

HOUSE OF ASSEMBLY

Wednesday 23 June 2004

ESTIMATES COMMITTEE B

Chair:

Ms M.G. Thompson

Members:

Mr P. Caica
Dr D. McFetridge
Mr M.F. O'Brien
Mrs E.M. Penfold
Mr J.R. Rau
Mr I.H. Venning

The Committee met at 11 a.m.

Department of Trade and Economic Development,
\$82 710 000

Administered items for the Department of Trade and
Economic Development, \$601 000

Witness:

The Hon. R.J. McEwen, Minister for Agriculture, Food and Fisheries, Minister for State/Local Government Relations, Minister for Forests.

Departmental Advisers:

Mr J. Comrie, Executive Director, Office of Local Government.

Mr M. Petrovski, Director of Local Government, Office of Local Government.

Mr W. Harris, Finance Manager, Planning, Office of Local Government.

The CHAIR: 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 the proposed payments to facilitate the changeover of departmental advisers. I ask the minister and the lead speaker for the opposition to indicate whether they have agreed on the timetable for today's proceedings and, if so, to provide the chair with a copy.

The Hon. R.J. McEWEN: My understanding is that we will take questions only from the opposition and, at the end of one hour, we will consider whether we have satisfied that requirement. My view is that the questioning will run a little over an hour. Equally, of course, if someone from the government wishes to ask a question, we will take that into consideration. I do not expect to use the full two hours, and I expect to take questions mainly from the opposition and, in about one hour, we will review progress.

The CHAIR: Do you expect to work around the structure of lunch from 1 to 2 p.m., an afternoon break from 4 to 4.15 p.m. and be finished by 6 p.m.?

The Hon. R.J. McEWEN: Yes, Madam Chair. In terms of this arrangement, I am dealing with only this morning's session. Again, we will see what we can negotiate in relation to the afternoon's session.

The CHAIR: If changes are made, will the minister inform the chair?

The Hon. R.J. McEWEN: Yes.

The CHAIR: 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 23 July. I propose to allow both the minister and the lead speaker to make an opening statement.

The Hon. R.J. McEWEN: I will make an opening statement, as will the shadow minister.

The CHAIR: There will be a flexible approach to giving the call for questions. 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 and not to the minister's advisers. The minister may refer questions to advisers for a response.

I declare the proposed payments reopened for examination and refer members to appendix C, page C.2 in the Budget Statement and Volume 1, part 2 (pages 2.1 to 2.7 and 2.20 to 2.21) of the Portfolio Statements. I now call on the minister to make an opening statement.

The Hon. R.J. McEWEN: The team from our very modest Office of Local Government is present. It is a very good little office, and it does a fantastic job. The Office of Local Government is a small policy unit that has responsibility for advising the Minister for State/Local Government Relations on legislation affecting local government and facilitating relations between state and local government—the key words being 'facilitating relations'. The office also provides administrative support for three statutory authorities that report directly to the Minister for State/Local Government Relations: the Local Government Grants Commission, the Outback Areas Community Development Trust and the Boundary Adjustment Facilitation Panel.

In March 2004, the Premier announced a change of ministerial title for the local government portfolio from Minister for Local Government to Minister for State/Local Government Relations. This reflects the government's commitment to building closer and more collaborative working relationships between state and local government and links directly to principles of the State-Local Government Relations Agreement signed by the Premier and the President of the Local Government Association, John Legoe, on 8 March 2004.

The new ministerial title reflects the emphasis of the role of the minister to ensure that the government's overall objectives for intergovernmental relations between state and local government are taken into account in the development of key policies, proposals and programs. It also reflects my intention to engage with local government principally on a sector wide basis as between spheres of government. This generally means that I will be working with the organisations established to represent councils regionally and statewide,

within bodies or processes established by state or local government, to further the relationships. These changes are consistent with the government's objectives of improved collaboration and greater maturity in dealings between the two spheres of government, including through the State Strategic Plan. The title change does not alter the minister's continuing responsibility for the administration of the legislation governing the system of local government. It also challenges the local government sector. I think that is an important issue: it also challenges the local government sector to take more responsibility to be more directly accountable for its sector and operations.

One of the significant measures to advance a more effective relationship between state and local governments has been the establishment of the minister's local government forum. The forum brings together five ministers, key state government administrators and the key political and administrative leaders of the local government sector to tackle those difficult issues where there is shared responsibility between state and local government. We reviewed the first year of operation of that recently, and it got positive ticks on all fronts. It has been a very positive step forward in terms of the two spheres of government's working together in terms of our shared client base. Some of the key issues dealt with by the forum are listed in the highlights and targets in the budget papers. The forum has been dealing with key infrastructure issues, such as stormwater and flood mitigation; septic tank effluent disposal schemes; and developing coordinating, collaborative approaches between state and local governments.

The forum will continue to act as a mechanism to bring together the two spheres of government so that we can deliver better outcomes for our shared constituency, who are concerned about practical solutions to real problems—much more than which sphere of government is responsible. Sometimes they do not know and it is not really relevant: they just want the service. The forum will also act as a facilitator for the closer alignment of strategic plans of the state government and local government sectors. That is a strategic plan for the state; obviously, the state government's strategic plan and local government's strategic plan will be key planks. It is important that local government demonstrates that collectively it can take the initiative and get involved in a constructive way in the broader processes of state significance, such as the implementation of the strategic plan.

The commonwealth House of Representatives inquiry, 'Rates and taxes—a fairer share for responsible local government'—the Hawker report; sometimes, unfortunately, also called the cost shifting inquiry—was tabled in the federal parliament in November 2003. A round table meeting of responsible state and federal government ministers and all local government associations was held earlier this month in Canberra to discuss a coordinated approach to the report. The meeting supported the principle that, where local government delivers a service for which it does not have responsibility or power to raise the revenue to recover the cost of delivery, it would be appropriate to consider an intergovernment agreement (IGA) between the relevant spheres of government on resourcing. We are well advanced (I might add) at state level; and, equally, I have discussed this with the federal minister, who is considering South Australia, and perhaps Tasmania, as models in terms of having IGAs that capture the responsibilities and the funding implications for the three tiers of government. The meeting also agreed that work should be undertaken to develop a draft set of broad princi-

ples to support such an agreement for consideration by the next meeting of the Local Government and Planning Ministerial Council, expected to be held towards the end of this year.

Notwithstanding this work, the commonwealth is still expected to finalise its response and make an announcement late in 2004—I expect ahead of the next election. I intend to continue to work with the President of the Local Government Association to present a coordinated whole-of-state view to the commonwealth and the other states and territories. This approach of the South Australian state and local government sectors' working together has been successful already in ensuring that this state receives a fairer share of commonwealth road funding. The commonwealth government recently committed an additional \$26 million over three years; that was announced here in Adelaide by Prime Minister Howard and President Legoe. It is worth noting that some of the fundamental recommendations of the Hawker report about intergovernment relations already are enshrined in the South Australian State-Local Government Relations Agreement and reflect the emphasis this government is placing on coordinating collaboration with the local government sector in South Australia.

Consistent with my approach to asking the local government sector to take more responsibility for its own destiny, I have asked the Local Government Association to develop a collective view on a range of electoral and representational matters for the government to consider. I will take this time off our one hour, I think.

Mr Venning interjecting:

The Hon. R.J. McEWEN: No: not plus, member for Schubert. The LGA has recently completed consultation on stage 1 of the review. I know that members are listening to this, because there are some fundamental issues here. This first stage has considered the time of year for future periodic elections, and this is driven by the need to resolve a clash of state and local government elections in 2006 and minor technical matters including those raised by the Electoral Commissioner following the 2003 election. The LGA has advised me that the preferred timing for future local government elections is spring. As well as avoiding the clash with a state election in March 2006, councils also consider that elections around spring would allow newly elected councils to have a more meaningful input in a council's budget process.

This year many of them coming in—obviously, at the end of the cycle—felt it was a full 12 months before they could properly contribute to the budgeting process. The LGA is now preparing to launch a second stage of the review, which will consider more significant representation of electoral matters. It is expected that the LGA will be consulting the local government sector and the wider community on this stage of the review between July and October this year. The government will consider the outcomes of both stages and introduce legislation as early as possible in 2005 in a bipartisan way, I hope, so that amendments can be dealt with in time to plan for the 2006 election to proceed with certainty. The OLG is a small unit. Its 2005-06 budget incorporates a mandatory saving of \$76 000. Thank you for your indulgence.

Dr McFETRIDGE: I note the minister's comprehensive statement. I look forward to continuing to work with the minister in a bipartisan way. I thank the officers, particularly John Comrie and Matt (sitting up in the gallery) for their assistance in my getting my head around issues in local

government. It is an important portfolio that I have been given, and certainly important for this state. As we all recognise, local government is at the sharp end of many issues when dealing with the public. It is not just roads, rates and rubbish. Local government deals with everything from planning to local health issues. It controls billions of dollars in assets and looks after thousands of kilometres of roads. Local government needs financial, physical and emotional backing from the state government.

It is good to see the name change of the minister to that of state and local government relations. The federal government report into cost shifting, the Hawker report, discusses ways of reducing the financial burden on local government. It is estimated that about \$20 million in services are duplicated across state and local government. A specific example of this is that local government is now more than ever providing public security services to control local crime and graffiti. The City of Holdfast Bay alone spends more than \$250 000 a year on private security firms and over \$300 000 a year on graffiti control.

The state government needs to consider ways of assisting and reducing costs to local government in the area of community safety. In Australia, state and territory governments—Queensland, New South Wales, the Northern Territory and the ACT—plus overseas in the United Kingdom, all use special constables, a volunteer police force, affectionately known as the hobby bobbies. Last year I spoke to the police in London who boost their numbers with the use of volunteer police. They also use paid police community support officers who look like police and can detain people, but their main role is like a super security guard. The state government should look at expanding the role of the Police Security Service to be like that of the police community support officers.

Local government's main source of revenue is the rate base, and particularly at this time of year there is a lot of unfair criticism of local government ripping off ratepayers. Local government does not rip off ratepayers. If there is a property tax rip off it is at the state level. Last financial year the state government took in \$1.046 billion in property taxes: that is nearly \$3 million each and every day in property taxes. I have been told by the office of the Minister for State/Local Government Relations that it expects property values to rise by 20 per cent again this year—another truckload of money.

The state government should give back some of this money to local communities. It should start by boosting local crime prevention, getting back local community policing, looking after local roads and paying the power bills for street lights for a start. This is not about reducing local governance—it is about ensuring that local communities get what they need and deserve. People just want a fair go. They want a say in how the community is run, in their community's future direction and in its financial, physical and social development. The state government is continuing to develop the good relationship that exists between local and state government. The opposition hopes to be part of a bipartisan approach to building on this relationship.

I refer to Budget Paper 4, Volume 1, page 2.21. The Holdfast Bay council has released documents regarding a decision on stage 2B of the Holdfast Shores development. Those papers reveal that the consortium exerted pressure on council members and staff by threatening them with liability for personal damages if they did not agree with the developer's proposal. These damages were said to be claimable under either the commonwealth Trade Practices Act or the

state Fair Trading Act. Does the minister agree that this is inappropriate behaviour on the part of developers to threaten council members with actions for damages if the council does not agree to the developers demands and, if so, what does the minister propose to do about it? Has he received any advice from Crown Law or any other source to indicate whether members of council and council staff are entitled to rely on the indemnity conferred by section 39 of the Local Government Act? Has the minister sought any such advice from Crown Law?

The Hon. R.J. McEWEN: It is obviously a very topical question. Even in answering the question the shadow minister has inadvertently suggested that this is a question about the Development Act. It is quite clearly nothing to do with the process of approvals under the Development Act but is all to do with whether or not, once a council enters into a contract, councillors and staff are individually or collectively liable if at some stage in future there is a breach of that contract and as a consequence some damage is done or costs incurred. It is important that we clearly understand what the issue is about in the first place and then we will go on to answer it.

In asking the question, the shadow minister alluded to section 39 of the Local Government Act, which says that councillors collectively can be held liable but not individually. It is quite clear. Equally section 121 says that staff can collectively be held liable but not individually. That is clarified. There is protection at a state level in relation to that. The one issue not clarified (and I still do not have Crown Law advice, but I have indicated publicly that I will get it) is in relation to the implications for individuals and whether they can individually be held liable under federal legislation, under the Trade Practices Act.

The honourable member also asked whether other advice has been made available. I understand that Norman Waterhouse has made a circular available to local government. It provides professional services to the family of local government and I have a copy of that. I do not have in my possession formal advice from Crown Law, but I am seeking it. I will ask John whether he can add to my response as it is topical and we need to send the right signal to the staff and elected members of local government that, if they do something in good faith, they have the full protection they need.

Mr COMRIE: The important issue to emphasise here is that it is not the planning decision of the council. The consortium involved in constructing stage 2B of the Holdfast Shores development considers that it has an agreement with the council to relinquish a site to advance the development. So, the council has been threatened with legal action. Any council in a situation where an agreement is in place and is not proceeded with, and the other party incurs damages, including economic loss, may take action against the council. There is nothing new or surprising in that but, as the minister has said, councillors acting honestly or in good faith are protected under the Local Government Act in such circumstances.

A suggested option, a new element that has come into play here, is whether the commonwealth Trade Practices Act applies. We are not aware of any cases where that has been the case in the past, but under that piece of commonwealth legislation there is a suggestion that individual directors of a corporation personally can be held liable. If the council was a corporation, if it was proved that the council had engaged in deceptive or misleading conduct, then yes there is some

possibility of personal liability for the directors of the corporation, that is, in this case the council members.

Mr RAU: If they are directors.

Mr COMRIE: If they are directors. I have seen the legal advice provided to the council and that was very much the last of the various courses of action that were being advised. We believe it is a very remote possibility that a plaintiff would have gone down that path and I think that the council basically has weighed up its own legal advice and probably taken the path that the cost to the community of defending the action and likelihood of success was such as not to pursue it, but yes there is a small possibility of personal liability. That is now being checked by crown law and we understand as well that a South Australian senator has approached the federal Attorney-General about that. If there is a need to have the Trade Practices Act clarified, that option is available to be pursued.

Mr RAU: It is the case that even if this is a corporation for the purposes of the Trade Practices Act, and even if the council elected members are directors for the purposes of the Trade Practices Act, and even if there is a breach of the Trade Practices Act, and even if there is enforcement, and even if the discretion of the court is exercised in favour of an order against them personally—even in all those events—the council itself could resolve, could it not, to indemnify those individuals for any liability that they sustain in their capacity as council members, in that unlikely event?

The Hon. R.J. McEWEN: There is always a great wariness in answering hypothetical questions. There are about nine hypotheticals in there. I prefer not to answer that but to wait until we get the crown law opinion.

Mr RAU: I can tell you the answer. The answer is yes, but I am happy with that.

The Hon. R.J. McEWEN: An individual council would make that decision and I would not like to put on the record that I would expect under all the circumstances that they would protect the individual. They could and you would hope they would. Let us not go off on a hypothetical debate. We will clarify first the two key issues around the federal Trade Practices Act and then talk with local government and the federal government if there is need in any way to clarify the act or to amend the act.

Mr COMRIE: Just to emphasise the important issue here, though, because there have been a number of concerns in the media and from other council members—this is not a planning issue. A council member going about their normal duties making planning decisions is under no risk whatsoever under the Trade Practices Act. The issue here is whether an agreement was already in place and is council seeking to breach that agreement and has it engaged in misleading or deceptive conduct. That is not the case normally when a council is making a planning decision.

Dr McFETRIDGE: I look forward to the next exciting episode because it is a very topical issue in my electorate of Morphett. There seem to be more questions than answers at this stage, so I look forward to the minister's advice. Did the state government take into account the recommendations of the Hawker report when setting the budget for the Office of Local Government?

The Hon. R.J. McEWEN: I am not sure where this question is leading. If you asked whether we took into consideration the recommendations around relationships, we are actually ahead of the Hawker report. The change in name, everything we do, is around building close relationships with the other sphere of government and facilitating what they do.

The short answer is yes, we did, but we are actually ahead of the game. In my opening remarks I mentioned intergovernment agreements, my personal discussions with the federal minister and discussions recently in Canberra, commenting on an offer that we would like to further pursue collectively IGAs involving the three spheres of government working to service the one client. We could work with Tasmania, which is probably the other state that has reasonably formal IGAs in place. I have spoken to the Tasmanian minister about having a look at what they are doing at an officer level. Work might have already started but I have asked John to start that if it has not. That is to see whether South Australia and Tasmania could do some more work with the federal government in terms of that component of the Hawker report.

Dr McFETRIDGE: Further to my opening statement, the City of Holdfast Bay spends a quarter of a million dollars annually on private security. What is the state government doing to assist financially or otherwise individual councils with local crime prevention programs?

The Hon. R.J. McEWEN: The short answer is that I would need to refer that to the Attorney-General. How we work with local government in terms of shared services ought to be dealt with by the appropriate minister. You know the debate we had earlier on in the life of this government about crime prevention. We have moved on from that but I am happy to get a more detailed answer in relation to that. I am not sure that there is anything that we can add to that. It is not a line in our budget.

