hon. P. HOLLOWAY:** No there is not. My understanding is that the commonwealth has made it clear that its consideration of a financial package is subject to any doubts in relation to the project being removed. That is my advice—the commonwealth has made it clear that the consideration of the financial package is subject to any concerns being removed. It does not have the capacity, I suppose, or the inclination (that is something you would have to ask the federal government) to remove those doubts. Essentially, that is the reason why we are continuing with the one business case update. The fact that Mr de Crespigny might support it may or may not be the case. The point is that a key to the SAMAG project is getting commonwealth support. It is not the only key, of course—the ultimate key will be private sector backing, but the case would be benefited—

**The Hon. W.A. MATTHEW:** And having one message coming out of the state government. At the moment it is all over the place.

**The Hon. P. HOLLOWAY:** It is not. I believe it is pretty clear. There is to be an update of the business case, and one of the essential purposes of this business update is to ensure that the commonwealth shows its support. The federal government has had two or three years to get behind this

project—this is hardly new. It was the honourable member's government, I believe, that first indicated support for the project. That has been continued by this government and that support is locked into the budget. So state government support has been forthcoming for some years now, and for some years (I know this from the days when I was shadow minister) we were also calling on the federal government to support this project. It was well known at the time that it provided significant financial support of \$100 million, if I recall correctly, to the project in Queensland.

In all that time I think the commonwealth government may have provided \$1 million for some sort of study, but the sort of substantial support which state governments of both persuasions have offered for this project has not been forthcoming. I believe that really is the key issue now. If the commonwealth is giving indications that its support is subject to any doubts being removed, then let that be done and let those doubts be removed. Hopefully the update will do that.

**The Hon. W.A. MATTHEW:** My next question again relates to Budget Paper 4, page 5.5. I note in particular the commendable objective of your agency, minister, which reads in part 'to foster the growth and development of innovative and internationally competitive industries', which I believe includes the mining industry. To that effect, I have recently examined the state government website which has, amongst the various documents accessible there, the government's achievements of its first year in office. I note that the section on economic development includes absolutely no reference to mining.

Some may call me a political cynic but I thought that, if there was no reference to mining in the economic development section, is there a reference to mining in environment? There I found many references indeed under the following headings: Acid Leach Mining Inquiry; Beverley Uranium Mine Improved Practices; Coongie Lakes Protection; Gammon Ranges National Park Protection from Mining; Great Australian Bight Marine Park Conservation Zone; Uranium Mining Safer Handling and Storage; and Uranium Spills. An advocate of mining might well argue that this was a full-on belt of the mining industry on a government website that does not hail the industry at all, despite the fact that it contributes \$2.2 billion annually to the state's economy. I was more concerned to find that two of the items relating to uranium mining actually have you, Mr Holloway, as the contact minister. Minister, in view of the fact that your government has such a demonstrably negative attitude towards the mining industry, are you failing to meet your department's stated objective?

**The Hon. P. HOLLOWAY:** I am not failing to meet my objective. I can only repeat the information I gave earlier. By way of explanation, let us look at some objective evidence in relation to what the government has achieved over the first year.

**The Hon. W.A. MATTHEW:** It is not there as an achievement.

*Members interjecting:*

**The CHAIRMAN:** Order!

*Members interjecting:*

**The Hon. P. HOLLOWAY:** Madam Chair, all I can say to that is that I am interested in tangible achievements and I think those figures that I gave earlier in relation to private company mineral exploration, which showed that South Australia accounted for 5.4 per cent of the total Australian exploration expenditure, compared with 4.9 per cent in 2001, show this. I will let that stand for itself as far as showing that

this government strongly believes in a healthy mining industry in this state and that it is certainly a key part of economic expansion in the state and I expect it to increase further.

**The CHAIRMAN:** Thank you, minister. Member for Norwood.

**Ms CICCARELLO:** I refer the minister to Budget Paper 4, Volume 2, Portfolio Statements, Program 4, pages 5.17 to 5.20. Minister, what measures has the government taken to control pollution from Brukunga so that landowners downstream of the mine will have access to water of a quality suitable for livestock?

**The Hon. P. HOLLOWAY:** The Brukunga mine site has been a long-term source of creek pollution stretching back some 30 or 40 years. May 2003 was a turning point in water quality, not only for downstream users of Dawsley Creek, but also for the environmental systems and ecosystems dependent on the stream. But for the first time, on 21 May this year, water flowing in Dawsley Creek was diverted past the mine site and into a newly constructed diversion drain. The budgeted \$2.6 million drain has been constructed on schedule and within budget. The diversion will now enable polluted water to be more effectively trapped on the mine site and enable us to treat the water before it is re-released to the creek. PIRSA will continue to monitor the water quality in the creek and will submit the data gathered to the EPA so that stakeholders can be advised that the creek water is once again restored to a suitable quality for livestock use. It is a very significant project.

**Ms CICCARELLO:** Minister, once more on Budget Paper 4, Volume 2, Portfolio Statements, Program 2, pages 5.11 to 5.14. What progress is there in developing geothermal energy in South Australia?

**The Hon. P. HOLLOWAY:** I thank the honourable member for her question. A deep well is currently being drilled by a private company near Innamincka in the far north of the state to access hot granites buried beneath three kilometres of sediments. Unexpected high-pressure fluid has been encountered which has required that drilling be suspended temporarily while new equipment is brought to the well. The well is at 4.2 kilometres of depth and has encountered fracture zones in the granite and high temperatures—that is 250 degrees celsius—which were the main targets of the well. While the first hurdles in the project appear to have been successfully completed, there are still considerable uncertainties and technological challenges ahead in the project.

If successful, it is conceivable that hot rocks in South Australia could potentially revolutionise the energy scene in Australia. The next key stage of the project will be to develop fluid circulation between deep wells to bring the heat to the surface efficiently. The remoteness of the energy source from the major electricity markets is also a challenge that will need to be addressed before the energy can compete effectively with conventional electricity supplies. In conclusion, South Australia should be excited that this state is attracting leading-edge investment and expertise to develop our world class zero emission geothermal energy resources.

**Ms CICCARELLO:** From the same budget paper, Portfolio Statements, Program 2, pages 5.11 to 5.14. Just as a preamble, minister, I understand that bi-partisan support for negotiating good outcomes with respect to native title agreements is reaping rewards. Following on from the historic agreements concluded in late 2001, the new entrant explorers to the Cooper Basin, in particular Stuart Petroleum, Beach Petroleum, Cooper Energy and Magellan Petroleum,

have been particularly successful and have discovered three new oil fields in 2002. All three of those new field discoveries—Acrasia, Sellicks and Aldinga—are now producing oil. I further understand that sales of oil from these fields are resulting in significant royalties being paid to the state and also that the relevant registered native title claimants are receiving production payments pursuant to the access agreements struck in late 2001. There have been terrific outcomes. Will the minister provide information on the status of negotiations for access agreements with registered native title claimants in the far north?