Mr VENNING: My questions are on Budget Paper 3, page 4.18, table 4.7, specific purpose payments from the state to local government. The subject is Supporting Rural Councils Program. One of the aims and highlights of the 2003-04 budget was to provide practical assistance to small rural councils through the Supporting Rural Councils Program. In 2003-04, \$75 000 was allocated to this program whereas in 2004-05 it is zero. The question is therefore why has the government not allocated specific purpose payments to local government for the Supporting Rural Councils Program in 2004-05?

The Hon. R.J. McEWEN: I will get the officers to comment more generally on how we work with small rural councils. That particular three-year program concluded last year. That is not to suggest for one minute that we do not work with and support small rural councils. We do that in a whole lot of ways, obviously, by supporting local government and its working with the office.

Mr COMRIE: As the minister said, there was a one-off four-year program of \$300 000 (in fact, last year we spent \$75 000 on that program), which concluded in 2003-04. Nevertheless, as the minister has said, we are confident that the ongoing work from that program will be able to be maintained by the Office of Local Government. That has included one of our officers spending time in the field, in particular, supporting councils with some of their financial management work. A lot of the money that was spent over that program was to help establish systems to develop guidelines, manuals and training courses. We are now confident that that work can continue with a smaller allocation which can be met from within the office and just maintain the work that has already been done.

Mr VENNING: I have a supplementary question. About how much money per year would that involve? It is basically saying that it is petty cash from the office.

Mr COMRIE: As I said, it was \$300 000 over four years, much of which was involved in various materials and support

staff. I would imagine that, all up this year in the office, we would probably spend the equivalent of one full-time officer throughout the year. So, about the same amount of money will be spent from within our existing budget in providing advice, guidance and support to those councils.

Mr VENNING: As long as that is not putting pressure on everything else in your meagre budget.

Mr COMRIE: The budget is really a question of priorities. If emphasis and need is with those smaller rural councils, that is where we will certainly focus our resources.

Mr VENNING: I refer to Budget Paper 4, Volume 1, page 2.2, 'Local government', on the subject of the Outback Areas Community Development Trust. Is the Office of Local Government doing anything about upgrading the potable water supply and the STED scheme at Oodnadatta? Both potable water supply and sewerage disposal are a problem. The STED scheme was to be replaced by a full sewer scheme.

The Hon. R.J. McEWEN: Again, the question obviously is way beyond the scope of what we do in the office, and beyond the immediate scope of the Outback areas trust. There are a couple of questions there about infrastructure. In terms of the question relating to STED, I can answer that in terms of how we are dealing with local government as a sector. The member will know that we have put it into the forward estimates now and given some certainty about the money that the state government is prepared to put into STEDs. We are working very closely with local government in terms of how we can best spend that money and, equally, to get a focus on total cost recovery within STED schemes. So, we are doing some work at a policy level with local government ahead of its setting the priorities for the STED schemes across the state. Obviously, it is not our place to just dictate the order of STED schemes, and we will be working very closely with them in that respect. With respect to the issue of potable water, there are certainly challenges right through our rural communities regarding water, and there are infrastructure issues. Again, it is beyond our scope.

Mr COMRIE: The Outback Areas Community Development Trust will formally establish its offices and staffing in Port Augusta as of 1 July—next week. Whilst there is always, as the member said, a backlog of infrastructure works needed in the Outback relative to available funds, water supply is a high priority. The trust is working hard to establish priority to liaise closely with those local communities to work out the priorities and how best to target where the best use can be made of each budget allocation.

Mr PETROVSKI: In addition to those comments, there have been officer level discussions about water supplies in remote areas, and the responsibility for that has been taken by minister Hill's portfolio. There is a group that is working on trying to find long-term solutions as opposed to responding to the immediate shortage of potable water. We are working on a time line of the end of 2004 for some long-term solutions.

Mr VENNING: Before I ask my third question, I will make a comment about the minister's opening statement. He referred to the name of the office as State/Local Government Relations. I think it is the Office of Local Government, first and foremost, and 'and relations' should be tacked on after it. I believe that the new name almost takes away from the single most important aspect: it is the Office of Local Government first and foremost. Relations are important, but I think you should lengthen the name by adding the words 'and relations'. That is just a comment.

The Hon. R.J. McEWEN: If that is a question about whether we are going to change the name, the answer is no.

Mr VENNING: I am not asking a question. That is just an observation that I have made. The minister might like to think about it. I refer to Budget Paper 4, Volume 1, page 2.2, and my question again relates to the Outback Areas Community Development Trust. This is a very important question, particularly as we have been flying around the Outback for the past few weeks, and it is very obvious. What is the Office of Local Government doing to assist remote communities to maintain their airstrips? Is the office working with Transport SA and the South Australian Tourism Commission to seal the William Creek airstrip? As we know, it is one of the busiest air strips in the area—it is close to Lake Eyre—and it is in very poor condition. If the government is not doing anything about it, why not?

The Hon. R.J. McEWEN: I will ask John Comrie to answer the detail of that. The Outback areas trust deals with an unincorporated area, which means that you do not have the opportunity to raise revenue in those communities within a legislative framework. So, the whole dynamic is different. However, it is the most appropriate way, and those communities have said, 'This is the way we wish to work.' There is certainly no reason why we would want to change that. But it does mean that the dynamic is different. It involves volunteer groups and, in some cases, volunteer contributions need to be gathered to do some of this work, then we find some support to match that. The dynamic is different. It is the appropriate way for those communities to manage their affairs.

Mr COMRIE: The question was whether the Office of Local Government and the trust are working with Transport SA. The answer is very much yes. Transport SA has considerable expertise in terms of airstrip priorities, maintenance and upgrading needs. Certainly, the data from the trust has been conveyed and worked through with the people from TSA. My understanding is that the William Creek airstrip is but one of a number of airstrips in Outback SA for which a case can be made to upgrade. Everybody would like an all weather airstrip. In terms of available funds, it is a question of priorities and the likely need for tourism, health and safety, the Flying Doctor and what have you. There are other airstrips in the Outback which also rate highly in comparison to the needs of William Creek. There is a budget available. There is an ongoing program and William Creek's criterion characteristics are taken into account along with others in determining where those funds are best spent.

Mr VENNING: I have a supplementary question about that, because it is a very important issue. I cannot stress enough, particularly at the moment, that when we get the heavy rains in the Outback that strip is inoperable. Now, in particular, the Maree Road is in particularly bad repair. I think there is something wrong when the government cannot afford a small piece of bitumen to put on that strip. After all, there is quite a community which now lives there to maintain the tourism industry. I believe that it is not quite right that we cannot afford a strip of bitumen.

The Hon. R.J. McEWEN: There is no question here, and I understand that these points were also made to the appropriate minister in an earlier estimates session this week. So, the member has his views about this strongly on the record. It is his right, but there is no question that relates to us. We have finished with that now, so can we move on to the next question?

Dr McFETRIDGE: I will make one additional comment about William Creek. On a recent visit to William Creek, I spoke to the manager of Anna Creek Station. He and his employees have put in approximately \$15 000 of in-kind effort in maintaining the roads around there and fencing off the town common; I thank them for that. Small communities are finding it difficult, and I look forward to some additional funding from the government to assist.

My question refers to Budget Paper 4, Volume 1, page 2.20, Aboriginal community development. In 1990 the then minister for Aboriginal affairs, the Hon. Mike Rann, issued a ministerial statement on the Don Dunstan report into Aboriginal community governance. Mr Dunstan proposed a series of options, including the incorporation of Aboriginal communities as local government bodies, and facilitating access to local government funds. What is the Office of Local Government doing to assist APY communities and other communities governed by the Aboriginal Lands Trust to achieve local governance?

Mr COMRIE: A range of support mechanisms is provided to the community council at the AP lands and a number of other Aboriginal community councils. For example, these days those community councils have access to financial support from the Local Government Grants Commission. Given their circumstances and needs, they fare particularly well from that source. That is not to say that more cannot be done. But, certainly, access to the funds from the commonwealth via the Local Government Grants Commission is the major source of financial support. From time to time, our office and the Local Government Association do provide a bit of support in terms of handling queries and advising on various administrative matters.

Dr McFETRIDGE: Thank you for that. I note that Mr Bob Collins has been flown down to Adelaide today for more medical treatment after his accident. We wish him well, because there certainly are some serious problems in the Aboriginal communities in the Far North, as I saw when I visited two weeks ago with the Aboriginal lands standing committee. We all look forward to progress in that area.

My next question relates to Budget Paper 4, Volume 1, page 2.20. What is included in the 'Other' category of revenue raised from ordinary activities? Why is it expected to increase from \$267 000 in 2003-04 to \$1 175 000 in 2004-05?

Mr COMRIE: It really is a reporting or formatting issue of which we were not aware when we sent our figures further up the line through the department and on to Treasury. This year, it has included the numbers for the Outback Areas Community Development Trust. The revenue it receives is primarily from the grants commission to allocate to Outback communities. So, the numbers are not apples for apples in comparison. If you take that money out, the figures for this year are entirely consistent with the previous year.

Dr McFETRIDGE: It just goes to confirm my thoughts on the convoluted presentation of state budgets.

Mr COMRIE: I think it has to do with the fact that, late in the budget proceedings, we were reassigned to the Department of Trade and Economic Development.

Dr McFETRIDGE: This may be a similar thing. I refer to page 2.12, business enterprise centres. There is a reduction in expenditure for grants and subsidies from \$1 768 000 in 2003-04, to \$1 135 000 in 2004-05. The service providers such as business enterprise centres and regional development boards are also jointly funded and operated by local government. This is a significant reduction of \$633 000. What

agencies will receive these reductions in grants and subsidies, and how much will each agency expect to receive in reduced grants and subsidies? Is the cut targeted to local business enterprise centres and regional development boards that help small business?

The Hon. R.J. McEWEN: That is a trade and economic development question, and I am certainly happy to get the answer from minister Holloway. It is not an Office of Local Government question at all.

Dr McFETRIDGE: Thank you minister. It is just good to get some of these things on the record under local government. I appreciate your cooperation.

The Hon. R.J. McEWEN: Madam Chair, I think that what the shadow minister has put on the record is an abuse of process. He has now indicated that he is using this to put other matters on the record, and he knows that is not appropriate. He knows the line that is open, and he wants to ask questions about small business and so on, as he did in that question; he knows the appropriate forum to do that. Can we stick to the line that is open as best we can?

Dr McFETRIDGE: I am more than happy to stick to the statistics. Sorry if the minister has taken it that way; it was certainly because local government is involved there, and I seek any point of clarification and explanation worthy of investigating. I will move on, minister; thank you for that advice. We are going to have another natural disaster here! I refer to Budget Paper 3, Volume 4, page 1.8, natural disaster mitigation. What programs are envisaged for local government under the \$700 000 expenditure allocated in 2004-05 for the natural disaster mitigation program?

The CHAIR: Is this the same issue? Just because the words 'local government' are mentioned it does not mean to say it is his line.

The Hon. R.J. McEWEN: I would like to be as helpful as possible, but it is just not our money. It is not our line and it is not our money.

The CHAIR: The member for Morphett needs to put a question on the House of Assembly *Notice Paper*.

The Hon. R.J. McEWEN: Again, I will make sure that the shadow minister gets an answer to that, but it is not something I have in front of me, because it is not our line.

Dr McFETRIDGE: I reiterate: I find the convolutions of the state budget absolutely amazing. It would be lovely if people could read a budget and understand what it meant without having a degree in economics—and we all know what I think of economists.

The CHAIR: No; that does not work—I have one of those!

Dr McFETRIDGE: I will try again. Minister, I refer to Budget Paper 3, page 4.18. How many programs were funded to local councils in 2003-04 under the community recreation and sports facilities program? What was the largest amount granted for a program to local government, how much was the grant, and which group in the council was the beneficiary?

The CHAIR: That was yesterday. I am sorry, member for Morphett, but I am pretty confident that that is the recreation and sport line. Again, just because the words 'local government' are mentioned—

Dr McFETRIDGE: That is quite okay, ma'am. I am more than willing to accept your advice. I will move on to another one—

The Hon. R.J. McEWEN: I think it is important, though, to explain what that page does, because there is a purpose in having it there. The shadow minister knows that when he

goes down the page he sees not only the appropriate program but also the agency within which it is delivered, so he knows where the question should be asked. But it is important that we gather all that together. The purpose of state/local government relations is to bring together that interface between state and local government, and that is why we would put a page like that together. It is a very important page to have but, equally, the shadow minister would know that under the heading it tells you which agency and, therefore, which minister is responsible for administering that particular line. However, it is still a very important statement to make in terms of that broader state/local government relations vision.

Dr McFETRIDGE: I think that the title of the Minister for State/Local Government Relations indicates that it is all about the relationship between state and local government, which implies it is across many areas. But that is my, perhaps, naive interpretation. I will move on, minister, and thank you for your cooperation. I refer to Budget Paper 4, Volume 1, page 2.2. This is about the draft development amendment bill. How does the minister and the Office of Local Government expect local government to assess the benefits/constraints of templates and modules proposed in the draft development amendment bill 2004?

The CHAIR: That is not within that line.

Dr McFETRIDGE: This was an issue that was raised by the Local Government Association.

The CHAIR: It does not matter.

The Hon. R.J. McEWEN: It is obviously not a budget line. Can I ask the member for Morphett to run that question past me again?

Dr McFETRIDGE: How does the minister and the Office of Local Government expect local government to assess the benefits/constraints of templates and modules proposed in the draft development amendment bill 2004? My understanding is that there has been very little consultation—

The Hon. R.J. McEWEN: If the question is: how can our office work with local government—

Dr McFETRIDGE: Yes.

The Hon. R.J. McEWEN:—in terms of what they need to do with their constituency, the answer is that the office can work with them and give them advice and support, in the same way as we have over the matters that we need to go through in terms of legislative review. We actually put an officer over there to work with them. So, yes, we can offer them some advice and some coaching and, what is more, some networking to the appropriate agencies. That is part of how we interface between state and local government: providing some coaching and support where they are necessary and some introductions if we need to bring other agencies in to help in that process.

Dr McFETRIDGE: Thank you, minister. My understanding of the situation at the moment—and correct me if I am wrong—is that there was very little consultation with local government over the formulation of the draft sustainable development bill.

The Hon. R.J. McEWEN: Will you put that question at the appropriate time to the appropriate minister?

The CHAIR: I draw the member for Morphett's attention to Budget Paper 3, page 4.18, under 'Trade and Economic Development'. Those are the lines that are open at the moment.

Dr McFETRIDGE: Well, we will get back to those. I should talk about wasps, shouldn't I? I refer to Budget Paper 3, Volume 4, page 4.17, 'State black spot program'.

Why is the 2004 budgeted figure for the state black spot program for safer local roads only \$1.63 million, \$120 000 less than the 2003-04 estimated result of \$1.75 million?

The CHAIR: Member for Morphett, that is the same problem. That is transport; we have dealt with that.

The Hon. R.J. McEWEN: If I can have a list of all the member's questions I can refer them to the appropriate minister. As much as these are issues in the mind of the shadow minister and local government, he must also appreciate that I am not the minister responsible for all these questions, and we are not going to have two ministers doing this job. I am sure that, through this process over the last week and this week, the opportunity has been presented to ask the appropriate minister all these questions. I do not think that anyone seriously believes that I would come in here and be able to answer every single question for every single minister just because there is an impact between state and local government. Surely, almost everything that the state government does directly or indirectly impacts on local government.

Mr VENNING: I have been coming to estimates for 14 years and I have never struck an estimates committee quite like this one, where the minister will defer to another minister all the time, saying, 'This is not my area.' Then, when you ask the other minister, they send it back again. I think you have got to take—

The Hon. R.J. McEWEN: That is outrageous!

The CHAIR: I think that the member for Schubert is well aware that in estimates only an examination of the lines open is allowed. The minister cannot be responsible for answering questions relating to another minister's responsibilities.

Mr RAU: I have a point of order. I suggest that, in view of the fact that the member for Schubert has endured the estimates process for 14 years, he might want to have a cup of tea or something to relax, because it is a harrowing experience!

The CHAIR: We can certainly have a short break to enable the member for Morphett to reconsider whether his questions are appropriate.

Mr VENNING: My point is that it is the way it is divided up. There has been confusion, there still is and there always will be.

Dr McFETRIDGE: I thank members for their consideration. However, I would rather ask the questions and, if the minister does not feel them appropriate, that is his opinion. I came here to ask questions on local government and state-local government relations and to be given an indication of how the minister was thinking.

The Hon. R.J. McEWEN: Obviously, estimates committees are about asking questions about those lines open within the Office of Local Government. That is what this process is about. However, I have indicated that, if the shadow minister wishes to go beyond that (as he is doing), in good faith I will take the questions on notice and obtain the appropriate answers for him.

Dr McFETRIDGE: Thank you, minister.

The Hon. R.J. McEWEN: However, I do not think for one second that the honourable member expects me to have all the officers from every other government agency sitting behind me, because, in effect, he is asking questions of those agencies. That is not what estimates committees have been about in the past. We will at least take those questions on notice and I will do my best to obtain answers for the member, but I do not think that he can realistically expect me

to have that sort of detail. It is not within the ambit of my ministerial responsibilities, or those of my agencies.

The CHAIR: Thank you for that offer, minister. I am sure that the member for Schubert recognises that it is extraordinarily generous. I remind members that questions taken at estimates have to be answered by 23 July, which can put stress on staff.

The Hon. R.J. McEWEN: Exactly.

The CHAIR: The alternative process is—

The Hon. R.J. McEWEN: Although I am making this offer, I have not been given the authority of the other ministers to take these questions on notice and obtain answers. In good faith, I will do my best to do so. Members know what they asking me to do, and they know that it is far beyond what has ever been done before.

Mr COMRIE: One of the reasons there is this focus referred to in Budget Paper 3, page 4.18 is that this is only the second year that that information has been collated in that form. Previously, you have never been able to go through the state budget papers and work out on one page where the level of support, or contributions to local government or joint programs, has come from the state. It has been all over the place, and you have had to look at an individual minister's portfolio. The emphasis on state-local relations means that we have put this page together to show the aggregate level of financial engagement in the budget between state and local government in one year. That is why that summary is there. The emphasis of the minister, and the role of the Office of Local Government, has been to facilitate and bring about some common understanding between state and local government of how we get best value in those programs. It is not to take responsibility for those individual programs.

The CHAIR: Mr Comrie, are you saying that this grief is coming about because the government has attempted to undertake a service?

The Hon. R.J. McEWEN: Yes—at the request of local government.

The CHAIR: It reminds me of the women's budget. Member for Morphett, has that given you some time?

Dr McFETRIDGE: No; it has really just confirmed the impressions I have gained from estimates committees. I am sure that this question relates to the minister's portfolio. I refer to Budget Paper 4, Volume 1, page 2.20. Why has \$15 000 been allocated to consultants for the 2004-05 financial year?

The Hon. R.J. McEWEN: Why has \$15 000 been allocated?

Dr McFETRIDGE: Yes.

The Hon. R.J. McEWEN: It is a contingency. We believe that \$15 000 is about the sum we will need to purchase consultancies during the year. Do we know what they are in advance? No, because issues come up all the time. Last year, we spent \$9 000. We think \$15 000 is a very conservative figure within a very modest little team, but there will be times when we need to bring in some outside expertise. That will cost money, and that is what the \$15 000 is for. If the member would like an example of how we spent that money last year, I will ask John to explain how we bring in those consultants.

Mr COMRIE: I simply mention that in the last year we have put a lot of emphasis on a rating improvement program. We have prepared a manual and a training course to help councils fully understand the flexibility that exists under the Local Government Act. That program is typical of where, on occasions, you might have an expert consultant from outside

the office engaged to help progress that work. That is the sort of scale of activity for which we use consultants.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.20. What is the state government doing to ensure that council officers and councillors are not being intimidated by outlaw motorcycle gangs when considering development applications?

The Hon. R.J. McEWEN: Obviously, if it is brought to our attention we will indicate to the appropriate people to bring any threats of that nature to the attention of the police.

Dr McFETRIDGE: I refer to the same reference. Has any expenditure been allocated in the 2004-05 budget to assist local councils to dispute the erection of mobile phone towers in residential areas?

The Hon. R.J. McEWEN: I am happy to bring that question to the attention of the planning minister.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 1, page 2.20. The Outback Area Community Development Trust is concerned that the subsidy funding model currently used can disadvantage communities with limited fundraising capacity. Is the Office of Local Government reviewing funding of remote rural communities? If not, why not; if so, how?

The Hon. R.J. McEWEN: This is a very fundamental question about whether to be incorporated or unincorporated. As I indicated earlier, on balance if a body is unincorporated there is no legislative framework to levy a rate. So, the alternative is that these communities try to raise a contribution in a voluntary way and then seek matching funds. They cannot be unincorporated and still have the powers of an incorporated body within the legislative framework to raise a rate. Understanding that, they say on balance that they still wish not to be incorporated. For example, I have had a number of discussions with the people of Andamooka in terms of how they can get the whole community to contribute to some improvements they want to make, without becoming a council; without becoming an incorporated body under the Local Government Act. They know that by remaining unincorporated there are a lot of benefits in terms of the way in which they wish to operate in their community, but it does not give them the opportunity to raise a rate. That debate is going on in a number of communities. I would love to know whether there is another model where they can be unincorporated and still compulsorily levy people. I do not know that there is a model anywhere. Certainly, there is no model of that nature anywhere in Australia.

Mr COMRIE: Quite a lot of work is going on at present in the outback unincorporated areas on this very issue. I know that in the case of Andamooka they will be actively encouraging their community to contribute to a voluntary levy this year to upgrade various facilities in the community. Depending on the success of that, they may have to look at other options. But the Office of Local Government is working with the trust and monitoring the situation closely and, if the current arrangements are inadequate, we will have to explore what other steps can be taken to help raise additional revenue to contribute to the needed upgraded infrastructure in the area.

Dr McFETRIDGE: I will hand over to the member for Schubert, who, after 14 years' experience on the estimates committees, has questions that relate to the specific line.

The CHAIR: In the meantime, I will ask the member for Enfield whether he has a question.

Mr RAU: I think it is better that I ask my question now because the maestro will follow me and it is better that I am not embarrassed.

Mr Venning interjecting:

Mr RAU: I hope I am as cheerful if I am still here after 14 years! Will the minister advise the committee what the government has done about the expansion of concessions for pensioners?

The Hon. R.J. McEWEN: It gives me the opportunity to make a milestone announcement about the fact that—

Mr Venning interjecting:

The Hon. R.J. McEWEN: Well, I did wait for an hour, thinking that one of the key issues you would ask would be about concessions. The great news is that South Australian holders of commonwealth senior health cards will now be eligible for the full value of core state government concessions under a \$4.6 million agreement with the commonwealth. There are about 19 340 commonwealth senior card holders in South Australia, and this deal means they will get access to the full value of concessions for council rates, water and sewerage rates, electricity and motor vehicle registrations. Of course, the key for local government is that it means that the concession will go from \$100 to \$190. Commonwealth senior card holders currently receive a council rate concession of \$100 a year, which is \$90 per annum less than pensioners; and electricity concessions of \$120, the same as provided by the state government to pensioners.

Under the proposed agreement the state government will extend water and sewerage rate concessions to commonwealth senior card holders and increase the value of council rate concessions from \$100 to \$190. The state government has reached agreement with the commonwealth for an additional \$8.6 million in home and community care (HACC) funding over the next four years, which provides support programs for frail, elderly people and young people with disabilities and their carers. The HACC program provides a wide range of services, which are aimed at assisting people so they can stay in their own home if they are frail and elderly, suffering from an illness or disability and need some help.

I am delighted that with the support of the commonwealth government we have been able to extend all those concessions to commonwealth senior health card holders. This is something that the self-funded retirees group has been requesting for some time; and it is great that we have been able to negotiate satisfactorily with the federal government. I thank it for coming on board to make this possible.

Mrs PENFOLD: I have a supplementary question, although it may be that it is another minister's responsibility. I understand that the electricity concession has not been applicable to those people in single households. If you are in a married or de facto relationship you can get electricity concessions, but if you are in a single-person household I understand they are not applicable. Will it change that position?

The Hon. R.J. McEWEN: No, this extends the existing concessions to commonwealth senior health card holders.

Mrs PENFOLD: There is no extension to single households?

The Hon. R.J. McEWEN: This relates only to commonwealth senior health card holders.

Dr McFETRIDGE: I have a supplementary question. Does this include Gold Card veterans? For example, I know a chap who was 20 years in the navy and who has a Gold Card. If he was a war widow, he would be getting conces-

sions but because he is a Gold Card holder and male, he is not getting any concessions. Will this extend to him?

The CHAIR: Minister, I think you are being asked to answer commonwealth questions.

The Hon. R.J. McEWEN: I think it is an important question. We need to make very clear what constitutes a commonwealth senior health card. I understand there is a clear definition. I put the commonwealth position in terms of providing funding.

Mr VENNING: My question is in relation to Budget Paper 3, page 4.18, table 4.7, 'Specific purpose payments from state and local government', and the subject is septic tank effluent drainage (STED) schemes. In the 2002-03 budget the estimated result for the septic tank effluent drainage scheme was allocated \$4 million in payments, whereas in the 2003-04 budget and the 2004-05 budget it has been allocated only \$3.050 million. Why has there been a \$955 000 reduction in payments over the past two financial years? Minister, both you and I know there is a huge backlog on STED schemes.

The Hon. R.J. McEWEN: In my opening remarks I addressed the fact that we are trying to approach STED schemes in an entirely different way. I have restored \$3 million going forward, so I have given certainty to local government in terms of working with it about a way to bring forward a number of those schemes and, equally, to bring commercial reality to some of those schemes.

Mr COMRIE: The bulk of that money in the previous year was provided not to expand the amount of capital or construction activity from that program but, rather, to enable comprehensive research to be undertaken and major consultancy to assess the backlog of works and the potential options for the way forward. That study has been completed and now the program allocation is back to its base level.

Mrs PENFOLD: I understand that the department receives considerable funding from the federal government for moneys collected from the fuel levy for council reconstruction at about 2 cents per litre. I am wondering whether that is the fund currently paying the SA Water rates for Adelaide council and for Port Adelaide Enfield council that they were excused from under the charter of SA Water. Can the minister answer that, because my councils would be most interested in the answer?

Mr COMRIE: The department does not receive any money.

The Hon. R.J. McEWEN: It is a federal government issue anyway, is it not?

Mrs PENFOLD: This fuel levy was for local government reconstruction or amalgamation and I had not heard about it and I thought this was a good opportunity to find out whether this was the case. I would be interested to get to the bottom of it if some of that funding is coming through to us and is being dissipated on two councils.

The Hon. R.J. McEWEN: If you get to the bottom of it, let us know.

Mrs PENFOLD: If you hear something, let me know.

The Hon. R.J. McEWEN: It is on the record now, so someone will tell us what it means.

Mr VENNING: I refer to Budget Paper 3, chapter 4, page 4.17, under the heading 'Intergovernmental finances'. It refers to local government financial relations with commonwealth and state governments, and the subject is government activities. What local government activities, apart from the CFS, MFS and SES, have been taken over by the state

government as referred to in 4.17 that led to significant expenditure reductions for councils?

The Hon. R.J. McEWEN: This is an interesting question because it points to the fact that sometimes services are taken back by state government without any transfer of funds from local government to state government, so when people talk about cost shifting the honourable member makes a very good point that those people who believe cost shifting is alive and well think it only ever goes in one direction. It was never meant to be in that form.

When the emergency services levy came in the community paid for that service in a different way, which meant that at one stage it was paying for much of that service through council rates or in some way to local government, but now that service is funded through the state government and they pay for it through the emergency services levy, which means councils have freed up that money. How it dealt with that money is totally up to it, but I do not know of any other examples where a significant service like that has been accepted by the state government freeing up the responsibility for local government. That was quite a significant one, but it was acknowledged at the time and had a significant positive impact on local government and a new form of tax was created by the previous government and it is still being used for those purposes.

Mr VENNING: On the same budget line, is the minister happy that the road formula used by local government in South Australia regarding loan funds from federal parliament has been used to address the inequitable situation South Australia was in before?

The Hon. R.J. McEWEN: No. The honourable member is well aware that we have been screwed by the feds for years, and they continue to do so. It was part of the debate we had in Canberra recently—a significant issue around the size of the slice. When you have over 11 per cent of Australia's roads and you are getting 5.5 per cent of the money, it is a fundamental issue. We will work towards resolving it. The interim adjustment, the \$23 million, is part of our trying to work in a positive way with the federal government to regress an historic wrong.

Mr VENNING: By way of supplementary question, I agree that it is wrong for the state. I thought it was addressed because I read comments by councillor Legoe, the President of the Local Government Association, and I assumed the association was happy.

The Hon. R.J. McEWEN: The three-year agreement, the \$26.25 million for South Australia over three years to augment the identified local roads component of the financial assistance grant pool, is certainly not addressing the long-term structural problem.

Mr VENNING: You are not happy that the debate has been addressed?

The Hon. R.J. McEWEN: It has not been addressed, no. That is the discussion we were having in Canberra and with the federal minister. It certainly has not been addressed. The \$26.25 million addressed part of the problem for three years. We have not had that structural adjustment that is required to the formula to redress the wrong, and certainly we have not had any compensation for the wrong done for many years.

Mr VENNING: Then councillor Legoe and others need to make public comment.

The Hon. R.J. McEWEN: I think John made clear that we were delighted to get that extra money. Nobody will say that we do not want the \$26.25 million—we were delighted to get that money. It goes part way in the short term to

addressing the long-term wrong, but it has not yet fixed the structural problem in respect of distribution to the state.

Mr COMRIE: Councillor Legoe, the President of the Local Government Association, understands that. The commonwealth has effectively offered this money as an interim adjustment, but the formula has not been fixed. The commonwealth has made this interim payment and said it will address the formula on a long-term basis as part of its response to the Hawker committee inquiry. When the commonwealth hands down its decision, the LGA and the states would expect the commonwealth to fix the formula once and for all as part of that outcome.

Mr VENNING: May I suggest that the local government flyer has a detailed article on this next time it comes around?

The Hon. R.J. McEWEN: In my opening remarks I dealt with a number of issues around IGAs and the way we are working with the federal government and wishing to pilot some further work in that direction. If you want us to set it all out again, we will be delighted to do.

Mr VENNING: I am batting for South Australia.

The Hon. R.J. McEWEN: We have had some good discussions with minister Campbell and he is aware of the situation. In Canberra, I looked all the other state ministers in the eye and told them that, once we have decided on the size of the cake, we then have to have a debate about the size of the slice, and we want some fairness and equity to prevail. Whether that means growing the cake first or not is part of the debate, and we have asked for a response from the federal government. The federal government needs to respond to Hawker and part of the meeting the other week was to get a feel from the state governments as to what issues we felt had come to the fore out of the Hawker report to assist the federal government in the preparation of its response. The next step is to see the federal government's response to Hawker. From this state's point of view, we are hoping, number one, that the cake has grown and, number two, that the size of the slice for this state is fair and equitable for the first time.

Mr VENNING: What is the Office of Local Government doing to assist councils in South Australia to ensure guaranteed funding from the federal government, that is, a guaranteed percentage of income tax?

The Hon. R.J. McEWEN: If the debate now is about the fundamental flaws in the taxation system nationwide, as you know I am on the record over a number of years saying that there are fundamental flaws in the tax system and that the Centenary of Federation was the appropriate year to address that. What are we all doing to redress these fundamental flaws? We have just dealt with that in terms of Hawker, that part of it that is our direct responsibility. Are we more generally campaigning for a rethink of the tax system? Hawker alludes to the fact that the whole system is fundamentally flawed. We would love to see a response to that from the commonwealth. Are we doing something about it? Absolutely. We are saying that this is now out in the open; the Hawker report has identified this. I have made it very clear to the minister privately and publicly to all the state ministers in Canberra that we want a fairer deal out of all this, definitely.

Dr McFETRIDGE: I will now put the omnibus questions on the record.

1. Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 set for them in the 2002-03 and 2003-04 budgets and, if not, what specific proposed projects and program cuts were not implemented?

2. Will the minister provide a detailed breakdown of expenditure on consultants in 2003-04 for all departments and agencies reporting to the minister, listing the name of the consultant, cost, work undertaken and method of appointment?

3. 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 total employment cost (TEC) of the employee?

4. In financial year 2002-03 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2003-04?

5. For all departments and agencies reporting to the minister, what is the estimated level of under expenditure for 2003-04 and has cabinet approved any carryover expenditure into 2004-05?

6. (1) What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also as a subcategory the total number of employees with a total employment cost of \$200 000 or more per employee, for all departments and agencies reporting to the minister as at 30 June 2003; and

(2) What is the estimate for 30 June 2004?

(3) Between 30 June 2003 and 30 June 2004, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100 000 or more) (a) which has been abolished; and (b) which has been created?

7. (1) What is the difference between consultants and contractors and how many people or services that were previously classed as consultants are now shown as contractors?

(2) What is the value of their contracts and what are the services they provide?

The CHAIR: There being no further questions, I declare the examination closed.

[Sitting suspended from 12.21 to 2 p.m.]

Department of Primary Industries and Resources
(including appropriation borrowings), \$113 809 000
Administered Items for the Department of Primary
Industries and Resources, \$92 335 000

Membership:

The Hon. G.M. Gunn substituted for Mrs Penfold.

Ms L.R. Breuer substituted for Mr O'Brien.

Mr M.R. Williams substituted for Dr McFetridge.

Additional Departmental Advisers:

Mr J. Hallion, Chief Executive, PIRSA.

Mr G. Knight, Executive Director, Corporate, PIRSA.

Mr B. Windle, Executive Director, Agriculture, Food and Fisheries, PIRSA.

Mr S. Archer, Director, Finance and Business Services, PIRSA.

The CHAIR: I think the advisers are used to the proceedings and know the protocol of questions being through the minister. Will the minister keep the secretary informed if there are any changes in arrangements?

The Hon. R.J. McEWEN: I have had a discussion with the opposition, and it is our understanding that, if the government has no questions, we should be able to complete this line by 4 p.m. That will still give the opposition more than its fair share of the time. The member for MacKillop has placed a condition on that arrangement, however: that we behave ourselves. At about 4 o'clock we will review whether the opposition is satisfied with the answers to its questions, whether we need to continue for a few minutes, or whether we break for afternoon tea.

The CHAIR: I declare the proposed payments reopened for examination and refer members to appendix C, page C.2 in the Budget Statement and part 5, Volume 2, pages 5.1 to 5.8 and 5.26 to 5.39 of the Portfolio Statements.