**The Hon. P. HOLLOWAY:** As the honourable member said, South Australia has led the way for many years—and one could probably go back to the late 1970s. Since that time, a series of governments have really put us in a good position in respect of our relations with the indigenous people, and I think that we are now at a point where we can benefit from that. There is no doubt that South Australia still leads the way in successfully negotiating and concluding native title agreements with traditional owners and explorers. This is another great outcome and I congratulate the native title claimants, the Ngayana Dieri Kara people, the Yandruwonda Yawarrawarrtea people and the explorers. It meets the government's objectives of concluding access agreements that are fair to the registered native title claimants and sustainable in relation to development.

The latest agreements over the Cooper Basin petroleum exploration licence application area released for competitive work program bidding in 1999 and 2000 (known as CO99 and CO2000 petroleum exploration licence applications) build on the foundation created from the historic groundbreaking agreements reached from the 11 CO98 Cooper Basin PELs in October 2001. The deeds agreed for all 27 South Australian Cooper Basin PEL areas contain processes to protect Aboriginal heritage before and during field operations, and they provide appropriate benefits to the registered native title claimants. These agreements cover all phases of activity from exploration through to the development of any discoveries should exploration be successful. I think that is a very important point. As with the earlier 12 agreements, the deeds are agreed for these additional 15 exploration licences.

The work programs for these additional 27 petroleum exploration licences include geographical and geophysical studies, approximately 6 400 kilometres of two-dimensional seismic, 320 kilometres of three-dimensional seismic and 182 exploration wells, with an estimated aggregate \$275 million investment, as I indicated earlier today. The honourable member is correct in that three of the six exploration wells drilled by the new entrant explorers in the South Australian Cooper Basin discovered new oil fields and are now producing oil. Stuart Petroleum and Beach Petroleum were also successful in drilling two additional oil producing wells in their Acrasia field in PEL90. Beach Petroleum and Cooper Energy, Sellicks No. 1 oil discovery in PEL92, flowed out a rate of 1 780 barrels a day, the highest ever recorded flow from Permian reservoirs anywhere in the Cooper Basin.

Exploration of the 27 Cooper Basin PELs will inevitably achieve additional success leading to more investment in our state. Returns to the community include the payment of royalties based on sales from petroleum production to the state and more sustainable employment in the upstream petroleum sector, in addition, of course, to the contributions to the indigenous communities.

**The Hon. W.A. MATTHEW:** I follow on in part from the question asked by the member for Norwood and focus on the import of indigenous land use agreements. The minister acknowledged during his answer to that question, and indeed during part of his opening remarks, the importance of these agreements to South Australia and putting the state in the forefront of negotiating land access agreements with Aboriginal people. I refer the minister to a media statement of 29 May 2003 from the South Australian Chamber of Minerals and Energy entitled 'State Budget—Government takes resources industry for granted', which, in part, states:

It is of very serious concern that the budget does not include a clear statement of continued fiscal support to the Aboriginal Legal Rights Movement so that they can continue to be at the negotiating table (with the resources industry, government and other stakeholders) in the development of regional land access agreement templates (ILUAs).

All of the parties to these negotiations expect a successful outcome in the near future. The withdrawal of government support now, at the eleventh hour, would be a deplorable waste of resources to date, and a step backwards.

I am aware that the government was forced to call an embarrassing emergency meeting recently after the handing down of the budget to resolve this problem. Can the minister share with the committee whether this situation has been resolved and, if so, what additional funding has been allocated possibly through the budget line of his colleague the Attorney-General?

**The Hon. P. HOLLOWAY:** As the honourable member points out, obviously the Attorney-General's Department has been the key department in relation to native title negotiations. In relation to that budget, I will leave that up to the appropriate minister to respond. I do not want to answer questions about his budget. Certainly, it is important to point out the very fact that we have developed these template agreements over the past few years, and indeed some significant state government funds were put in last year over and above what was originally allocated in the 2002-03 budget in relation to the petroleum negotiation to get those groups across the line. It has now put us in a position where, effectively, we have a template agreement which we can offer the community. I think that should significantly reduce the costs that need to be spent in relation to claims.

After all, the whole purpose of the ILUA project is to get more money to the indigenous owners, rather than to give it to lawyers in legal processes. I think that is essentially the objective and I would hope that we are now on the cusp of that happening. It is our hope that the right to negotiate process—for which there is still funding in the Attorney-General's budget—will be sufficient to ensure that we can continue to deliver the outcomes that we have expected. Facilitation will continue on a highly selective basis in relation to native title negotiation with priority focus on the Officer Basin, which is adjacent to lands owned by the AP and Maralinga Tjarutja people. I am also advised that the indigenous land use agreement (ILUA) working group, comprising representatives from the Crown Solicitor's office, the Minerals, Petroleum and Energy Division of PIRSA, the Aboriginal Legal Rights Movement and the South Australian Chamber of Mines and Energy has been meeting regularly for the past three years.

The aim of the ILUA working group is to address critical issues for the industry in relation to mineral exploration activities, in particular, expediting a process involved in undertaking Aboriginal heritage site clearances to allow for exploration activities to commence. A template agreement

has been designed by the working group to assist explorers and native title claimants to reduce the time and uncertainty currently involved in negotiating access agreements. The first ILUA is expected to be signed off with the Antakarinja native title claimants by 30 June 2003. The working group is also seeking to commence negotiations for an ILUA with the Arabunna native title claimants. Again I make the point that one hopes that we are now at the stage where the budgets for legal resources can be reduced and the benefits go to the claimants rather than the lawyers.

**The Hon. W.A. MATTHEW:** Madam Chair, I have no choice but to request your indulgence to ask a clarifying question because I did not receive an answer to the original question, which was quite simple. That is, could the minister share with the committee the results of a recent meeting in relation to the funding available for the indigenous land use agreement process? To assist the minister, he might not be aware that during the recent House of Assembly debate of one of his bills his parliamentary ministerial colleague the Hon. Jay Weatherill, who was representing him, advised the house in response to a question from me that this meeting was to occur and that the result of the meeting would hopefully rectify this problem. Can the minister tell us whether the problem has been rectified or whether it is ongoing?

**The Hon. P. HOLLOWAY:** I know those issues have been ongoing for some time in relation to the source of funds for the ALRM. I again make the point that one hopes that we are at the stage where the money will not be going to lawyers but to claimants. Nevertheless, we obviously have to work through these issues. I do not have the information with me. I am essentially not the lead minister on that portfolio.

*An honourable member interjecting:*

**The Hon. P. HOLLOWAY:** We do have a significant stake. All I can do is undertake to seek a response from my colleague.