The Hon. R.J. McEWEN: This is Barry Windle's last estimates committee. He has indicated that he intends to leave us on 7 August. I put on the record that he will be sadly missed and that his contribution to agriculture in this state and nationally will last well beyond his retirement. I acknowledge his tremendous leadership and guidance over many years, and I have very much appreciated the work he has done.

Mr VENNING: Where are the rest of them?

The Hon. R.J. McEWEN: They are doing their work. We do not need a thousand people here to deal with estimates. We have the best.

The CHAIR: Minister, do you have an opening statement?

The Hon. R.J. McEWEN: I do have an opening statement, which will take a few minutes, and that has been factored into the timetable. By way of an opening statement, I wish to put in context for members of the committee the broad significance of the primary industry sector to this state's economy. I will also provide an overview of the 2004-05 budget estimates for the agriculture, food and fisheries sector of the Department of Primary Industries and Resources. In addition, I will advise members of the committee about specific initiatives I will announce today concerning state barley export marketing arrangements and the chicken meat industry.

I refer to the contribution to the state economy of exports. In 2002-03 agricultural commodities and processed products contributed 55 per cent of South Australia's \$8.3 billion merchandise exports. Members will note that that amount dropped because of the impact of the 2002 drought, but it is certainly on its way back up again.

Exports were made up of agriculture commodities, \$1.8 billion (22 per cent); processed food, \$1.25 billion (15 per cent); and processed wine, \$1.5 billion. Motor vehicles at \$1.4 billion (17 per cent) and minerals at \$990 million (12 per cent) were the other major contributors to exports. Incidentally, this year wine will overtake motor vehicles as the single biggest export commodity out of the state. The bottom line is that wine is South Australia's No. 1 export and food, collectively, is No. 3.

The agriculture and wine industries employ approximately 41 500 (6.2 per cent) of South Australia's work force. In addition to this, approximately 100 000 (50 per cent) of the work force are employed in food manufacturing, wholesaling, retailing or hospitality. In total, one in five of every job in this state is in our agriculture, food or wine industries. It is a message that we have to continue to sell to the public at large.

The budget levels of operating expenses for the portfolio have jumped from \$171.3 million in 2003-04 to \$193.3 million in 2004-05; that is, an increase of \$22 million or 12.8 per

cent—Budget Paper 3, page 2.41. That is an increase of \$22 million (12.8 per cent) in the budget. I know the honourable member would be delighted to support me in that fine outcome.

Over the four years in the forward estimates period, the government has provided over \$50 million in new initiative funding for the portfolio. The single largest initiative is the exciting new MISA project with an additional \$7.7 million over four years (or \$13.7 million over five years), which I was delighted to announce in Port Lincoln yesterday; and I acknowledge the work the member for Flinders has done in terms of promoting MISA and its significance to Port Lincoln. It will be provided by the state government to support the expansion of ecologically sustainable developments in South Australia's fishing, aquaculture and marine eco-tourism industries through the Marine Innovation SA (MISA) project.

MISA will help to ensure that we have the knowledge base to underpin these developments so that we can achieve the targeted doubling in the value of seafood industries to \$1 billion per annum by 2010. I might add that yesterday others were even more optimistic than the \$1 billion, and they are setting the bar as high as \$1.5 billion. Sir Eric Neal, representing Flinders University, was part of that joint announcement yesterday. It also conserves and protects the environment on which these industries rely. The state government and Flinders University, in partnership with the commonwealth government, other universities, the South Australian Museum and industry are planning to spend an additional \$15 million over the next four years (or \$25.8 million over five years) on R&D and associated infrastructure to support marine innovation programs.

I am announcing today that the government will be introducing into parliament a bill for a new barley exporting act as soon as possible to avoid the competition policy penalty payments of \$2.93 million. The Premier recently indicated to parliament that, unless the federal Treasurer advised that penalties recommended by the NCC were removed, the government would have no alternative but to move to change barley marketing legislation by 30 June 2004. Time has run out. There is no indication that the federal Treasurer or the NCC will change their view on the current Barley Marketing Act and the way the single desk operates in South Australia. There is now reluctant acceptance by some sectors of the industry that change is inevitable, and the task now is to find a win-win solution for government and industry.

The government has drafted a bill, which it believes meets the federal government's NCC's requirements and which will offer benefits and choice for all barley growers. The intention is to have a one-year period of consultation with industry on the implementation of the new legislative arrangements. The opposition and SAFF both appealed to the government not to make changes ahead of assessing the outcome of reviews of grain marketing in Western Australia and nationally with AWB and we have listened to their views.

The Premier has announced that, unless the federal Treasurer relieved South Australia of the penalty for the Chicken Meat Industry Act 2003, he would have no option but to move to amend the act by 30 June 2004. It is now clear that the federal government and the NCC will not change their views on the current act, with the main offending part being narrowed down to the availability of arbitration when growers and processors cannot agree on a contract (Part 5, section 21).

The competition payment penalty in 2005 will again result from the NCC's 2004 assessment if the act is not amended by 30 June 2004. The government will introduce a bill to amend the Chicken Meat Industry Act as soon as possible to avoid another permanent penalty arising from the 2004 NCC assessment. The bill replaces arbitration with mediation on disputes relating to collective negotiations for growing agreements. However, the act with this amendment will still impose significant disciplines on both processors and growers, and, in particular, obligates processors to negotiate with groups of growers in a way that has not been available previously to growers in South Australia. Other significant mediation and arbitration provisions still continue to be available, unchanged by these amendments.

Progress with appropriate cost recovery has continued in 2003-04, consistent with the approach of both the previous government and this government. The government is pursuing sound principles of cost attribution, transparency, performance measurement and consistency across Primary Industries sectors. During 2003-04, Primary Industries SA has made progress with policy and frameworks for plant health, fisheries, aquaculture and R&D, including extensive consultation with stakeholders. This rigorous approach to properly recover costs where the beneficiaries clearly capture the benefit will continue in 2004-05 and beyond in order to ensure that taxpayers' funds are used equitably and appropriately to deliver community benefits.

Following up a question that the member for MacKillop asked earlier, I need to touch on the NLIS briefly. The launch of the National Livestock Identification Scheme is intended to identify and trace cattle from property of birth to slaughter. Emergency animal responsibility in South Australia will be further advanced through the implementation of livestock identification of cattle to meet the targets of July 2004 set by the Primary Industries Ministerial Council. The implementation of mandatory livestock identification of sheep has also commenced with a target date of July 2005. The implementation of the scheme is essential for tracing livestock and product movements in an emergency and to ensure confidence in Australia's export markets. This needs to be made clear as a result of the 2001 foot and mouth disease outbreak in the UK, and the recent case of bovine spongiform encephalopathy (BSE) in the USA and Canada.

The government has committed \$100 000 a year for 2002-03 to 2004-05 for the installation of infrastructure in abattoirs and saleyards for reading NLIS devices. In addition, the state government committed \$1 million in 2003-04 and 2004-05 to assist the implementation through tag rebates, education, extension programs and infrastructure. This time around 900 000 tags have been issued and the program is well on track. I think there are only 1.2 million head in South Australia, so we are well on the way in terms of the number of tags issued.

A period of transition for breeder cattle moving directly from pastoral properties to abattoirs from now to 2010 has been agreed to not necessarily burden producers where the risks are low and trace back is straight forward. South Australia will not move out of step with other states if our producers or abattoirs are disadvantaged relative to other states by moving too quickly. That was the commitment the member for MacKillop was looking forward to.

With aquaculture, the South Australian industry continues to be a significant contributor to the value of the state's exports and the economy with the industry output estimated at over \$356 million in 2002-03, with flow-on effects of

\$286 million in other South Australian industries and 1 630 jobs generated directly in aquaculture, while a further 1 355 flow-on jobs were generated with related businesses, giving total employment of almost 2 990. For the first time aquaculture has passed the wild fishery sector in terms of the contribution it makes to the state. Such has been South Australia's success that as an industry sector aquaculture now exceeds in size the wild fishery sector in this state.

The industry is managed under the nationally recognised Aquaculture Act, which allows for the implementation of statutory policies for any purpose directed towards securing the objectives of the act, including that the required aquaculture development occurs in an ecologically sustainable manner. In late 2003 the state government in conjunction with fisheries and the Development Corporation commenced a three year \$2 million research project titled 'South Australian innovation solutions for agriculture access and management initiatives', aimed at providing research outcomes to support the development of a comprehensive package of instruments to underpin access and management policies.

Turning now to fisheries, the pilchard fishery is now at 40 000 tonnes—Australia's biggest fishery—and we are doing work with it. I was in Port Lincoln with them yesterday. The state food plan was developed in 1997 and set a target of increasing the food industry's contribution to the South Australian economy to \$15 billion a year by 2010. It was reviewed in 2000 to produce the state food plan and program 2001-04. This includes a funding commitment of \$1.8 million by government to support the state food plan to implement the priority initiatives identified by industry in the plan.

The state food plan 2001-04 will be completed at the end of June 2004 and will be replaced by the state food plan 2004-07. As part of the process of developing this next stage, an independent review to evaluate the effectiveness of the plan to date has been undertaken. This evaluation showed that the food industry's understanding, confidence and willingness to pursue a range of development activities has improved significantly since 2000, particularly in the areas of integrated demand chains, collaboration, branded differential products and value adding.

With the food centre, the government has renewed its commitment to the state food plan for the next three years by announcing funding for the establishment of the South Australian Food Centre. It will be established as the principal vehicle for delivering the targets and objectives of the state food plan over the next three years.

I turn now to dry land salinity and R&D. The SARDI Pastures Group commenced new industry funding projects in the areas of dry land salinity repair and prevention, pasture cultivar development, rhizobiology research and annual pasture pathology. With those opening comments I span what is a very complex department that underpins a significant part of the state's economy.

Mr WILLIAMS: It was not my intention to make an opening statement, but I will make a couple of comments in light of what the minister has just said. It is great that a minister in a Labor government acknowledges the importance of agriculture to the state. I hope this government can beat that drum loudly, because those on this side of the house, particularly the three rural members here today on the committee representing the Liberal Party, have a very good understanding of the importance of the agricultural sector to the South Australian economy, and we may have the opportunity later to question the minister on exactly what

strategies the government has, once it acknowledges that 55 per cent of the state's exports come out of the agricultural sector, how it will treble exports over the next 10 years and what strategies it has for the agricultural sector to help achieve that. We have a series of questions over a range of issues, including those the minister has spoken about. I am sure we will want to get a lot more information about the minister's intention regarding barley marketing.

One of the problems the current government is experiencing in South Australia is that it fails to understand what are national competition payments. They are not penalties. The national competition payments and system is not about giving a certain sum to the states and then paring it back by way of penalty; it is about giving competition payments as rewards for certain things done, and it is up to the state to make the judgment of whether the state is better off receiving that reward or maintaining a regime which, in its opinion, is better for the state and the particular industry. With the national livestock identification scheme (NLS), I welcome the comments made by the minister and will express my personal view as a sheep producer about the mandatory nature of the scheme and about the scheme moving into the sheep industry. It will be an incredible burden cost wise to the sheep industry for minimal benefit. We may come to that later.

Can the minister give a detailed list of the 11 full-time equivalents and their functions who are listed as ministerial office staff and describe their jobs? I note that the cost of running his office is \$1.157 million, which equates to \$105 000 per full-time equivalent. In addition, how many office staff are ministerial appointments as opposed to departmental appointments? The cost of running the minister's office equates to just over \$105 000 per full-time equivalent. Can the minister outline how that cost is broken up, what is the wage scale of each of his staff and what other costs in detail are included under ministerial office resources? Last year's ministerial offices resources shows a full-time equivalent of nine employees at a cost of \$899 000 as opposed to \$1.15 million this year. How does the minister justify two extra employees at an additional cost of \$258 000?

The Hon. R.J. McEWEN: First, I come back to the member for MacKillop's observations about the penalty and semantics. If it looks like a duck, it quacks like a duck and the federal Treasurer calls it a duck, then probably it is a duck. It is the federal Treasurer who calls it a penalty. It does not matter what the spin doctors do with it: it is a penalty. It is \$3 million less than this state has available for its core business. They are not my words that it is a penalty. As to the detailed question, I will have to take that on notice. There is quite a bit of information in it that I do not have in front of me, so I will take that on notice.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 2, page 5.7. The summary of the net cost of facilitation services shows a cut of \$3.5 million. However, facilitation services for agriculture, food and fisheries shows a budget cut from \$19.038 million in 2003-04 to \$12.238 million in 2004-05. That is a cut of \$6.8 million. Further to that, the estimated net expenditure for 2003-04 facilitation services was only \$8.998 million, which is \$10 million under the budgeted amount for 2003-04. Can the minister outline what services were cut to effect such a massive under spend in facilitation services and why has that under spent money not been rolled over into this budget?

The Hon. R.J. McEWEN: I will get Geoff Knight to start with that and then I will come back to it.

Mr KNIGHT: The answer to this question is reasonably complex but I will provide what information we can now and, if there are any outstanding issues, we can certainly provide further information on notice. The first thing I need to point out is that the figures for the 2003-04 budget included a large range of things which were under spent because of carryover issues, and I can touch on a few examples of those. For FarmBis 2 expenditure, which was committed to programs in 2003-04 but not fully spent, the figure is about \$2 million. Also built into the 2003-04 figures were original estimates for the new NLIS scheme, which was originally based on an arrangement that the government would meet all the costs upfront. After that was announced in the budget last year, the industry itself came to government and said they would prefer it to be a subsidy scheme where farmers met their cost as the scheme went along. Instead of it being a \$3 million cost in 2003-04, it turned out to be only a \$1 million cost.

Thirdly, significant amounts of programs which are delivered by PIRSA—indeed, Rural Solutions South Australia—on behalf of the Department of Water, Land and Biodiversity Conservation were originally shown in the 2003-04 budget as appropriation. That is now received as revenue so it does not fall through to the net cost of services. The figure in that instance is \$2.7 million. In total, the figure that you are referring to includes a large sum, it totals about \$9 million, that did not flow into the estimated result for those various reasons.

I turn now to the question of why those things are not reflected in the 2004-05 budget. Some are there, in terms of carryovers. A couple of the issues that I mentioned do not reflect in that way. The NLIS revision is an ongoing change. Instead of that being as originally budgeted for, it is now a much smaller scheme whereby the government meets the subsidy on an ongoing basis and farmers pay their way as the scheme goes on. Secondly, the \$12.238 million figure for facilitation services in 2004-05 does not include the FarmBis carryover because that money is being centrally held for us by Treasury. So there is \$2 million in addition to that \$12.238 million, and that is covered under an arrangement that Treasury calls negative journals, but the bottom line is that that money is held for us by Treasury. There are further funds of that kind, so in total a figure of about \$3 million is not included in the 2004-05 net cost of services but nevertheless is available to us in 2004-05 to meet those commitments.

The other difference between the 2003-04 budget and 2004-05 budget is that the 2003-04 budget included a large number of one-offs that do not flow into the 2004-05 budget. Some of those include things like red imported fire ant funding. That was included in the PIRSA budget in 2003-04 and has now been fully transferred to the Department of Water, Land and Biodiversity Conservation. The figure in that case is \$1.7 million. There is a figure for *Caulerpa taxifolia*, \$3.3 million in 2003-04, which was a one-off expenditure.

We had major additional payments in relation to the drought package funding. Again, that is not in the 2004-05 budget. I previously mentioned the NLIS. That is no longer reflected—other than the \$1 million that the minister covered in his opening statement—in 2004-05. If you looked at that program on a truly comparable basis, it would not represent a reduction in expenditure; in fact, it represents an increase in expenditure. I have a table here that I can certainly provide to the member on notice.

The Hon. R.J. McEWEN: Just to conclude that, it represents no reduction in services and an increase in budget.

Obviously, some of the services will cost a bit more to deliver but, quite clearly, it is an increase in budget and no reduction in services, and a lot of it is just accounting treatments and sometimes money is shifted between one and the other. The \$2 million that Mr Knight just explained in terms of the way in which FarmBis is treated is money that is available, but you cannot see it there because of the way in which Treasury has treated it for accounting purposes.

Mr WILLIAMS: On a point of clarification, if there is an underspend—for instance, the NLIS money—is that money returned to Treasury or is it available to be spent on another budget line within your department?

The Hon. R.J. McEWEN: Mr Knight will deal with that question. It is quite specific, and I do not think that what applies to NLIS would apply generally. I will deal with that first as a specific question rather than just general policy and then, if you want to ask a general question, we will deal with it after that.

Mr WILLIAMS: It was of a general nature, and I was using that specific example.

Mr KNIGHT: Perhaps I can explain that in more detail. The reality is that, where we underspend a program, unless we receive approval to carry that over into the future year, we return the cash, under the Treasury's new cash alignment policy. However, in the case of NLIS, that is not a case of underexpenditure in carryover. Perhaps I will explain it—and if I did not explain it that well I apologise. In effect, in the 2003-04 budget we had a provision of just over \$3 million for that program. When that program was announced it was on the basis that the government for the first year would meet all the costs, including the costs for producers.

I guess it was a front end scheme where all the money was up front and, over time, during implementation producers would refund that money to government. The producers said that they did not like it that way and that they would prefer to meet their costs up front in more of a what you might call pay as you go scheme. So, instead of the government's needing to spend \$3 million and something in the first year, we needed to spend only \$1 million to meet those subsidy payments. It is not an underexpenditure; we in fact revised the budget. In terms of the life of that scheme, the government will spend the same amount but, instead of spending so much of it in the first year, it is now spread throughout the life of the scheme.

Mr WILLIAMS: So, the subsidy will go on until all that money is spent?

The Hon. R.J. McEWEN: The commitment is \$1.085 million in 2003-04 and, again, \$1.085 million in the 2004-05 period. Is the member happy with that? Sorry, is the member satisfied with the answer? I am not necessarily assuming that he is happy with the answer. I apologise.

Members interjecting:

Mr WILLIAMS: Yes—what more have you got? What are you hiding?

The Hon. R.J. McEWEN: Mr Hallion has something to add.

Mr HALLION: We can provide a table to members. The original profile had \$3.2 million in 2003-04, \$2.5 million in 2004-05, \$1.6 million in 2005-06 and then repayments, as Mr Knight said, of \$1.1 million in 2006-07, and roughly the same sort of numbers going through to 2009-10. The revised program is \$1 million in 2003-04 and roughly \$1 million in 2004-05, and then it drops down to a small amount; it is \$90 000 and \$60 000 from then on. The net state contribution is the same; it is just that we have profiled it over a longer

period of time, and we do not have the repayments. Instead of having, effectively, a loan that we are providing up front with a repayment at the back end of that, we are now just putting in the net contribution of the government principally over the first two years of the program. That is in line with what industry required rather than our view.

The Hon. R.J. McEWEN: I could either seek the committee's indulgence to have that table incorporated in *Hansard* or I could just provide it to the member.

NLIS	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
Original	3 200	2 505	1 615	-1 185	-1 270	-1 270	-1 130	60	2 525
Revised	1 000	1 135	90	60	60	60	60	60	2 525
Net	-2 200	-1 370	-1 525	1 245	1 330	1 330	1 190	0	0

Mr WILLIAMS: Can the minister explain the rationale for transferring \$8.4 million cash out of PIRSA into the Consolidated Account, when it is estimated that PIRSA will have a negative \$8.5 million change in equity in 2004-05?

The Hon. R.J. McEWEN: Again, I will ask Mr Knight to give the member the detail of that.

Mr KNIGHT: The history of this matter is that, in South Australia since about 1993, all government agencies have operated out of so-called special deposit accounts rather than the Consolidated Account. Under that regime, agencies retained all unspent funds that were appropriated by parliament and, in some cases, they were spent in carryover programs and so on. In more recent times, it has been discovered that some agencies have held rather large amounts of funds previously appropriated to them which are no longer required. As a result, the government has approved what is termed the cash alignment policy.

In our case, that has resulted in PIRSA's returning that excess cash. It is cash that we do not require. There are no commitments against that cash. It is cash sitting in Treasury accounts and earning interest and invested by SAFA, but we no longer need that cash. Other agencies are also returning such excess cash. It was never budgeted to be spent. It was money that we received in earlier years for programs, and we have completed those programs. It has no impact at all on programs or services. It is money that would have just sat in our balance sheet. We would not have had approval to spend it. It has simply been returned to Treasury. It was sitting in the Treasury accounts, anyway.

Mr WILLIAMS: Again, by way of clarification: you probably answered this question in answer to an earlier point that I made about the NLIS when you said that, normally, if there was a saving made at the department or agency level, that saving had to be returned to the Consolidated Account. Is it the way I should interpret your answer?

The Hon. R.J. McEWEN: We attempt to deal with the two areas of policy and accounting.

Mr HALLION: It depends on whether it is an approved carryover. In other words, if we have a program that is running in one financial year and it is approved to roll over into the next year and it does not, whether or not we spend it in that first year is immaterial; it is carried forward into the next year. On the other hand, if there is no approved carryover it goes back into the Consolidated Account.

Mr WILLIAMS: So, there is no incentive for the department to try to achieve savings as it is going through a program? If it has a program that has been budgeted into costs of, say, \$3 million and some way through the program the department comes to the realisation that by making

The CHAIR: Is it statistical in nature and of less than one page?

The Hon. R.J. McEWEN: Yes.

Mr WILLIAMS: Put it in *Hansard*.

The Hon. R.J. McEWEN: It is only a statistical table. I seek leave for it to be incorporated in *Hansard*.

Leave granted.

certain efficiencies it can save \$500 000 or \$600 000, the incentive to do that, being that the department can then expend that money on some other program, has been taken away.

Mr KNIGHT: I think we have departments, including PIRSA, still operating under what is termed 'global appropriation'. We received a single appropriation for all of our purposes, and we are constantly making adjustments to realign the way we spend our funds on new and emerging priorities. In most cases, in an agency like ours, those priorities are worked out in consultation with the industries for which we are responsible. In brief, the answer is that, no, we have not lost that flexibility; we are constantly looking at new priorities and new things that are emerging that industry requires from us in terms of achieving their contribution towards state exports. This is only where there are specifically funded things where we might receive additional money for something that is quite ring fenced. An example might be last year's *Caulerpa taxifolia* program for which we received special additional money. In terms of the integrity of the budget process and the parliamentary process, if we do not spend all that money on that program it is considered appropriate that we return that money. In terms of our base funding, the minister has flexibility to allocate that in accordance with new and emerging priorities. We do not return that to Consolidated Account.

The Hon. R.J. McEWEN: To conclude, if the member for MacKillop is asking whether there is a disincentive to be frugal and responsible, the answer is no. On the contrary, a lot of benchmarking is going to demonstrate that we are a very cost efficient agency in terms of delivering services. It stands you in good stead when you are arguing to deliver programs, to the extent that we can actually sell services to other agencies because of our ability to deliver in such a cost effective way. Yes; we are rewarded for being very responsible and frugal and it is not that, as you might have been suggesting in your question, if you do not spend it you lose it. I think that is very much a culture of a bygone era.

The CHAIR: Minister, before we proceed, I clarify that the material to be incorporated into *Hansard* is simply table 19.

The Hon. R.J. McEWEN: It is a table that sets out the new cash flows and payments in relation to NLIS over the 10-year program, which was different from what it looked like last year, where it was up front. It is now spread over the 10 years of the program.

Mr VENNING: I would like to make a preamble to my question, particularly in relation to the minister's introductory remarks which basically highlight many of the questions we

are going to ask in this house. Further to that, because it has highlighted two new issues, I was pleased that the government realised that agriculture is most important to the state, yet it gets and uses fewer government resources as a percentage of the state's GDP each year. Also, the government infrastructure conditions are run down. I am pleased to hear that wine is again No. 1. I think that that pleases us all.

Today I noted the ministerial announcement about single desk barley. The minister did not give us any details. Is this a clone or a hybrid of the West Australian GLA system? If it is, I do not think it will succeed through the parliament. We all know the way to solve this problem. The federal minister was waiting to hear about a report that said why is this was beneficial for South Australia's industry. I still think it is the way to go. If we could all get off our high horses and just eat bit of humble pie, I am sure we could come to that resolution. I really mean that.

I was shocked to hear that Mr Barry Windle is leaving. He will be sorely missed, and I pay tribute to his long and diligent service to agriculture in South Australia and country people generally. I will pick out the wine industry, for which he has been a strong advocate, particularly for phylloxera and issues like that. I hope that his skills will not be lost to primary industries in South Australia, because he certainly goes back a long way and has been a very important part of it. One wonders why it should be now, because he is not old enough to retire. Still, we know he will go on.

My questions relate to Budget Paper 4, Volume 2, page 5.37, under the heading 'Performance criteria'. By the government's own description, this program provides planning assistance and advice; development of strategic plans; industry development; development of long-term strategies, including infrastructure and planning for land access; rural community access to services; regional strategies; and local action plans. I am sure the minister would agree that facilitation planning is one of the most important services which can be offered to rural communities, particularly with a view to primary industries. Can the minister explain why the 2003-04 budget for this subprogram was underspent by \$5 million? Why was more of this money not used for this type of project? Why was there no further strategic planning developed across the state with this money, particularly since it was surplus?

The Hon. R.J. McEWEN: There are three things there. First, thank you for your comments to Barry. You wonder why he is leaving. One of the rumours is that it is because he and I do not get on. I can tell you that, on the contrary, I have already developed an enormous respect for the work he has done. I have also very quickly developed a very good working relationship with the senior team, as you would see in the general dynamic of how we work together, and Barry is a fantastic part of that. So, there is no truth in the rumour that we do not get on. We have a different style, but we certainly complement each other.

You made some observations about where we are with the single desk; I do not know whether there was a question in there, but if you want to come back with a question I will certainly get Barry to go through some detail on that. The question this time, though, was in relation to suggesting that a whole lot of money was not spent. When you look at the actuals and the budgets in the two years you will see that money was spent, but I will ask Geoff to explain why the numbers are now very different.

Mr KNIGHT: One of the large expenditure line's subprogram, 'Facilitation Planning Services', was the Loxton

rehabilitation project. It ran over a number of years. There was a significant amount of expenditure included in the 2002-03 figure that is published on page 5.37 and which is also factored into the 2003-04 budget. By way of explanation, I indicate that agency budgets in South Australia are maintained in the Treasury Hyperion budgeting system. That system includes provision for future commitments of approved agency programs.

During the year we undertook a reconciliation of commitments that were held in the Hyperion system and ensured that they were consistent with generally accepted accounting standards. That reconciliation highlighted the major variants. Under Australian Accounting Standards Boards standard AASB 1044 titled 'Provisions, Contingent Liabilities and Contingent Assets', paragraph 16.1, it states, 'a liability for future expenditure should only be recorded where it is probable that a future sacrifice of economic benefits will be required.' During the reconciliation, an amount of future expenditure recorded in the Treasury Hyperion system was identified that will not result in the sacrifice of future economic benefits.

The Hyperion system included provisions for the rehabilitation of Loxton totalling \$6.7 million when, in fact, the program has now been completed and no further commitments are in place. As a result, an adjustment was made to the Hyperion system for \$6.7 million. So, if I can decode that, and I think that the member is hoping that I will, the simple fact is that, for us, this program was completed—and I am sure that the member is aware of that—and the Treasury Hyperion system continued to include a provision in the 2003-04 budget. That represented a very large component of the \$6.651 million and, when we undertook that reconciliation and compared that with the accounting standards relevant to this, an adjustment was made.

I guess the bottom line is that we did not underspend the budget; the estimated result reflects a revised budget once an adjustment was made to take out the provision for further work on the Loxton rehabilitation program. The budget for 2004-05 is now consistent with that 2003-04 budget without the Loxton figures in the Treasury Hyperion system.

Mr VENNING: I have a supplementary question in relation to the same line. The budget for 2004-05 has been cut by another \$800 000 from this year's actuals, that is, 2004. This is \$5.8 million less than last year's budgeted amount to spend on planning and development. How is this explained, and what regional impact assessments have been prepared to justify the lack of expenditure? Also, you mentioned Loxton, but what other services and projects were slashed in the past 12 months to save another \$800 000?

The Hon. R.J. McEWEN: Again, the emotive language—saying things like 'slashed'—does not really serve the point of the question. If the member would get an answer to the question first and then, if he thinks that something has been slashed, we can have a debate. I do not really want that sort of language in the question. I think it is much fairer to say, 'Can you please explain what it means?' and then, if you think that it shows it has been slashed, we will have a debate. I do not think that implying in advance is a useful way to go.

Again, I will get Geoff to answer that in detail, but it does raise a point that the member for Morphett made this morning, and that is that these documents are very difficult to read. That is not because the government—whether this government or the last government—wants to be obtuse; it is because the lay person often does not appreciate some of the accounting standards, etc. It begs the question: at some

stage should we actually be briefed on how to read one of these documents? Having said that, I will now get Geoff to answer the question in detail.

Mr KNIGHT: I will start by providing a bit more elaboration on my previous answer. The adjustment in the 2003-04 result pursuant to Loxton represented the figure of \$6.7 million in a budget where the net cost was \$6.651 million. So, the estimated result for 2003-04 would, in fact, have been zero or a slight negative. The reason it was \$1.9 million was that the government provided additional money for drought relief in that year which was not included in the budget and which was provided after the budget came out. That funding does not continue, although a small amount is carried over into 2004-05 (and I am sure that we have that figure here somewhere).

So, the perceived reduction from \$1.9 million to \$1.2 million is not, in fact, a reduction: it is simply that large amounts of funding were provided—not all of which was under this sub-program, by the way. A fair quantum of it relates to the drought assistance package provided by the government in 2003-04. In fact, when you allow for all those adjustments—and if you want to look at a truly comparable figure—there is an increase in funding in this sub-program, and that relates to further government assistance for the Wine Industry Council, which faltered in its sub-program. That increase is \$0.5 million, and I think that underpins the minister's previous point that what looks like a reduction in funding is masking what is really an increase. That is an ongoing increase for the wider industry of about \$500 000. It is not possible to see it in terms of the net cost of services because of the drought funding, which we provided last year. There is a small amount in 2004-05, but essentially it falls out.

The Hon. R.J. McEWEN: My point is that the implication that something was being slashed was totally wrong: there is actually an increase. As a result of the adjustments, the final revised cash flows in relation to the drought assistance measures are as follows: \$1.524 million in 2002-03 and \$2.912 million in 2003-04. The forward money that Geoff just alluded to is \$564 000, so that brings the total to \$5 million. Quite clearly, with these adjustments there is an increase in what we are achieving.

Mr VENNING: I cannot agree. I will read your answer in *Hansard*, and I would like a briefing afterwards so that you can explain it to me. However, when it is read in layman's terms, it does not stack up. I appreciate the minister's opening statement today. Will he elaborate on that statement, particularly in relation to the legislation on barley marketing? When will this legislation be introduced? When will we be able to see it? Is it along the same lines as the Western Australian model?

The Hon. R.J. McEWEN: As I indicated today, I wish to introduce that legislation as soon as I possibly can, depending on the legislative program. I am trying to do two things: one is to recoup the 2003 penalty, although I am not convinced we can achieve that, but we will certainly attempt to do so; the other is, more importantly, to ensure that there are no further penalties. In terms of timing, that is what we are trying to achieve, keeping in mind that the 2004 review can commence almost immediately. So, we must have demonstrated that we are taking some action.

In terms of the discussions we have had with industry and SAFF to date, what we are talking about is preserving the special role of the Australian Barley Board in the export market while allowing limited export licences for specific

export markets in the 2005-06 season, and that gives us 12 months to work through the mechanisms, because the last thing we want is to add extra cost burdens to the industry while trying to put that in place. All we are trying to do is get over the National Competition Council's line—and nothing more. We do not want to send any signal to the industry about the appropriate marketing strategies they put in place. We want simply to satisfy National Competition Council requirements. I will ask Barry to expand on that issue.

Mr WINDLE: As it is structured, the bill scopes the establishment of an authority to receive applications and assess special export licences. In the first instance it grants the main licence exclusively to ABB Grain Export Ltd for an initial five years. The bill is not specific in relation to the detail of the structure and operation of the authority, for the specific reason that it is the government's intention to provide a period of 12 months to work through the main detail of that arrangement with the main stakeholders and industry. In some principles, it is modelled on the Western Australian model; in detail, it is not. That is yet to be developed, and it specifically provides a period of 12 months prior to the establishment of that authority so that that can be worked through.

Mr VENNING: I am pleased to hear that it is 12 months because, in the interim period, we will see a review of the Western Australian model and, hopefully, we will be able to learn something from that. In the meantime, we will get a federal election out of the way, and we will then be able to speak with calmer voices. I hope that those 12 months will be used usefully by all concerned.

The Hon. R.J. McEWEN: I add that, obviously as much as we need to give at this time an indication of our intentions, the new arrangements will be delayed to give industry time for the merger between ABB Grain Export Ltd and AusBulk Ltd to be settled and to ensure that a new act incorporates key findings from the review of the Grain Licensing Authority, the West Australian export authority and the Productivity Commission's review of the national competition policy arrangements. A lot will happen that we will need to incorporate in the finetuning, but the heads of powers will be quite clear.

Mr VENNING: I have a further supplementary question. I was not going to raise this issue because of conflict, as my brother is Chairman of AusBulk. Does the minister think that this announcement will affect the merger?

The Hon. R.J. McEWEN: I do not think it appropriate that I comment on that in any way, shape or form. It is important that the intentions of the government be made public as soon as we make any decision. Beyond that, it is most inappropriate that I make any comment.

Mr VENNING: The only reason I raise that issue is because 75 per cent of the growers must be polled. I do not think we need any more uncertainty.

The Hon. R.J. McEWEN: I take the member's point about certainty, and we are tabling the bill for that very reason.

The Hon. G.M. GUNN: My question relates to barley marketing. I say from the outset that I am a barley grower, as is my family.

Members interjecting:

The Hon. G.M. GUNN: Well, we will let others judge that. It has been my understanding that the overwhelming majority of barley growers have been very satisfied with the current arrangement. It has served the barley industry and the people of this state well. Will the minister endeavour to

conduct a poll of all barley growers prior to making a final decision? I am always very cautious when you want to fix something that is not broken. One review has already been conducted.