**The Hon. W.A. MATTHEW:** So you genuinely do not know?

**The CHAIRMAN:** Order! The minister has answered the question.

**The Hon. P. HOLLOWAY:** The issue is in relation to funding—and I assume we are talking about funding for the ALRM.

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

**The Hon. P. HOLLOWAY:** A series of sources of funds are at stake. Discussions have been going on for as long as I have been a minister and, probably, I suspect, for considerably longer than that. Whether one ever really resolves those matters is another question. It is always a matter of ongoing issues and requests. I will seek some more information. I will ask Dr Blight to add further information.

**Dr BLIGHT:** I can shed some light on the issue of the ILUA progress. The template agreement with the Antakirinjas has been negotiated in all senses. The final finishing touches have been put forward. It is expected to be signed by 30 June. Negotiations have immediately commenced with the Arabunna. There are expectations that that will not be an issue, and I have advice from the native title unit of the Crown Solicitor's office that it has enough funding to finish that ILUA agreement, as well.

**The Hon. P. HOLLOWAY:** If the template agreements are there, that is the achievement we want, because that will lead to further exploration agreements and income to the claimants. Lawyers will always want to get a bigger share of the cake if they can.

**The Hon. W.A. MATTHEW:** I refer the minister to page 3.2 of Budget Paper 3, and in particular the sentence which reads:

It is proposed that the standard mining royalty rate in the Mining Act 1971 be increased from 2.5% to 3.5% by 31 December 2005 to secure the State's current level of royalty level from minerals.

I acknowledge upfront that this is, in part, advocated as necessary by the government to retain the 3.5 per cent royalty rate on the Olympic Dam mine production, which effectively is provided under the Roxby Downs Indenture Ratification Act 1982, and that royalty rate would otherwise revert to 2.5 per cent from calendar year 2006 and onwards. As such, a move will potentially affect all other mines in the state. What consultation, if any, did the government undertake with industry before it made this announcement in the budget?

**The Hon. P. HOLLOWAY:** This measure has two years to run, and certainly we will be negotiating with the industry over that two-year period. As the honourable member would be aware, a range of payments can be set. Under the Mining Act, the current range is 1½ per cent to 2½ per cent. The proposal is—and, again, this legislation will have to go through parliament but it will not apply until the end of 2005—to lift that range from 2½ to 3½ per cent. As the honourable member would know, because he put through the legislation, the minister has the capacity under that legislation to adjust those royalty rates in relation to particular circumstances.

In relation to the revenue, the vast bulk of that revenue that comes under the Mining Act is generated at Roxby Downs. It is about 88 per cent. Of course, in relation to other projects, in some cases indentures would apply. As the honourable member would be aware, in relation to the extractive industry, the government is negotiating with those industries in relation to the extractive areas rehabilitation fund, which relates to the revenue paid. Part of the funding for that scheme is the charge on those mines. In relation to that range, obviously over the next two years or so before this comes into effect, the government will negotiate with industry in relation to the rates that apply to those mines for which this measure will apply. It is a range. As I said, the range has changed from 1½ to 2½, to 2½ to 3½.

It is also worth pointing out that, in relation to the overall changes proposed by the government, if one looks at the production value of mines in this state, one sees it is \$1.242 billion for 2000-01. The mineral royalty that is paid on that mine production stated as a whole is \$38.53 million which represents 3.10 per cent as a percentage of production value, which would rank us 4th in relation to mining royalties. If one compares that with Queensland, for example, where \$10.28 billion is the value of mineral production, its mineral royalties paid amount to \$525.92 million or 5.12 per cent. In Western Australia, \$609.61 million is paid on \$17.038 billion of mineral production, which represents 3.58 per cent. Essentially, given that of the royalties paid in this state Roxby represents far and away the largest component at almost 90 per cent, that increase will be necessary in two years' time just to retain that value. As I said, we are already ranked 4th amongst the states. I do not think any charge could be sustained that we were fleecing the industry.

**The Hon. W.A. MATTHEW:** That statement by the minister staggers me, and explains in part the reason for the Treasurer's statement referred to in my next question. I wish to share with the committee a statement that the Treasurer made to parliament on Monday 2 June, when he said, in part:

I am advised that, as a percentage of mineral production value, royalties fall in the range of between 3 and 3.5 per cent for Western Australia, New South Wales, Victoria and now South Australia. Mineral royalty rates are higher in Queensland. So, when it comes to the national average, we are comfortable in that range.

It would seem from the answer the minister gave to my previous question that he is also comfortable within that range. Why has the minister not advised his cabinet colleagues that South Australia's royalty rates have been deliberately kept lower than those of other states, recognising the fact that that in itself helps attract exploration and mining here? The minister by now should be fully aware that we have an impediment that other states do not have, namely, the nature of the cover over our resources. It costs more to find and mine the resource. One per cent to a small mining operation in additional royalties can make or break a project. Why did the minister not advise his colleagues of that?

**The Hon. P. HOLLOWAY:** It is not the government's view that the royalty rate—particularly at the levels at which they are pitched—has a particularly significant impact upon mining decisions. If one looks at Roxby Downs, one sees that the point is that 3½ per cent is the rate that that mine has and will be paying up until the end of next year. So, in effect, if the level of 3½ per cent were a deterrent there, then it would have had effect some years ago.

I have just indicated to the member that we have a range. It was in the legislation which the honourable member introduced, and the reason he put the variable there, I am sure, was so that, if there were particular factors in relation to a particular operation, the rate could be adjusted within that range. Given that other mines are paying at least 2.5 per cent, at present the capacity is there for the government, in relation to new mines, to set 2.5 per cent, if it is considered necessary to attract investment.

In fact, the point that the honourable member is making was taken into consideration when the government introduced a range, rather than a flat rate. Also, it is pointing out that the government has increased its services in relation to the targeted exploration initiative. The government will be spending those figures I indicated earlier. There was the black hole in the budget. We are increasing our expenditure on the exploration initiative. The provision of that pre-competitive data from the government is much more likely to influence exploration and mineral industry investment into the state than the sort of changes to royalties we are talking about here. Explorers' perceptions as to the effectiveness of geological conditions is the first driver, certainly for petroleum exploration, and probably for minerals as well, and that is what the government is essentially providing. In conclusion, the government has kept a range. It has the capacity to take into consideration, if it is necessary in relation to new projects, the rate at which royalties will be pitched.

**Ms CICCARELLO:** I refer to Budget Paper 4, Volume 2, Portfolio Statements program 2, pages 5.11 to 5.14. When the Petroleum Bill was being debated in the upper house about three years ago, the innovative environmental provisions proposed by the bill received strong support from both sides of the house. With over two years gone by since the Petroleum Act 2000 was proclaimed, has the act delivered these provisions?