I was unfortunate enough, like the member for Enfield and others, to go to listen to a character from the university give a briefing on his findings. I thought it was one of the weakest and worst exhibitions I have ever listened to. If the industry is going to be saddled with that sort of inquiry, heaven help the barley industry in South Australia! It was right out of left field. I am very concerned that we do not know the ultimate arrangement in Western Australia—how successful it is—but we do know that in South Australia we have a very effective industry. I was brought up in a household that did not have a great deal of liking for grain merchants. My earliest memories are my father's comments about how grain merchants had been less than honourable towards the people whose grain they were purchasing. We then put in a place a system of orderly marketing, which I strongly support. You can call it whatever you like, but I believe it served us well. I urge the minister to give the barley growers the chance to have their say before dotting the i's and crossing the t's.

The Hon. R.J. McEWEN: I have indicated there will be 12 months of consultation around the detail. The only objective for the government is to satisfy the National Competition Council's requirements in order to avoid the penalty. That is the only reason why we are engaged in this debate. In terms of how we achieve our objective and get people over the line by one inch, obviously we will work closely with the South Australian Farmers Federation, the ABB and other key players in the industry.

Mr RAU: The federal Treasurer has a discretion, does he not, as to whether he will pick up uncritically the recommendations of the National Competition Council and impose a penalty on the various states involved?

The Hon. R.J. McEWEN: The short answer is yes. The industry is aware of that, and the Liberal Party in this state is aware of that. Would it not be lovely if the review found it was an unfair penalty in the first place and the federal Treasurer reviewed the outcome? Would that not be a delightful outcome? I always indicated that we would prefer a number of other solutions, but the only one specifically in our hands is to amend legislation to get us over the line. That is the only one over which we have direct control. Of course, indirectly we would love to work with any parties. Ivan offered to come with me at one stage to talk with the federal Treasurer. He actually offered and I made arrangements for him to come. I agree with you, but the short answer to the question is yes, he can.

Mr RAU: In relation to the amount of the penalty that is inflicted on the South Australian taxpayer by Mr Costello, I understand that he has a discretion as to how much that is. It is the case, is it not, that there is no science to the calculation of \$2.9 million? Even if he decided in his absolute discretion not to impose the penalty, it is the case that he could impose a \$100 fine or, indeed, a \$1 000 fine? There is no mathematical formula that comes up with the number of \$2.9 million.

The Hon. R.J. McEWEN: My understanding is that it is based on 5 per cent of the total, but it could be any other figure.

Mr RAU: It is a completely discretionary, arbitrary penalty.

The Hon. R.J. McEWEN: Yes, but that is not an appropriate debate to be having here. That is a debate that industry can have with the federal Treasurer. The only control

we have over this situation is for me to move with both barley and, obviously, chicken meat to get us over the line. I am interested in an absolutely minimalist position. I am interested in getting over the line by one inch, no further.

The Hon. G.M. GUNN: In relation to the reviews which will be initiated, will the minister give an undertaking that they will be made public so everyone can examine them and make informed comment in relation to them? Is it the aim of the minister to present this information to the National Competition Council at his earliest convenience?

The Hon. R.J. McEWEN: I think the reviews to which the honourable member is alluding are the Grain Licensing Authority, the Western Australia Export Authority and the Productivity Commission reviews—which are not our reviews. They are all either NCC or federal government reviews. As to whether they should be made public, I support the honourable member's calling for them to be made public.

The Hon. G.M. GUNN: I raise the difficulties my constituents around Blinman are having with prickly pear and other imported plants, which are causing havoc. Has Primary Industries SA been involved in assisting the land-holders to deal with prickly pear, cactus and other things? There has been recent publicity in relation to this matter. The Chair of the Outback Areas Trust (who is well known to the minister) has been making comments in relation to the urgent need to get some money and people on the ground to control what is a very difficult problem.

The Hon. R.J. McEWEN: I will refer the question to minister Hill because, obviously, that is within his jurisdiction.

Mr WILLIAMS: Does the minister's announcement in relation to legislation for barley marketing in South Australia mean that the government accepts that the single desk barley marketing regime in South Australia provides no net benefit to the South Australian barley growers?

The Hon. R.J. McEWEN: That is actually not my call. It is the call of NCC, and that is why it is saying that unless we amend our legislation the penalty will remain.

Mr WILLIAMS: By way of supplementary question, the minister said a moment ago that he wanted a minimalist position and merely wanted to get one inch over the line. It is my understanding that any penalty imposed on South Australia will be imposed unless we can show there is a net benefit to the people involved—the barley growers in South Australia. We know there was a Round review to try to establish that fact. It has been widely disseminated that that review in its final report acknowledged that it could not complete the work that had to be done to prove the case because of lack of funding, which was the call of the state department.

The Hon. R.J. McEWEN: I will get Barry to answer the question.

Mr WINDLE: The formal competition policy review of barley marketing arrangements in South Australia dates back to 1997—the CIE review, which was done in conjunction with Victoria, and the review was unable to demonstrate a net public benefit. The ABB commissioned a review in 2000. However, the NCC did not accept the findings of that review done by Econtech, which did come up with a net public benefit. The Round review revisited the economic modelling associated with determining the public benefit and again was unable to come up with a quantitative net public benefit. So the NCC's view has not changed in the face of those reviews, and it has persisted in calling for reform in South Australia

and recommended the penalties. That is the basis for the recommendation of the penalty.

Mr WILLIAMS: Is it the government's view that there is no net public benefit? Do you accept what the officer just said?

The Hon. R.J. McEWEN: I understand what the member wants to try to trap us into, but he cannot distract from the main game. The main game is that it is not our call but the call of the NCC. It has made very clear to us that, unless we do something, the penalty will remain. There is another strategy and I would love the shadow minister to come to Canberra with me to convince the federal Treasurer to drop this while we have another look at it. I would be delighted. In the absence of that, we will move forward into the 2005-06 selling season. My only objective is to get the \$2.93 million.

Mr RAU: Following on from the question of the member for MacKillop and the remarks the minister made about net public benefit, the terminology 'net public benefit' as used in NCC parlance is not net public benefit as the normal man in the street would interpret it but net public benefit as judged against the presumption inherent in NCP, namely, that any impediment to trade is evil and net public benefit has to displace that evil by a certain amount before it actually becomes a net public benefit. Is that correct? So, in your remarks in answer to the member for MacKillop saying there was no net public benefit you were using terminology of art in relation to NCP calculations—correct? You are using the term 'net public benefit' not as a lay expression but in terms of the particular language used in the rarefied atmosphere of NCP.

Mr WINDLE: Correct.

Mr VENNING: Why cannot we get the Windle report on this matter in detail? Mr Windle has a lot of knowledge and he could put a report to the minister. I am told the federal minister only needs a good excuse to hand it back. The Round report could not do anything because it could not recommend anything as it did not have the resources.

The Hon. R.J. McEWEN: The offer remains on the table: come with us armed with whatever you can.

Mr VENNING: Why can't you do a report? Get Mr Windle to do it before he leaves.

The Hon. R.J. McEWEN: Certainly. Every time we make any approach we are told to forget it.

Mr VENNING: I am sure the Windle report will go down in history.

The Hon. G.M. GUNN: By way of supplementary question, the member for Enfield rightly talked about the public benefit. Clearly there was a public benefit to all South Australians with the current arrangement. The point made by the member for Schubert was that it would not be particularly difficult to have a report prepared clearly enunciating and pointing out to the distinguished gentlemen from the National Competition Council and others that this benefit is there, has been there for a long time and will continue because any other course of action will give cheaper barley to overseas traders. Can we have prepared a report of this nature, because on the last occasion it appeared to be less than a prudent document?

The Hon. R.J. McEWEN: As much as we have moved well away from the core business of estimates, this debate needs to be had. This is probably not the appropriate place for it, but no doubt the debate will occur as soon as the legislation is tabled. Again I will ask Barry to reaffirm where we are with reports and with the NCC in terms of its view on the matter.

Mr WINDLE: As to where we are with reports and representations, the nature of the analysis that is required to demonstrate net public benefit is defined in the competition principles agreement between the commonwealth and the state, so we are using these terms in well-structured ways, and the rigour that is applied to determining net public benefit is very much prescribed and built around the economic principles of public benefit. It is not enough for us to generate a report without the required level of rigour that is associated with it and whatever we generate will be assessed in terms of its rigour by the NCC, and it will accept or reject the findings of the report on the basis of the rigour that is applied to the analysis.

We have made a number of representations to the NCC through the Premier, through the minister, through officer level in the Department of the Premier and Cabinet and through PIRSA, and some ground has been given and some understandings built through those representations and negotiations in terms of how much is required for a reform program and an indication of commitment by the government for a reassessment of the penalties or the withheld payments that have been incurred by South Australia. The bill has been drafted to do that which is required and no more to indicate the government's commitment to meeting the competition principles agreement.

The bill provides for the continuing, ongoing relationship between a barley grower and ABB Grain Export Limited in an unchanged relationship. That option is clearly there and the bill obligates the main licence to be granted to ABB Grain Export Limited for a period of five years without cost as the starting point. In terms of protecting that special relationship, that opportunity for barley growers to continue to deal with ABB Grain Export as they always have is secured by the bill.

Mr VENNING: Subject to the criteria to get the competition payments returned, does the bill have to pass the parliament or be introduced into the parliament? If it is not passed, then do we have to pay it back?

The Hon. R.J. McEWEN: I cannot presume what parliament is going to do with anything. I have to demonstrate that I am making the best endeavour possible. What happens after that, first, is in the will of the house and, beyond that, the determination of the Treasurer based on the recommendation of NCC. I have to demonstrate that in good faith I am going to satisfy the requirements demanded by the NCC. That is what I am doing, no more, no less.

Mr Venning interjecting:

The Hon. R.J. McEWEN: I cannot answer that question. You need to ask the NCC that question. Why would we go down this path if it is some sort of a sham? Obviously they have said to us exactly what we have to do and that is what we are going to try to do.

Mr WILLIAMS: There are huge attempts at blame shifting and playing politics here and the poor old barley grower, the long suffering barley grower, of South Australia is the meat in the sandwich. A lot of nonsense is happening in the run-up to a federal election. You just commented that the federal Treasurer will make a determination based on the advice of the NCC. Your colleague is suggesting that the federal Treasurer, with the stroke of a pen, could solve all the problems of the world, knowing full well that will not happen. A determination will be made on the basis of advice from the NCC and he has received the only advice the NCC can give him at this point. I come back to my earlier point that, if the state government sees that there is only one way

ahead in this, it has accepted that there is no net public benefit of the single desk.

There are two ways to move ahead in this matter. One is to prove the case and the other is to change the legislation. The state government is choosing not to prove the case. That is the determination the state government has made, not to prove the case, when the barley growers and the broader community in South Australia believe that the case is there to be proved. It is up to this government to prove the case. I would love it if the opposition could do that, and I can assure the minister and the member for Enfield that, if the opposition had the resources to prove the case, we would do it.

I refer to Budget Paper 4, Volume 2, page 5.38, sub-program 12.3, training and education services. Training and education services, including rural leadership courses, Top Crop workshops, property management planning workshops, etc., are funded by subprogram 12.3. Does the minister agree that these are vital services which must be offered by PIRSA if we are to have a vital, progressive rural sector? If so, why is the 2003-04 budget under spent by \$700 000? Why has the 2004-05 budget been reduced by a further \$1.5 million in real terms? Which of the following programs will no longer be offered to farmers: Top Crop, property management planning or rural leadership courses?

The Hon. R.J. McEWEN: Making the point from earlier, what you think it says it actually does not say, particularly in terms of the \$700 000. I will get Geoff to explain that. As to the first part of the question as to whether I am committed, the answer is yes. If you have any more questions about the numbers when they are explained to you, please ask them.

Mr KNIGHT: There has been a change in the way FarmBis has been allocated between subprograms 12.3 and 12.4. Perhaps I can go back to the 2002-03 actual numbers. At that time FarmBis was allocated to subprogram 12.4, hence the number is very low in 2002-03. In 2003-04 it was allocated to subprogram 12.3, hence the budget figure in net cost terms of \$3.273 million. The gross expenditure in that time was much higher than that. There was underexpenditure and, as I indicated in answer to an earlier question, that has been carried over. That underexpenditure relates to commitments being made to farmers under the FarmBis program where the money is not fully spent within the financial year and we have a commitment to carry that forward.

In the 2004-05 budget, FarmBis is shown under program 12.4, and I draw attention to the fact that there is a very large increase between the 2003-04 estimated outcome for subprogram 12.4—perhaps I can read the figure out. The net cost was \$2.584 million in 2003-04 and the net cost in the 2004-05 budget is \$6.582 million. That \$6.582 million is still less than the 2003-04 budget. The reason for that, as I said earlier, is that there is a \$2 million provision for FarmBis II held centrally in Treasury. That is the negative journal issue. In addition to that \$6.582 million shown under subprogram 12.4, an additional \$2 million is earmarked in Treasury. That is the carryover amount, and it is carried over from what was shown in the 2003-04 budget but against subprogram 12.3. I am happy to elaborate on that if any of it is not clear. There are no cuts in those programs.

The Hon. R.J. McEWEN: Again, if the member wishes, I can incorporate in *Hansard* the FarmBis III funding table, which deals with 2004-05, 2005-06, 2006-07 and 2007-08, to show that the total package in 2005-06 is \$4 million, in 2006-07 it is \$4.5 million and in 2007-08 it is \$4 million, so the member can see that that money is in the budget going forward. When you read that in conjunction with this

anomaly about how that \$2 million has been dealt with you will see that, at a state level, we have \$2 million, \$2.25 million and \$2 million again, assuming it will be matched by the feds. We want to receive more than our fair share out of the feds. Members should bear in mind that the feds have cut their contribution to this. We still want to receive more than our fair share, and we think that they will match it. I will incorporate that table if the member thinks it would be useful.

Mr WILLIAMS: Yes.

The Hon. R.J. McEWEN: I seek leave to incorporate the table in *Hansard*.

Leave granted.

	FarmBis III Funding			
	2004-05 \$'000	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000
State funding FarmBis III	750	2 000	2 250	2 000
Commonwealth funding				
FarmBis III	750	2 000	2 250	2 000
Total package	1 500	4 000	4 500	4 000

The Hon. R.J. McEWEN: To answer the first part of the member's question, which was whether we are committed going forward, the answer is that we are committed in every way and the dollars are there.

Mr WILLIAMS: So, all those programs that I have listed will be ongoing this year and incorporated in future years. I have talked about the Top Crop programs, property management planning programs and rural leadership courses.

The Hon. R.J. McEWEN: If the question is whether FarmBis III will be a mirror of FarmBis II, I do not think I can say that the answer is yes. I understand that FarmBis III will be more tightly targeted. Mr Hallion will expand on that.

Mr WILLIAMS: Yes, if he could. The minister just made the point that FarmBis will be more tightly targeted. One of the problems we have is that there are a lot of courses that the farming community sees as being necessary for its industry, and quite often government in its wisdom thinks there are things that farmers should know, and they may not line up.

Mr WINDLE: The FarmBis program and priorities, both now and into the future, will be led by what is currently called the State Planning Group, which has a majority representation of farming and land-holder interests. It develops the priorities for subsidies in the FarmBis programs within the scope of the commonwealth-state agreement on the particular three-year program. At this stage, we have not considered the draft of that agreement for the next three-year period. The 'emphasis' that is referred to in 'a change of emphasis' is simply likely to be underpinning some of the major challenges on the natural resource front at a land-holder level that are obviously currently on the horizon. I think what we have seen in the past is that, with some negotiation, most of the interests of farmer participants in the FarmBis program have been able to be accommodated, and I would not expect that that would change substantially into the future.

The Hon. R.J. McEWEN: In my understanding, from a federal point of view it might be more strongly targeted and, obviously, we are partners in this. I just want Mr Hallion to pick up on that.

Mr HALLION: The other issue in relation to FarmBis is that it has been recognised during the recent drought as being an important tool for risk management for farmers as well. Just to add to Barry Windle's response, I suspect it will be part of the new framework document for FarmBis III that there will be a greater emphasis on building self-reliance and risk management for farmers to cope with droughts in the

future. That is one focus that is also likely to occur in the new program.

Mr WILLIAMS: By way of comment, may I say that that is one of the things that disturbs me. I understand that in the recent Victorian drought, as part of the criteria that had to be met by the land holders to receive drought assistance, the government required that they had done some risk management training. It was found that, in some parts of the state, particularly in the Victorian Mallee, one of the risk management strategies that they were taught was to hedge their crops. In the time of severe drought, they had no crop at all so they had nothing, yet they had signed contracts to deliver crops and when the price went through the roof they were even worse off than they would have been if they had no risk management strategy at all. That is the point I was trying to make about some of these things in which farmers are asked to get themselves involved. I am not expecting a response to that.

The Hon. R.J. McEWEN: I might just comment on that. We have now moved beyond FarmBis III into more national debate about drought and the drought round table. Because Jim is leading that at a national level it is probably worthwhile getting him to make a couple of comments about where they sit together. I understand where you are coming from, and I think that he can just add bit to that.