**The Hon. P. HOLLOWAY:** Since its proclamation in September 2000, the Petroleum Act 2000 is achieving remarkable results through its environmental provisions and demonstrating itself worthy of the reputation as best practice legislation. In order to substantiate this statement, I highlight

two key features of the act which are delivering to expectation. First, is the environmental register which is available to the public via the internet and which contains an array of reports and documents for community scrutiny, covering all regulated activities under the act, such as seismic drilling, pipelines, and production and processing facilities. The documents on the register include environmental impact reports, approved statements of environmental objectives, departmental environmental assessments and classifications of these activities, company annual reports detailing the extent to which the various licensees have complied with their regulatory obligations, reports on non-compliance and facility fitness for purpose reports.

The public access and availability of this information demonstrates how the Petroleum Act 2000 is satisfying the transparency principle presented during the tabling of the bill as one of the key principles upon which the new legislation was developed; second is the engagement of stakeholders in the development and approval of environmental objectives to be achieved and the criteria used to assess their achievements, as detailed in the respective statement of environmental objectives for all regulated activities. Such stakeholder engagement can be demonstrated by the increased involvement facilitated by the Petroleum Act of both government and community stakeholders in the approval process of the various SEOs since the act's proclamation. For example, all SEOs approved and gazetted since the act's proclamation have been approved in consultation with other government agencies; in most cases through formal administrative arrangements consultation and in other cases through more broader stakeholder consultation, such as the recently approved Seagas and Southern Gas pipeline SEOs where over 300 separate landowners, in addition to other government agencies, were consulted.

In April this year, through company facilitated workshops, community and government stakeholders were consulted on the preparation of the Katnook gas plant SEO near Penola in the South-East. Workshops were held both in the region near Penola for local stakeholders and in Adelaide for other government agencies, such as DEH, DWLBC, EPA and Planning SA. An extensive public consultation process will commence in August as part of the preparation of the SEOs for drilling and production and processing operations in the Cooper Basin. This consultation will be facilitated by the licensees and will include consultation with landowners, government agencies and community consultative committees and boards. This improved stakeholder involvement and consultation demonstrates how the act is satisfying the principle of openness, which is one of the key principles on which it was developed. It is one thing the member for Bright can feel satisfied with in relation to the Petroleum Act. I was pleased, as the shadow minister at the time, to support it against amendments that some Independents in the place might have moved to it.

**Mr KOUTSANTONIS:** Minister, even before your estimates inquiry has been completed the member for Bright has issued a press release, which states:

The successful targeted exploration initiative to encourage exploration has been cut to \$1.34 million, from \$2.26 million, while the indigenous land use agreement program is under threat through inadequate government funding.

Do you agree with that statement?

**The Hon. P. HOLLOWAY:** No, I do not agree with it. In fact, as I have indicated before, when this government came into office there was no forward provisioning within the

budget in relation to the TEISA program. It was a four-year program that was due to expire.

**The Hon. W.A. MATTHEW:** I have a point of order. As I understand it, standing orders of the House of Assembly pertain to this estimates hearing. Therefore, the minister must provide information to this committee which is not misleading. In saying that the forward estimates did not contain provision for TEISA he knows to be misleading, and I ask that he clarify his statement to the committee so that it is complete.

**The CHAIRMAN:** There is no point of order, member for Bright. The minister is giving accurate information to the committee. If you believe, in the fullness of time, this not to be the case, you have other ways of taking up the matter.

**The Hon. P. HOLLOWAY:** The budget forward estimates are determined at budget time, and certainly the advice I was provided was that it was not in there. Whether it would have been there and how much would have been there I guess is a matter of speculation. But the point is—

**The Hon. W.A. MATTHEW:** Did you have problems when you became minister as to what was in the bilateral process?

**The CHAIRMAN:** Order!

**The Hon. P. HOLLOWAY:** The bilateral process does not put it in there. I saw lots of things. One of the interesting things I did see in the budget bilateral process was the first bid of the previous government was to get rid of the river fishers, but that is probably not appropriate for this committee. Lots of things were there, but whether or not they were in the budget bilateral bids is not the point. The fact is that there was no provisioning in the forward estimates. I think that is a different matter. Certainly, at the time the budget was set, there was no forward provisioning. It was a four-year program. Maybe we could take the word of the member for Bright: had the government not changed, his government would have decided that was an appropriate priority and put in the money.

**The Hon. W.A. MATTHEW:** You used the name TEISA 2020. Where did you get the name from?

**The Hon. P. HOLLOWAY:** The department is working—

**The Hon. W.A. MATTHEW:** TEISA 2020 was in the papers you were given.

*Mr Snelling interjecting:*

**The CHAIRMAN:** Order! Interjections are not allowed.

**The Hon. P. HOLLOWAY:** The fact remains, I stand by what I said in relation to provisioning in the forward budgets. All sorts of things we might wish to be there, but only a certain amount of money is available for government. In relation to the forward years, those programs, if they are ongoing, are to be put in there. This government put it into the budget. It filled the hole. There was no provisioning there. It was a difficult budget that the government had to produce last year and we had to make cuts elsewhere to ensure that money was available for this and a number of other programs—which I outlined at the start of the estimates today. That is the fact.

If you want to spend money on something for which there is no forward provisioning you either have to cut something else or raise taxes. That is the rules of the game. In relation to the TEISA program, I gave the figures earlier to this committee. Those figures indicated how, under new funding that was announced in last year's budget, the funding has gone from \$1.14 million in 2002-03 to \$1.33 million in 2003-04. How that can be seen as a cut, I do not really know.

Of course the good news, as I indicated, is that the program is built into the forward estimates, increasing up to \$1.9 million in 2006-07 and beyond.

**The Hon. W.A. MATTHEW:** Which is less than it was supposed to be last year. You have cut it by a million dollars.

**The Hon. P. HOLLOWAY:** I make the point to the honourable member that, whatever his government may or may not have done, the fact is that it would either have had to cut other programs or increase taxes. If he says that if they had won the last election they would have spent more money on this, he needs to say which programs they would have cut or which taxes they would have increased. It seems to be the new tactic of this opposition over this estimates process that it is always telling us that there are a lot of things we should be spending money on. It is criticising us for a whole lot of areas where it claims we are increasing taxes, but the reality is that governments have to live within their means. One of the key objectives of this government, and I am pleased that it is, is to restore some financial credibility to this state, and that means living within its means. That means, over time, accrual balance.

**Dr McFETRIDGE:** I refer to the consolidated accounts, Appendix D of Budget Paper 3. The receipts for royalties have dropped considerably this year, and the estimates for next year have also dropped. I note that mining royalties for 2002-03 are now expected to be \$81.7 million against the budgeted expectation of \$88.15 million. There is a further drop in 2003-04 to \$74.4 million. I would have thought that, with the royalties going up, that should have gone up. What is the reason for the decreases?

**The Hon. P. HOLLOWAY:** I think the honourable member probably misunderstands what was said earlier about royalty rates. The range that we were talking about of 2.5 to 3 per cent does not apply for two years, so it would not apply to the 2005-06 year in any case. But the purpose of that, as I think we have indicated, is that Roxby Downs currently pays 3.5 per cent under its Indenture. That would drop to 2.5 per cent in two years unless that provision is changed. In relation to the drop in the estimated result for this current year, there are several reasons. Obviously, Olympic Dam's fire and the major shutdown to reline the copper smelter had a significant part to play in that. There is a downward revision in petroleum royalties, primarily the result of lower forecast petroleum production from the Cooper Basin by Santos Limited and partners.

We will have the Seagas pipeline coming on shortly, and that will provide the state with significantly greater security of supply, which is very important in these times, as I am sure that the honourable member will agree. But it does mean that the gas that will be coming in from Victoria will not be providing a royalty, unlike the gas from the Cooper Basin, because it is not within this state. Obviously, that will affect the out year results, so the downward revision in petroleum royalties is primarily the result of that lower forecast petroleum production in the Cooper Basin by Santos together with some effect evident from lower than expected international oil prices.

Petroleum royalty forecasts for 2003-04 were based on an average anticipated oil price of \$US25 combined with an estimated average Australian/US exchange rate of 58 cents. Obviously, one bases these projections on various assumptions and, as we noted earlier this morning in the estimates on agriculture, the rising exchange rate will have a significant impact on our export industries. The current international oil prices are around \$US28 to \$US29, with the Australian/US

dollar exchange rate of around 66 cents in the dollar, which equates roughly to the same Australia dollar value as included in the forecast for 2003-04.

International market prices, exchange rates and domestic issues affecting petroleum royalty will be assessed in line with an updated forecast in July 2003. Oil royalty receipts are exposed to external economic forces affecting the exchange rates and international minerals and petroleum prices. In 2003-04 Olympic Dam will have a major shutdown to reline the copper smelter, and the resultant loss of production has been factored into the estimates. The optimisation program to increase refining capacity to 235 000 tonnes a year will not be reached until 2004 and will have minimal impact on 2003-04 royalty estimates.

Petroleum liquid prices can be subject to severe fluctuations at short notice due to international market forces, although recently granted exploration licences in the Cooper Basin to new explorers are likely to have some mitigating effect on declining royalties emanating from the Cooper Basin. Obviously, we hope that that is the case, and that will offset that climb. In building in forward estimates, one has to work on appropriate assumptions.

**Dr McFETRIDGE:** This is perhaps more of a request than a question. I was at the Innamincka geothermal site on Saturday. Talking to people at Innamincka, they are quite excited about it, as we rightly should be in South Australia. I noted the minister's comment that connecting to the grid would be a significant problem. Just a small request, perhaps, from the people of Innamincka: is the minister able to talk to the operators of the project site to perhaps connect them to some of the power they may be producing there if there is a trial plant? I know that the pub at Innamincka spent \$86 000 on diesel last year generating power. The area around Innamincka and Coopers Creek is a major tourist attraction. As I say, it is more of a request, so can the minister pass that on to his colleagues and perhaps work on something there?

**The Hon. P. HOLLOWAY:** I will pass that on to the minister. The honourable member is fortunate to have visited. I have not had the opportunity yet. We were to go there earlier this year but, unfortunately, for various reasons that was cancelled. I certainly look forward to visiting. I am not sure what the practical problems would be in relation to the town, but I will refer that to the Minister for Energy. It is in the same department, so we can perhaps have a look at that. However, in relation to the honourable member's question about the viability of this, clearly significant energy is used by Santos in the Cooper Basin in relation to its own energy needs, so for any plant and things up there that would be perhaps the only major use to which electricity is put within that region.

**Dr McFETRIDGE:** I refer to Aboriginal program funding, Budget Paper 4, Volume 2, page 5.18. How much funding has been allocated to establish the Aboriginal Youth Geoscience Traineeship program to educate Anangu Pitjantjatjara youth on mineral exploration, and what will be the ongoing cost to run the traineeship program?

**The Hon. P. HOLLOWAY:** I am advised that it is about \$40 000.

**Dr McFETRIDGE:** As a supplementary question, will that mining officer speak Pitjantjatjara? And that is a serious question. I ask that because I was in the AP Lands last year and was taken aback when one of the anthropologists there, who was supposedly negotiating on behalf of the AP people, did not speak a word of Pitjantjatjara. As a consequence, I myself undertook a short course in Pitjantjatjara, so that I

have some credibility in this area. It is important that we recognise the fact that there are people in the AP Lands who speak English as a second language, and I mean a serious second language.

**The Hon. P. HOLLOWAY:** I will refer that question to Dr Blight.

**Dr BLIGHT:** This is an important issue. There are on the AP lands associated with our programs several officers who speak Pitjantjatjara. There is one officer employed by the AP but funded by us who speaks with those people, because he is one of them. Several of our staff are currently undergoing training in the Pitjantjatjara language. They all indicate to me that they know some basic words, but they are moving towards improving that. So, we recognise this as a major issue. The Youth Traineeships Scheme is quite different. In this case, we are taking Aboriginal boys from the lands and endeavouring to train them in aspects of field assistant type issues so that they may ultimately gain employment on the lands when the mining becomes successful.

**The Hon. W.A. MATTHEW:** I refer to Budget Paper 4 (page 5.13), where it is claimed:

Greater transparency in reporting procedures for the South Australian uranium industry has been achieved through the implementation of the criteria and procedures for recording and reporting incidents at uranium mines that were recommended by the Bachmann inquiry into the South Australian uranium industry.

Other than a publicly reported mining incident at Roxby Downs in February this year, how many incidents have occurred at the state's uranium mines, and which government group has the responsibility for managing any reports lodged under the reporting regime: the Environment Protection Agency or the Office of Minerals and Energy Resources?

**The Hon. P. HOLLOWAY:** There is a lot that one could say about the Bachmann report and its implementation. Obviously, many of the recommendations of that report are in place, but there are still some amendments currently before the house that are yet to be passed. The protocol in terms of the responsibility of the agencies involved—to ensure that the government deals with incidents in an organised, open and accountable manner (as recommended in the report)—will be finalised as part of a memorandum of understanding that is presently being negotiated with the EPA. Significant progress has been made towards implementing the remainder of the recommendations. I will refer the actual statistics in that respect to David Blight for his response.

**Dr BLIGHT:** I am unable to give you the exact number of incidents, but they are all displayed on the web site of the Mineral Resources Group.