Mr HALLION: In relation to the national drought policy, it is well known that ministers at state, federal and territory level are looking at changing the national drought policy to increase the focus on self-reliance and to move from as much emphasis on business assistance to building more self-reliant regional communities. That will be the focus of discussions over this calendar year to frame a new national drought policy. In relation to the issue of cross compliance—which, I guess, was the question in relation to risk management strategies—the level of any cross compliance done in Victoria would have been specific to a state based program rather than what we are referring to here, which is a national program. It is up to each individual state as to the level of cross compliance they put into a program. FarmBis is more about the tools, techniques and the skills for risk management, as opposed to a state based drought policy which might have elements of cross compliance in it and which may have been put in place in Victoria. So, in a sense, they are two different things. FarmBis is about developing skills for farmers in business and risk management, whereas individual states can apply cross compliance to their programs as they see fit.

Mr WILLIAMS: I refer to Budget Paper 3, page 2.19. Will the minister describe the new marine innovation initiative? What proportion of funding will come from agriculture, food and fisheries and what proportion from other agencies? Who will be the lead minister for the initiative? What part of the \$12.9 million mooted for the marine innovation is state government money, and over what period of time? Similarly, what is to be the contribution of the universities and what is to be paid by industry? What consultation took place with industry prior to the announcement of this initiative? In particular, what role did the Seafood Industry Development Board play in the planning of the marine innovation initiative?

The Hon. R.J. McEWEN: Yesterday when I was launching MISA I had to say that I cannot claim a lot of credit for it, but I have come in on the tail end of an enormous amount of work that has been done over a long time. I had to put on the record the amazing amount of work that Liz Penfold has done, particularly in terms of Port Lincoln,

keeping in mind that West Beach and other things are part of that. Equally, of course, I acknowledged the work of Flinders University; I mentioned Adelaide University in my opening remarks and there is also the Museum, the commonwealth government and the CRC. There is a lot of money that is in programs that are buried in MISA or complemented by what is happening at MISA. In terms of where money sits over the next four and five years and who is making which contributions where, I will ask Mr Knight to run through that table.

Mr KNIGHT: I will start on expenditure, and then I can talk about how the contributions from various parties unpack. Expenditure as revealed in the relevant reference in Budget Paper 3 is \$12.9 million over four years. It is important to point out that in addition to that \$12.9 million is the \$2 million that Flinders University is expected to spend on the Lincoln Marine Science Centre in 2004-05. That \$12.9 million does not include the \$2 million. The \$12.9 million in total will be spent across the four years. Until some of the capital investing work happens in Port Lincoln and West Beach, the additional activity on the ground, in terms of people, builds up fairly gradually, as you can understand.

The expenditure builds up, and I think the five-year figure is in the vicinity of \$25 million, but that is beyond that the figure we are talking about here. Now that the member has the table I can refer to that more directly. On the top of the table, I refer you to the column headed '4 year total'; you can see the \$12.9 million. In that table you can see that, of that \$12.9 million, \$9.6 million is recurrent expenditure and \$3.3 million is capital expenditure. You can see that it is spread across the Port Lincoln and West Beach sites. In the middle of that page is the revenue side where you can see that, of \$12.9 million, about \$7.7 million is from the state budget, so it is all state expenditure. We expect that \$3.5 million will come from the commonwealth through various matching programs and that there will be contributions from industry of \$1.7 million.

You can see that, in the first two years of the program in 2004-05 and 2005-06, all the funding that goes into the \$12.9 million comes out of the state government. So, it is really about getting some things on the ground to start with, and subsequently, we will get commonwealth and industry funds in there to match some of those things. You can also see on the table that \$2 million comes from Flinders University. If you add that in, you see that it is a \$14.9 million project over the four years. For your information, I probably need to point out that the convention with the state budget papers is that we publish only the budget and three years of forward estimates. But it is worthwhile noting that we have also put a 2008-09 projection in there. You can see that the 2007-08 figure is for expenditure of \$8 million. You can see that rise is even more, to \$10.9 million in 2008-09. This is a program that ramps up quite substantially, particularly once the capital investing happens. We have new facilities operating and new staff at both West Beach and Port Lincoln. We are talking about a very sizeable program. In total, it is \$23.8 million plus the \$2 million of Flinders money, so it is nearly \$26 million over five years.

The Hon. R.J. McEWEN: If the implication is that we are doing it too slowly, I think the answer was what the member for Flinders said: 'It is lovely to see it there.'

The CHAIR: Minister, there was a fair bit of information from a table there. Would it be useful to also incorporate that into the record?

The Hon. R.J. McEWEN: In this instance I provided it to the member in advance, because it is very hard to listen to

someone describe a table unless you have it in front of you. However, if you would like that incorporated into *Hansard*

we can certainly make that available. I seek leave to have the table inserted into *Hansard*.

Leave granted.

Marine innovation SA 2004-05 to 2007-08 (\$'000)							
	2004-05	2005-06	2006-07	2007-08	4 year total	2009-09	5 year total
Expenditure—as per budget papers							
Recurrent	300	500	3 300	5 500	9 600	7 300	16 900
Investing—Port Lincoln	-	-	500	500	1 000	1 60	2 600
Investing West Beach	-	-	300	2 000	2 300	2 000	4 300
	300	500	4 100	8 000	12 900	10 900	23 800
Other expenditure—Lincoln Marine Science Centre	3 000						2 000
Revenue—As per budget papers							
State Appropriation—recurrent	300	500	2 300	4 600	7 700	6 000	13 700
Commonwealth	-	-	1 200	2 300	3 500	3 300	6 800
Industry	-	-	600	1 100	1 700	1 600	3 300
	300	500	4 100	8 000	12 900	10 900	23 800
Other revenue—Flinders University	2 000						2 000
*5 year West Beach Investing Expenditure—\$4.3 million comprising	\$300k \$500k \$500k \$3 000k \$4 300k	(2006-07) Complete work on existing hatchery facility. (2007-08) Develop nursery facilities to complement hatchery, including extending research laboratories and office accommodation. (2008-09) Refurbish tank farm system to provide for broodstock holding systems. (2007-08 to 2008-09) Containment system which is linked to the nursery and broodstock holding facilities, including laboratory and office systems, pumps, tanks and holding systems.)					
*5 year Port Lincoln investing expenditure—\$2.6 million comprising:	\$1 600k \$1 000k \$2 600k	(2006-07 to 2008-09) R & D growout facility—near commercial system, including and-based tuna holding systems and research laboratory and office accommodation. (2008-09) industry incubator.					

Mr CAICA: In a nutshell, could you explain to the committee the function, objectives and expected outcomes of MISA? I do not have a great understanding of it.

The Hon. R.J. McEWEN: Between now and breakfast?

Mr CAICA: In a sentence. What is its purpose; what does it exist for?

The Hon. R.J. McEWEN: The broad objective is to take the value of seafoods in this state from about \$0.5 billion to over \$1 billion and potentially \$1.5 billion, with all the things you need to do to make that happen in a sustainable way. So, there is everything from research at one end to training at the other and all the things in between, in terms of building capacity in the industry, making sure that the growth industries are on sustainable data—the pilchard fishery, in particular which has gone from 3 500 tonnes to 40 000 tonnes and which is now Australia's biggest fishery, by volume.

All that will happen if we have the data in place to justify it in a sustainable way and all the mechanisms in place to encourage industry to create that wealth. It is worth a visit to Port Lincoln or, obviously, to West Beach if you have not done that one. I would love to say to people to please get hold of Dr Anthony Cheshire any time you want to go down to West Beach to see the research work being done down there. Equally, if you are in Port Lincoln go and have a look at what is happening there. The great thing about it is the collaborative nature of it. You walk into the place and you have no idea which agency is sitting underneath which project; it just so beautifully integrates. I think that is what the industry is so appreciative of: that we are all there together achieving the same objective.

Mr CAICA: Certainly, there is one member of the committee who would be delighted to get an invitation to go

to Port Lincoln with you to view it. I do not like to push it, Madam Chair, but I would like to follow up with another supplementary question. I understand what you have said there, and I certainly understand a little about sustainability and the importance of making sure that our fisheries are able to contribute to our economy well into future, and the matters that you spoke about will assist in making sure that we move forward in a sustainable way. However, depending on who you talk to, there are those who argue that the snapper and whiting fisheries are either under stress or on the verge of collapse—and I guess it may be somewhere in the middle there. Recreational fishers will turn around and say that it is commercial fishers who are having the biggest impact on the fish stocks, but if you talk to the commercial fishers they will say it is vice versa. Last year there was a green paper developed, and I am wondering about the time frames that we might expect with respect to when any recommendations might be coming out from that. Could you also provide a brief description of the collaborative approach that has taken place to reach those outcomes?

The Hon. R.J. McEWEN: That was really the Fisheries Act review. I am hopeful of bringing that into parliament in the spring session.

Mr WILLIAMS: I refer to page 5.4: 'Revenue fees and fines'. Can the minister explain the additional \$5 million in revenue from fees and fines over and above the budgeted figure? I note that an extra \$700 000 has been allowed for the 2004-05 year. Can we assume that most of this additional revenue has come, and will come, from fishing and agriculture sectors; if not, where else? What percentage has, indeed, come from fishing and agriculture?

The Hon. R.J. McEWEN: Keep in mind that the table is the Department of Primary Industries and Resources this time, so that table actually goes beyond the purvey of what we are dealing with. Geoff will explain where that comes from, particularly in terms of aquaculture, which will account for part of that.

Mr KNIGHT: Regarding that line concerning fees, fines and penalties, I will refer first to the reconciliation 2003-04 budget to 2003-04 estimated result. There is a variation of \$5 million in there. To clarify the minister's earlier point, the entire explanation for that increase is movements in mining and petroleum licences and lease and permit fees. Following the preparation of the 2002-03 PIRSA audited financial statements, it was identified that the accounting treatment of certain externally funded activities in the statements differed from that used in the budget process. Past practice in the budget has been only to reflect the net expenditure of these activities, rather than both revenue and expenditure in gross terms.

The increase in the estimated result is reflected in the change in treatment to gross figures. To decode that, the figure of \$9.16 million was a net figure and did not include certain revenues that were picked up in the audited financial statements but were not being grossed up in the budget process. Further, they are entirely in the portfolio of mineral resources development.

Turning to the reconciliation between the 2003-04 estimated result and the 2004-05 budget, there is a variation of \$698 000. Again, that relates to the mineral resources development side of the portfolio and consists of increases in mineral and petroleum licences and lease and permit fees, which are increasing as a result of the annual indexation process and, in addition, the impact of increasing volumes. So, it is an activity level. I think the member is probably aware that we have increased interest, and that would have been reported in the session last Friday. It is the annual indexation process and increasing volumes, including new leases and the like. There is no change in policy in that figure.

Mr WILLIAMS: I refer to Budget Paper 4, page 5.39, program 12, subprogram 12.5, natural resource based infrastructure. I understand that an area of harvestable size abalone in a particular reef area has recently been the subject of joint exploration and assessment. What is the extent of the resource? Why has it remained untapped to date? Will licences be issued to Aboriginal persons who may wish to exploit it? Will they have exclusive rights, or will the new zone be open to tender? Will new entries to the industry be considered, or will the central zone divers be the only ones considered?

The Hon. R.J. McEWEN: The honourable member takes the prize this time, because he has bowled us completely!

Mr WILLIAMS: Does the minister want to take that question on notice?

The Hon. R.J. McEWEN: Yes, we will take it on notice. Part of the problem may be that we did not hear the first part of the question but, in fairness to the member, we will take it on notice.

Mr WILLIAMS: Will the minister assure the committee that the decision to transfer earlier this year the Hon. Carmel Zollo MLC from Parliamentary Secretary to the Minister for Agriculture, Food and Fisheries to Parliamentary Secretary to the Minister for Mineral Resources Development was not purely politically motivated?

The CHAIR: To which line does that question apply? I have difficulty understanding how that is a question for the estimates committee.

The Hon. R.J. McEWEN: Although it is not in the PIRSA vote at all, I will answer the honourable member's question. For administrative convenience, the Hon. Carmel Zollo is still chairing the Premier's Food and Wine Issues Group. She has played a very valuable role and continues to do so.

Mr WILLIAMS: However, she no longer acts as Parliamentary Secretary to the Minister for Agriculture, Food and Fisheries.

The Hon. R.J. McEWEN: If the question is whether she continues to perform her role in relation to food and wine, the answer is: yes.

Mr WILLIAMS: I refer to Budget Paper 4, page 5.28, subprogram 9.2, research and scientific services. Will the minister explain why there appears to be no report or even mention of SARDI in the budget? What is the operating budget of SARDI? What percentage of SARDI funding comes from the state government and how much from the private sector?

The Hon. R.J. McEWEN: Jim will answer in terms of how this is dealt with administratively, but we will take that question on notice and give you the table relating to the percentage of the total budget generated from state resources. However, after Jim has given you the answer, I will give you the quantum.

Mr HALLION: The reason SARDI does not appear in the budget papers—nor does Rural Solutions, nor, in fact, does Barry Windle's group, agriculture food and fisheries—is that the budget is not broken down by that categorisation in these budget papers: it is broken down by a series of programs, subprograms and areas that are objective based. So, that is the reason you do not see any of those divisions appearing in their entirety. In future, we will look at changing the subprograms to make them more meaningful in terms of the operating areas of the department, which do not appear in breakdown form in any of these budget papers because of the way the budget papers are put together. I certainly have a view that we should change that in future years, so you may well see a much clearer budget breakdown. Therefore, it is quite difficult to relate to many of these in terms of the operating elements of the department.

The Hon. R.J. McEWEN: Referring to the more general aspects of the question, approximately \$20 million of a budget of \$45 million to \$48 million is state funded. Again, we will obtain a breakdown for the member. I agree with him that you cannot pull this out and quickly reconstruct a table that shows exactly what the SARDI funding is and how it is made up. I think it is a picture that we all ought to see and we will put it together and make it available to the member.

Mr WILLIAMS: In relation to Budget Paper 4, page 5.28, I note that the mention of release of medics does not include any reference to FEH-1 (herbicide resistant) medic. When will this medic finally be commercially available? Why did it take a question to be asked in the Legislative Council on the issue before a registration was finally submitted to the Plant Breeders Right's office, over two years after the requisite work for it was completed? Neither of the two spineless burr medics mentioned in the report (Scimitar and Cavalier) have resistance to blue-green aphid. What has happened to the blue-green aphid resistant burr medics that were originally forecast in 1999 by the

medic breeder to be not only released but also commercially available by 2004?

The Hon. R.J. McEWEN: Obviously, I will take that question on notice to get a detailed answer for the member.

Mr WILLIAMS: In relation to page 5.28, sub-program 9.2, will the minister update the committee on the activities of Australian Grain Technologies? How much money has been earmarked to support AGT, and over what time frame? What arrangements are in place to ensure that vital plant breeding programs underwriting billions of dollars of income for South Australia are protected?

The Hon. R.J. McEWEN: I will get Jim to make a couple of general comments, but the detail for which you are asking I do not have in front of me at present.

Mr HALLION: In relation to AGT and how we protect our interests, we have two mechanisms to ensure they are protected. We have a Director on AGT (Rob Lewis) who is head of SARDI, so there is a close connection between SARDI and AGT to ensure our interests are protected from a director perspective. But, also, as owners we have a shareholder's representative, as well. That shareholder's representative ensures that the minister is well informed on issues in respect of the direction of the company. The business plans of the company have to be approved by the shareholders, so we have the ability to ensure that the business plan for AGT is in the state's interest, as well.

Mr WILLIAMS: Did we get an answer to the funding question?

The Hon. R.J. McEWEN: We will take that question on notice.

Mr WILLIAMS: Will the minister identify what surplus land will be sold at Glenside and Loxton at an anticipated return of \$1.3 million over two years? Why has it become surplus? Will there be any loss of services or personnel as a result of these sales?

The Hon. R.J. McEWEN: The answer to the second part of the question is no, to the best of my knowledge. The Glenside bit is not within my portfolio. It is mineral resources.

Mr HALLION: In relation to Loxton, the property earmarked for disposal is a parcel of land with two unoccupied dwellings, previously used for domestic accommodation purposes on Bookpurnong Road across the road from the main Loxton Research Centre. It is surplus to departmental requirements. The dwellings are owned by the Department for Administrative and Information Services and have been vacant for some time. DAIS supports the sale of the dwellings, as they are not required for government employee housing in the future. It will not have any effect on the Loxton Research Centre.

Mr WILLIAMS: Will the land be further subdivided before it is disposed of?

Mr HALLION: I think the answer is that it will be subject to any planning approvals, but there are two dwellings on that parcel.

The Hon. R.J. McEWEN: Geoff makes the further point that under Circular 114 surplus land is first offered to other government agencies before we go to the next step. There was no interest. It is surplus to our requirements. It does not impact in any way in terms of what we are doing at Loxton. In fact, it is probably a liability. I understand the houses were vacant. Certainly, the member for Chaffey did not have any concerns with it; and, of course, we have to check with the member for Chaffey when we do anything in the Riverland.

The CHAIR: This session is scheduled to go through until 5.30 p.m. and then forests. What is your intention in relation to forests?

Mr WILLIAMS: I thought we were going to make a deal over a cup of tea.

The CHAIR: I think that would be very wise.

Mr WILLIAMS: I refer to Budget Paper 4, page 5.37, sub-program 12.1. Does the minister still consider the state food plan to be a vital part of this portfolio? How many times has he attended the Premier's Food Council? I understand an independent audit was carried out on the present state food plan with a view to budget planning for the next three year plan. Have the results of that audit been published and, if not, why not? I understand the amount of money allocated to implement the next state food plan is less than was applied for: how much less? What amount of the remaining \$1.84 million in subprogram 12.1 will be used to develop the new state food plan and why is there no mention of development of the new state food plan in the 2004-05 targets?