**The Hon. P. HOLLOWAY:** I think it would be fair to say that there has been a significant reduction in those incidents. I am sure the honourable member is well aware of the spill that occurred in January 2002. I think it is well known that there were some problems with a particular type of pipe that was being used. Obviously, the new piping that is used at Beverley has significantly improved the situation, and I think that is something that we can all be pleased about. As a consequence, the reliability of the plant in relation to spills has improved significantly.

**The Hon. W.A. MATTHEW:** May I clarify part of the minister's answer? The minister indicated that there is an agreement being negotiated with the EPA for the management of such incidents.

**The Hon. P. HOLLOWAY:** There is a protocol regarding responsibility. Recommendation 8 of Mr Bachmann's report was that an agreed protocol should be developed so

that when a significant incident arises a lead agency and a lead minister are identified.

**The Hon. W.A. MATTHEW:** Is there some conflict in relation to that in view of the fact that many months have passed since those negotiations started?

**The Hon. P. HOLLOWAY:** I will refer that question to Dr Blight. I am not aware of any particular conflict, but obviously a number of significant issues are involved.

**Dr BLIGHT:** The reporting protocol is still being developed. There is a legal question as to whether the EPA's powers under the Mining Act extend over the mining lease and whether incidents are reportable and required to be reported under that act. The EPA and PIRSA are seeking advice from the Crown Solicitor's office as to whether there is a legal requirement that the EPA be informed. In the meantime, both the EPA and the Chief Inspector of Mines are to be informed of any incident simultaneously.

**The Hon. W.A. MATTHEW:** My next question refers to the same section of the budget papers. I am an avid reader of the *MESA Journal*, which is capably put together by officers of the agency, and I read with enthusiasm the January 2003 edition in which the minister in his message states:

The Beverley Mine continues to be subject to one of the most rigorous reporting schedules of any industry site in the state. During my visit it was clear that the management of the mine is performing its job very well, and that the impact on the environment is minimal. The professional approach with which the mine is being operated should be commended.

I think the minister is absolutely right, but how long does the minister believe this professional approach taken by the company and the rigorous reporting schedules have actually been a statement of fact?

**The Hon. P. HOLLOWAY:** In the early part of 2001, just before the election, the honourable member was taking a break over the Christmas period (to which he was entitled) when there was the significant spill at Beverley, to which I have just referred, because of the type of pipe that was being used. There appeared to be significant confusion amongst members of the government, perhaps because the then minister was away and there was an acting minister. However, there was significant confusion in the former government as to who had to report what to whom regarding these sorts of spills.

The honourable member, as the minister at that time, announced prior to the election that the government would conduct a review. His government did not get around to formally establishing that inquiry, but in essence it became the Bachmann inquiry when I became minister. Obviously, the terms of reference were altered but, as the honourable member would know, that was the genesis of the Bachmann review. He obviously saw the need for an inquiry prior to the election. My government continued with that, and I am pleased with the way the inquiry went and the application of the results of it.

**The Hon. W.A. MATTHEW:** Madam Chair, the minister did not actually answer my question, so with your indulgence I would like him to clarify his answer. I ask the minister: for how long does he believe the Beverley Mine has been subject to one of the most rigorous reporting schedules of any industrial site in the state—regardless of any recent changes—and, with reference to the professional approach of the company, how long does he think that has been the case? The minister has already acknowledged to the committee that the problem in January 2002 to which he referred was the result

of a faulty pipe. I believe that is a matter of dispute in another forum.

**The Hon. P. HOLLOWAY:** In relation to how rigorous the reporting requirements are, it would be fair to say that the uranium industry at large is obviously subject to a higher level of reporting requirements than any other industry. That has long been the case and is the nature of the industry, and that is understood, but I guess that depends on how one might compare that with other comparable industries around the world. Part of the Bachmann inquiry's activities and report concern how the reporting activities here apply relative to those imposed in the United States, for example. Obviously, in his review Mr Bachmann looked at reporting regimes elsewhere in the world, and it is on that basis that these requirements are made. There is no doubt that as a result of Mr Bachmann's report there have been some significant improvements in relation to the reporting to remove that confusion. The member for Bright as the previous minister no doubt would not have called for an inquiry himself prior to the last election if he was totally satisfied with the reporting requirements as they existed.

**The Hon. W.A. MATTHEW:** My next question relates to the assistance to the opal mining industry. I note that on page 5.16 of Budget Paper 4 under performance criteria, then mineral resource development, there is mention of amendments to the Opal Mining Act 1995 with the accompanying statement:

In all, it is anticipated that the amendments will encourage more exploration activity in South Australia.

In conjunction with its development of TEISA 2020, which is a program of which I know the minister continues the name, the previous government also developed a further new initiative that we announced, Opal SA. Opal SA was to be developed to assist the mining industry. Funding was to be \$500 000 for 2002-03, increasing to \$1.2 million in 2003-04 and \$1.5 million in 2004-05. I note that this government stopped that program from commencing in 2002-03, and there is no mention at all of any assistance to the opal mining industry in the budget papers for this year's budget. Is assistance being provided to the industry that is simply not detailed in the papers, or is the change to the legislation the minister has touted in the papers the only assistance this government will provide to continue the existing industry and hopefully to help expand it?

**The Hon. P. HOLLOWAY:** As I understand the situation, when the honourable member put up his budget bid—and that is what it was: a budget bilateral bid—he proposed that the Opal SA initiative be funded by a royalty on the opal mining industry. Perhaps the honourable member can confirm whether or not that was the case. That was certainly my understanding of the proposal. Perhaps he can say like TEISA that if his party had won the election things would have been different, but then again lots of things might have been different. That was just a budget bid of the honourable member.

The fact is that one of the top priorities of this government is to ensure the fiscal sustainability of this state. That is a difficult task. Along with every other department PIRSA has had to make painful decisions to ensure that priorities of the government have been met and to ensure that for the term of this government we have accrual balance. It is a very significant achievement; as the Treasurer has pointed out, if that improvement in the fiscal sustainability of the state can lead to an improved rating, it will have significant benefits



in terms of reducing interest costs to the state, and I fully support the Treasurer in his efforts to bring that about. It is all very well for an opposition to criticise every cut a government has made and promise that if it had been in government it would have spent a whole lot more money, but the reality is that this government is restoring the financial credibility of the budget.

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

**The Hon. P. HOLLOWAY:** Well, I am determined that fiscal credibility will be an absolute priority for this government and the Treasurer has my full support in doing that. I will ask David Blight to give an overview of our current activities in relation to the opal industry.

**Dr BLIGHT:** There are surveys assisting the opal mining industry as part of its ongoing general program, and we are currently resolving and will continue to resolve the extension of the Mintabie leases. As you would appreciate, that is in a particularly delicate stage of negotiations now. At Mintabie we are also assisting industry in defining likely grounds for opal by undertaking some drilling for them to try to show them where they might head next. Lastly, at Lambina we are developing a GIS system for the use of the opal mining industry.

**Dr McFETRIDGE:** I want to ask a quick question about the work going on at Mintabie and Lambina. What rehabilitation work will have to be undertaken there with any future mining?

**Dr BLIGHT:** My understanding is that at both of those locations rehabilitation is a requirement of the lease conditions, and it is also a part of the native title agreement.

**The Hon. P. HOLLOWAY:** I draw attention to the fact that there was a different situation in Coober Pedy and those somewhat longer lived opal mining regions. I am sure that many people regard them as a tourist attraction; they have become a tourist attraction.

**The Hon. W.A. MATTHEW:** My next question relates to the Stone Industry Association, a group with which I am sure the minister is acquainted. Is the minister aware that, following advice from departmental staff, the government could provide no further funding assistance to the Stone Industry Association in this budget, and the association is likely to be officially wound up on Tuesday of next week? If so, what does the minister propose to avoid this occurring or does he regard this as a foregone conclusion?

**The Hon. P. HOLLOWAY:** I am aware that the Stone Industry Association has had some problems. I would ask David Blight to give the background to that because it is important to put on record the nature of the problems facing that industry. It will then become self-evident why the government has taken the position it has.

**Dr BLIGHT:** Some time ago the department provided funding to the Stone Industry Association to establish itself and to build and recruit membership so that it would ultimately become self-sustaining. The department made it quite clear when it allocated that money that it was to be used wisely, prudently and carefully, that no further funds would be forthcoming and it was to provide seed capital to develop the association. The association appeared not to function particularly well, there was considerable disharmony and, at the end of the day, it appeared that the industry was not able to get itself together sufficiently to continue operating. That is the sorry state of affairs we are in now. The department does not wish to put any more money into that.

**The Hon. W.A. MATTHEW:** Is there any other assistance you might be able to provide to the industry in the likelihood of their association going?

**The Hon. P. HOLLOWAY:** I believe it is an important industry that we need to develop here, and I have had discussions with the honourable member in relation to that—I know we have views about what should happen along North Terrace regarding the greater use of our very important stone resources. I ask David Blight to comment on the specifics of the question, regarding how we will help the industry.

**Dr BLIGHT:** Recognising that the industry was unable to help itself, we have taken the decision to develop another program which we are calling Urban and Regional Geology, where three senior geologists will be assigned to cover the stone industry and the extractive industries in other land use decisions. So we will be supplying the support to the stone industry from within the geological survey. In addition, the stone industry library is still continuing and is available at our core library.

**The Hon. W.A. MATTHEW:** The minister also mentioned our jointly shared view that dimension stone ought to be used on North Terrace. I would hope that he was as disgusted as I was when he saw the paving of North Terrace out the front of Parliament House being ripped up and, instead of stone being placed there, some pretty ordinary concrete slabs (with all due respect to the company that manufactured them).

**The CHAIRMAN:** And asphalt.

**The Hon. W.A. MATTHEW:** Yes, and asphalt. I asked the minister whether he endeavoured to intervene at the time and, if not, whether he would ensure that this sort of thing does not occur again anywhere along North Terrace.

**The Hon. P. HOLLOWAY:** I understand that what is being done out the front—and I stand to be corrected—is temporary work. There were some problems with the quality of the pavement but I understand that at a future time it may be upgraded. Perhaps if I can get more information I will pass that onto the honourable member, but I certainly hope that ultimately this is a temporary measure rather than a permanent one.

**The Hon. W.A. MATTHEW:** Very temporary, I hope.

**The Hon. P. HOLLOWAY:** We will see, yes.

**The CHAIRMAN:** Perhaps the honourable member might like to take that up with the Lord Mayor.

**The Hon. W.A. MATTHEW:** Indeed, I am in the process of doing that. I did take it up with the previous Lord Mayor and I know he was a keen advocate and, knowing the new Lord Mayor as I do, I am absolutely confident he will be a very strong advocate for the stone industry.

My next question relates to the rehabilitation of the old Brukunga mine, and that is referred to in various budget documents, but I principally refer to Budget Paper 4, page 5.7, and also to the Capital Investment Statement, page 19. I note from these documents that just \$1.2 million of a budgeted \$26.1 million has been allocated to rehabilitating the mine site this financial year, and also that project completion is anticipated to be in March 2011. The amount of \$26.1 million is the amount that was put into the budget during my time as minister and the 2011 completion date also applied. However, I also note from the portfolio statement that, while \$1.6 million was allocated for the 2001-02 financial year, no expenditure actually occurred, and furthermore only \$2.25 million will be spent of the 2002-03 allocation of \$2.65 million. I am aware that the allocation of \$1.2 million for this year is certainly a reduction against that

originally intended. I ask the minister why this slippage in expenditure has occurred, what work is not yet done as a result of the slippage, and whether the project will still be completed in March 2011 or in reality will it blow out beyond that date?

**The Hon. P. HOLLOWAY:** In relation to those financial adjustments I will ask Geoff Knight, the Executive Director, Corporate, to explain them. I should perhaps make the comment that one of the pleasing things about this project, as indicated earlier, is that it has been finished not only on time but under budget. I believe that one of the signs for optimism in relation to this project is that we believe we may be able to complete this project below its budget cost because, through the knowledge we have gained as this project has gone on, we have been able to get improved solutions to particular problems. Perhaps I will let David Blight say something about that, but first I will ask Geoff Knight to explain those budget figures.

**Mr KNIGHT:** The 2001-02 actuals are taken from the Auditor General's Report from 2002, and expenditure in relation to the Brukunga mine rehabilitation was classified as operating expenditure. So, there is no figure there in the investing numbers, even through there was actual cash outflows in relation to the project. I think the second part of the question related to an estimated result of \$2.25 million compared to a budget of \$2.65 million. That reflected stage 1 of the project reaching near-completion stage, and there is a slight delay in some of that. But all of the project funds are still accessible to us. There is an approved carryover of \$400 000 which we will not need until later into the project life.

As to the \$1.2 million figure in 2003-04, the fact that it is smaller than the 2002-03 budget just reflects the fact that that is the amount required to commence stage 2 of the new treatment plant, which is to be completed over the next two years. So, nothing in particular can be read into those numbers themselves. David Blight might want to talk about the project itself, but they are the numbers.

**Dr BLIGHT:** There are in fact three stages to the project. The first one was to arrange for the diversion of Dawsley Creek past the mine dumps, and that included the establishment of two weirs and the laying of both a pipe and an open drain, if you like, around the creek for the diversion. That has been completed and water is now flowing. The second stage of the project is to upgrade the treatment plant, and that is the one that we are looking at very closely. It appears that it may be an opportunity to save considerable monies by going by a slightly different route, and that is what we are doing there.

With respect to the completion of the project by 2011, the last components of the project have not been worked out in detail but involve large amounts of earthmoving, pushing the dumps back into more benign locations. That is a scheduling issue and we will need to look at the optimum way of scheduling those earth movements to achieve the greatest saving for the project.

**The Hon. P. HOLLOWAY:** I referred before to Brukunga being under budget; the information I have is that the budgeted \$2.6 million drain is being constructed on schedule and within budget. So, it is probably best to say within budget rather than under budget. But certainly there are some signs for optimism that we can deal with this problem—

**The Hon. W.A. MATTHEW:** The original estimate was \$2.2 million.

**The Hon. P. HOLLOWAY:** Well, \$2.65 million, I think, was the 2002-03 budget.

**The Hon. W.A. MATTHEW:** It went from 2.2 to 2.65, now it is 2.6. It went up, then it went down and the minister is saying that it has come in under budget. It is actually still over the original budget.

**The Hon. P. HOLLOWAY:** It depends what you mean by the 'original budget'. Anyway, we know what we spent on it.

**The Hon. W.A. MATTHEW:** I am glad that the minister knows what he has spent on it. I need to clarify some of this. To help the minister, he would recall that the opposition under freedom of information was able to request and receive copies of his estimates briefing notes from last year. His estimates briefing note of last year on the topic of the Brukunga mine site rehabilitation was reference three in these briefing notes and was prepared on 6 August 2002 by Ray Cox, Principal Mining Engineer, Projects, Office of Minerals and Energy Resources. That particular document showed the increased budget for the component of the project to which the minister refers increasing from \$2.2 million to \$2.65 million, an increase of \$0.5 million and it has now decreased a little. I acknowledge that it has gone down against the revised budget, but it is still a cost blow-out against the original estimate.

Be that as it may, that document also shows the completion for the project as not being March 2011 but being in the 2011-12 financial year, which suggests that it could blow-out to the middle of 2012, which is a blow-out of more than 12 months. The document also shows a movement of moneys losing at the start of the project and moving to the end of project. Effectively, the cost of the project is moved out an additional year with some gains to the department in budget savings early on. I recognise that there is a variety of reasons for that, and certainly the project did not start as ideally as anyone would have liked. I want to clarify with the minister whether the project can be completed faster than his briefing notes stated last year, or, in reality, is the project really likely to be completed in 2011-12, which, in that case, means that the budget papers are not correct—they are wrong?

**The Hon. P. HOLLOWAY:** I think that it was indicated in last year's budget papers that there had been some changes in relation to the project, but given the scale of this project—and we are talking about eight or nine years down the track as far as the completion date is concerned—it is a bit too far out to say exactly when it might be completed. There have been some significant findings as we have gone along. The original design of the project obviously made certain assumptions. As it has gone along, it would be fair to say that some of the works that have been done previously have performed better than might have been expected. Obviously this is a complicated project which is spread out over a decade, and ultimately how much it costs and how long it takes will depend on any changes that might happen to the project during its course.

Stage 3 of the project is a seven year program to relocate the 8 million tonne mine rock dumps back into the quarry and blend it with imported limestone for covering with quarry rubble and landscaping at a budget cost of \$3 million per annum for an aggregated budget total of \$21 million. That will be a huge effort. I have had a look at the project, as I am sure the honourable member has. How difficult or how easy that project turns out to be obviously will be something that will be found when they start moving the rock. I do not know whether or not David Blight wishes to add anything, but

clearly how much we spend and the time it takes to do it will depend on when we begin the work for stage 3 of the project, but at this stage we are just looking at stage 2.

**Dr BLIGHT:** The stage 3 scheduling is clearly the most important part of that deal. As members would appreciate, we will be moving over one million tonnes of rock per annum. There are several ways in which you can do this: you can do it on a continuous basis with relatively small gear or, alternatively, you can campaign shift it with large gear and make use of opportunistic fleet availability from mining contractors. At this stage, we have not decided which way we will go, and that will have an impact on the timing of the ultimate project completion.

**The CHAIRMAN:** The time allowed for examination of this area having expired, I declare the examination of the vote completed.

**Mr SNELLING:** I reluctantly move:

That the committee do now adjourn.

**The CHAIRMAN:** Is anyone reluctant enough to second that?

**The Hon. W.A. MATTHEW:** Certainly the opposition does not wish to adjourn at this time, but we acknowledge that the government has the numbers to carry that motion. We have plenty more questions and would happily continue. I think that two hours questioning for an industry which injects \$2.2 billion into the state's economy is incredibly disappointing.

*Mr Koutsantonis interjecting:*

**The Hon. W.A. MATTHEW:** The member for West Torrens asks what I did when I was minister. We were available until 10 p.m. at night. In fairness, this committee started at 9.30 a.m. instead of 11 a.m., so I would have thought that the reciprocal opportunity to question until 8.30 p.m. should be there. We are happy to go for that long. If the government wishes to adjourn, it has the numbers today.

*Mr Koutsantonis interjecting:*

**The Hon. W.A. MATTHEW:** The member would be aware that the opposition never agreed to this closing time. Right from the start, we never agreed to it.

**The CHAIRMAN:** Order! There is no debate on a procedural motion. I have been indulgent.

**The Hon. W.A. MATTHEW:** Madam Chair, I did have a point of clarification before we jump to closure, anyway.

**The CHAIRMAN:** Clarification is acceptable.

**The Hon. W.A. MATTHEW:** My colleague earlier read a number of omnibus questions in relation to Primary Industries and Resources SA. I simply want to ensure that the minister is aware that those questions do also apply to the Office of Minerals and Energy Resources, because I do not want him to come back with an incomplete answer.

**The CHAIRMAN:** The questions covered all the minister's portfolio.

**The Hon. P. HOLLOWAY:** I indicate that the answers which I provided earlier and which I read in were for the whole of PIRSA, so they include the petroleum and minerals and energy division.

**The Hon. W.A. MATTHEW:** They were not separated out; they were in bulk.

**The Hon. P. HOLLOWAY:** There was no separation, no.

**The Hon. W.A. MATTHEW:** The request was that they be separated. We can always repeat that in another forum.

**The Hon. P. HOLLOWAY:** The omnibus questions, as I understood it, were for all departments and agencies reporting to the minister. The petroleum and minerals and energy division of the department is part of the overall department. If the honourable member wishes specifically to do that, then I suggest that he raise it with minister Conlon next week.

**The Hon. W.A. MATTHEW:** I will raise it next week.

**The CHAIRMAN:** I also remind the member for Bright that there is the opportunity to place questions on the House of Assembly *Notice Paper* in the normal way.

Motion carried.

#### ADJOURNMENT

At 4.05 p.m. the committee adjourned until Monday 23 June at 11 a.m.