The Hon. R.J. McEWEN: As to the administrative matter around my attending meetings, we have been negotiating to bring the meetings back to earlier in the week. My general work practice is to spend the first three days of the week (Monday, Tuesday and Wednesday) in Adelaide and Thursday and Friday dealing with electoral matters. There has been a tradition of the council meeting on a Friday. I have not wanted to fly back to Adelaide for that. We have been making the inputs that we need to and are negotiating with them in terms of an appropriate time that suits both parties. I could give further details about the whole plan and where the funding is, but I will take it on notice for the honourable member. I will go right down to where it changes emphasis to the regions, the regional food plans and the regional food offices and so on. Obviously it is a key plank in tripling our exports.

Mr WILLIAMS: On the same program, we have been told that funding has been allocated for nine full-time equivalent food officers over 11 regions. However, funding for those positions that are already operating runs out on 30 June—next Wednesday. Why have the relevant regional development boards received no funding for their food officers to date and no confirmation that the funding from primary industries will be made available?

The Hon. R.J. McEWEN: Obviously we will not employ people and then not fund them.

Mr HALLION: I can answer a couple of the questions. It is worthwhile indicating that the state food plan funding for the next four years, having been \$3 million in 2003-04, goes up to \$3.58 million in 2004-05, so there is an increase of a little over \$500 000, and it will be \$3.38 million in 2005-06 and \$3.18 million in 2006-07. Because of the increase in funding that will largely be directed towards regional food offices, there will be ongoing funding in those areas and we will be extending the funding for regional areas in the new food program.

The Hon. R.J. McEWEN: I will insert in *Hansard* the table showing the figures over the next four years: the \$3 million, the \$3.5 million, the \$3.3 million and the \$3.1 million, noting that across the three years of the new food plan, as the industry contribution goes up, the government contribution comes down slightly. Even in the 2006-07 year, we are still talking about \$3.182 million. I seek leave to have that table incorporated in *Hansard*.

Leave granted.

Government funding for food activities and the State Food Plan 2004-07				
	2003-04	2004-5	2005-06	2006-07
Ex-DBMT budget	1 473	-	-	-
New state funding (2004-05 budget)	-	2 000	1 800	1 600
Existing state funding	1 582	1 582	1 582	1 582
Total state funding	3 055	3 582	3 382	3 182

Mr WILLIAMS: I refer to Budget Paper 4, page 2.3, statement of financial performance controlled. Has the department received increased funding to administer functions such as the Centre for Industry, Business and Manufacturing Food Team, Reinvest and Wine Industry Council transferred from the Department of the Premier and Cabinet?

The Hon. R.J. McEWEN: The answer is yes. As we folded those services into the more appropriate agencies, which was part of that strategy, funding has moved with it. You will see that in the table that I have just incorporated, but Geoff will give you the rest of those numbers.

Mr KNIGHT: Those staff were transferred to the Department of Primary Industries and Resources as at 1 January 2004. At that time, we received transfers for all the salaries and expenses in relation to those staff and then consideration of ongoing programs occurred in the government's deliberation on the 2004-05 budget. In that context we received additional funding from the budget, in some cases increases, over what had been in the former department of business, manufacturing and trade. In the case of the Food Program, it was \$2 million, and that is made explicit in the table that has been incorporated into *Hansard*. As a result, funding within primary industries and resources will be in excess of what was previously spread across the two agencies.

We received \$500 000 in relation to the wine initiative and again that is in excess of the reduction that occurred in DBMT as a result of its moving out of that activity. Thirdly, funding for the activity that was formerly Reinvest SA but in PIRSA is known as commercial projects has been transferred across to PIRSA, also. In summary, we have received full funding and in some cases cabinet has allocated additional funding in 2004-05.

Mr WILLIAMS: I understand that a number of expert staff have left the department over the last 24 months, and the advice they gave is now being provided through the use of outside consultants or contractors. How many people have to be hired as consultants or contractors in lieu of departmental staff having the expertise to provide the advice?

The Hon. R.J. McEWEN: I will take that on notice.

Mr WILLIAMS: At this point I would like to read a number of omnibus questions, which apply to both this agency and forestry.

1. Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 set for them in the 2002-03 and 2003-04 budgets and, if not, what specific proposed project and program cuts were not implemented?

2. Will the minister provide a detailed breakdown of expenditure on consultants in 2003-04 for all departments and agencies reporting to the minister, listing the name of the consultant, cost, work undertaken and method of appointment?

3. 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 total employment cost of the employee?

4. In financial year 2002-03, for all departments and agencies reporting to the minister, what under spending on projects and programs was not approved by cabinet for carryover expenditure in 2003-04?

5. For all departments and agencies reporting to the minister, what is the estimated level of under expenditure for 2003-04 and has cabinet approved any carryover expenditure in 2004-05?

6. (1) What was the total number of employees with a total employment cost of \$100 000 or more per employee, and also as a subcategory the number of total employees with a total employment cost of \$200 000 or more per employee, for all departments and agencies reporting to the minister as of 30 June 2003?

(2) What is the estimate for 30 June 2004?

(3) Between 30 June 2003 and 30 June 2004, will the minister list the job title and total employment cost of each position with a total estimated cost of \$100 000 or more which (a) has been abolished; and (b) has been created?

7. (1) What is the difference between consultants and contractors and how many people or services that were previously classed as consultants are now shown as contractors?

(2) What is the value of their contracts and what are the services that they provide?

The Hon. R.J. McEWEN: Can we provide that information for PIRSA and Forestry SA in a consolidated form if I give a clear undertaking that there will be no loss of information if we do it that way?

Mr WILLIAMS: As long as I can determine which applies to which, yes, that would be fine.

The Hon. R.J. McEWEN: In relation to the last question, I will provide a detailed answer, but I need to let the member know that, in the last financial year, expenditure on that package of consultants came down from well over \$1 million. It was budgeted last year at \$687 000 but the actual expenditure was \$375 000.

The Hon. G.M. GUNN: Have all the funds appropriated or approved for state government drought relief been allocated to people who have applied? Is the minister satisfied that the arrangement was broad enough and simple enough for people to be able to access it and get some benefit? I have been contacted by a rural counsellor indicating some dissatisfaction with the way the scheme was programmed. Has the minister had any feedback from rural counsellors as to the success or otherwise of the drought relief program?

The Hon. R.J. McEWEN: First, as an outcome of lobbying by the shadow minister and the member for Stuart, extra money from DHS was made available to do some extra work to support families as part of the drought crisis in the north-east. There are three issues that come out of drought. One is managing a business, another is the impact that it has on the family and, obviously, the third is the impact that it has on the community. Sometimes when a community and a family has only one business the impact of a cash drought (which is, at the end of the day, the only sort of drought you have) is far more widely felt. I acknowledge the work that was done, and I thank the Department of Human Services for putting in some extra resources. In terms of the question about expenditure of the drought relief money and access to it, I will ask Mr Hallion to deal with that.

Mr HALLION: There are really two elements. There is the state drought program and there is the exceptional circumstances program fund, to which the state is required to make a contribution, but exceptional circumstances funding

is principally commonwealth funded. I will talk a little bit about the elements of the state drought funding—and perhaps we can again incorporate a table into *Hansard*. The principal elements were rural counselling, for which our budget was \$300 000 for appointments made for drought counsellors in the Murray Mallee and Upper North and a counsellor in the south. We have committed all that funding. FarmBis, of course, I mentioned earlier. An additional \$1 million of funding went into FarmBis, and it has all been committed.

With respect to business support grants (which are the direct grants), some 141 grants were approved at about \$1.39 million, six water carting grants at \$4 800 and \$25 000 to Lions International for fodder transport costs. That meant total committed funds of \$1.4 million compared to a budget of \$1.5 million, so that was very close. Regarding community grants (which are very successful), 37 grants were approved totalling \$130 000. We also committed \$240 000 to sustainable farming systems in the Mallee. There were also elements of drought tolerant crop research, the Central North-east Program, Outback SA, livestock best practice, frost management, road maintenance and, of course, exceptional circumstances (EC).

The feedback that we received on the state component was very solid. It was a joint fund. SAFF and PIRSA headed the task force that made the recommendations in relation to the package, and it was farmer representatives who decided on business support grants. On the other hand, there have been concerns about the administrative arrangements around EC; there are certainly very significant concerns about that. Part of what we are doing at the national level with respect to the drought policy (to which I referred earlier) is looking at simplification of exceptional circumstances arrangements to perhaps have simpler triggers for EC in the first place so that EC declarations can be made easier and faster, and also some reform to the elements of EC. But that will obviously require the agreement of the states, the territories and the commonwealth. We are certainly aware of the concerns in relation to the commonwealth elements of the drought package, which I think are separate from those of the state.

The Hon. G.M. GUNN: In relation to EC, is the state department currently doing work to assist in the preparation of another application for this form of assistance from the commonwealth? If so, are rural counsellors being included in those discussions?

The Hon. R.J. McEWEN: The process of rollover has been discussed nationally. Obviously, if circumstances have not changed you do not want to go back to first principles and start the whole process again. We are not the first ones to come into the loop. We have had discussions with the federal minister about this, and it is being dealt with in New South Wales and Queensland at the moment. By the time we come around to roll it over we do not ever get to that point. But, if we do, some of the issues around simplifying the process in the second round will have been resolved. I think the second part of that question was in terms of rural counsellors being involved in that. Mr Hallion will add to that.

Mr HALLION: I should also add that, at the end of May, the minister submitted an application for an extension of additional areas to EC in the central north-east because of concerns regarding that part of the state. So, it was an extension to an existing area. The additional areas include pastoral properties north of Marree, immediately west of Lake Torrens, and the Gawler Ranges. Some 35 properties were included in this additional area. That is currently before the commonwealth, and it is considering that matter. There

were, in fact, discussions at officer level yesterday (and, I think, this morning) in relation to the case for an extension. So, we are pretty hopeful in that area.

Mr VENNING: I have two quick questions, and the minister will probably have quick answers, but I am happy to read them on to the record if the minister cannot give a detailed answer. You can almost guess what they will be about. What is the annual cost of accommodating the department of primary industries and resources at 25 Grenfell Street, including the rent, staff car parks and any other expenses associated with that location? How many staff have car parks provided by the department and at what cost? Does the minister want to take the questions on notice?

The Hon. R.J. McEWEN: This is a subset of a more general question that the member has been asking about the distribution of resources across the agency. About 30 per cent of the resources are centrally located in a couple of properties. About 40 per cent are peri-urban and the other 30 per cent are regional; that is the sort of mix. The myth that the department is basically anchored in the Black Stump and properties close by is not particularly accurate. Regarding the question whether, over time, we will be looking at other delivery models once we have a cost-effective way to free up some of the accommodation, the answer is yes. In terms of those two premises, Mr Knight will provide a little more detail.

Mr KNIGHT: Regarding the CBD property at 25 Grenfell Street, over which we hold a lease which expires on 31 May 2007, we lease over 4 000 square metres at an annual cost of \$1.25 million. At 101—

Mr Venning interjecting:

The Hon. R.J. McEWEN: Wait for the rest of it.

Mr KNIGHT: It is a substantial number of staff.

Mr VENNING: There are a few officers. You can put Mr Windle back on.

Mr KNIGHT: That is mainly open space accommodation, in fact. At 101 Grenfell Street, which is the de facto headquarters for our agriculture and mining and petroleum divisions, the lease on that property expires on 31 July 2008. We lease 5 674 square meters in that building at a cost of \$1.75 million. Our Energy SA division situated at 30 Wakefield Street has a lease which expires in February 2010; we lease 1 266 square metres at a cost of \$0.23 million. I should add that is not just this ministry; it is the entire department of PIRSA.

The Hon. R.J. McEWEN: Equally, it shows you that the flexibility in terms of looking at other accommodation options is fairly limited before May 2007 for 25 Grenfell Street, July 2005 for 101 Grenfell Street and 2010 for Wakefield Street. The last thing you need is to have empty rented accommodation while you are exploring other options.

Mr VENNING: I assume that does not include the running costs of the building; that is just the rental cost. Does it incorporate the cost of cleaning, power and everything else? It does not matter. My second to last question relates to the portfolio of Primary Industries and Resources on the subject of Roseworthy, Turretfield and Nuriootpa. What activities are conducted at Roseworthy, Turretfield and the research centre at Nuriootpa? Are these activities of an ongoing nature? Are the facilities at Roseworthy, Turretfield and Nuriootpa fully utilised?

The Hon. R.J. McEWEN: I will take that on notice.

Mr VENNING: My follow-up question is: has the minister requested any work to be done on the long-term viability of PIRSA's activities at the Roseworthy complex?

At the moment you are sharing it. I am trying to get an assurance that we are going to stay there or whether we are going to walk away altogether.

The Hon. R.J. McEWEN: There are no plans not to. There is no intention to leave. I have certainly not asked for any review. Business is normal until we have a reason to review it.

Mr VENNING: Will you get back to me?

The Hon. R.J. McEWEN: At Turretfield I understand we got the all clear, so, as a follow-up to my written answer to your last question, it is now all clear. All the fecals were negative.

The CHAIR: There being no further questions, I declare the examination concluded.

Department of Treasury and Finance, \$41 708 000
Administered Items for the Department of Treasury and
Finance, \$1 088 661 000

Witness:

The Hon. R.J. McEwen, Minister for Forests.

Departmental Adviser:

Mr I. Millard, Chief Executive Officer, Forestry SA.

The CHAIR: I declare the proposed payments reopened for examination and refer members to the Budget Statement Appendix C, page C.2, and Portfolio Statements, Volume 1, part 3 and, in particular, pages 3.22 and 3.25. Minister, do you propose to make an opening statement?

The Hon. R.J. McEWEN: I will make a very brief statement, as I do not think we need to say much, and we have a very short time. I will make the point that market conditions have remained surprisingly robust. Certainly, the predicted downturn has been delayed, so we have had another very good trading year. Income tax equivalent payments exceeded budget by \$2 million for the last financial year, and a special dividend of \$0.9 million was paid on top of the budget for dividends. Total payments to Treasury for last year were \$39.1 million. The corporate entity is very competent; it will again meet budget in 2003-04. Some of the issues regarding stock rotation and rotation length are being dealt with. The Ferguson review put some strategies in place which needed to be reviewed by June 2005. Most of that work has now been done, and some work now has to be done in terms of resource allocation to conclude that process. That is for expressions of interest for available log supplies beyond July 2005; that will start shortly.

In terms of the board, I made two changes in the past 12 months. It is a five person board. I thought it appropriate to make some change of personnel, so we are moving people through the organisation. I wanted to extend the skill-base of the board a little, so John Ross and Diana Lloyd joined. Diana joined from her work in the plantations forestry area and came with broad recommendations for the industry from the plantations committee. John Ross is very well known in terms of local government and the resource implications of forestry. Most recently he was president of the Australian Local Government Association and had a lot of experience in that regard. I think now that they have come up to speed they are

certainly adding to the breadth of skills in what is a very good board. Other matters around the new Fire King: I am hoping, Mitch, that you can be down there when the new truck actually arrives—not the prototype, but the real toy.

Mr WILLIAMS: Don't bog this one!

The Hon. R.J. McEWEN: The only other thing is that, again, on top of replanting harvested areas we continue to expand the forest estate with approximately 2 500 hectares. One of the challenges with expanding the estate, of course, is the price of land. That is proving challenging.

The other thing is that you will notice the budget provides for capital expenditure for a new corporate office in Mount Gambier—I think we are talking about \$7.5 million. That is in there but it is still the board's call. They still have to do some work in terms of that, but if they want to go ahead with that, that is fine. Equally, you will notice that some work is being done in terms of human resources. We had a group of people who were going through and we need to have some ideas about succession planning, so some work is being done there.

Mr WILLIAMS: I have no opening statement. Obviously, the budget papers on (and I keep losing track of what we call this) government corporations are very scant, and I am very thankful that the corporation produces an annual report which gave me a lot more information. The budget commentary states that it is expected that sales revenues and contribution to the government will be above the budgeted figure for 2003-04, and cites a strong construction industry performance for this. While the budget papers only give the figures for flows between Forestry SA and the government, it can be seen that the estimated dividend for 2003-04 will be \$22.7 million, about 10 per cent more than budgeted 12 months ago. How is the dividend for Forestry SA calculated?

Mr MILLARD: The dividend is calculated on a formula basis, where the corporation passes over 85 per cent of free cash after depreciation and interest.

Mr WILLIAMS: So that is a fixed formula; that has been constant for a number of years?

Mr MILLARD: That formula was put in place at the time of the formation of the corporation and it was put in place for five years.

Mr WILLIAMS: I will refer generally to Budget Paper 3, pages 6.4 and 6.5, for virtually all of my questions. The commentary notes that the corporation forecasts for years beyond 2005-06 are based on a sustainable cut of 0.65 million cubic metres per annum. Does this refer to the total harvest—including chip and preservation log, etc.—and what is the current rate of harvest?

The Hon. R.J. McEWEN: The short answer is no, we are referring to saw log there, but I will get Ian to give you a description of the product mix.

Mr MILLARD: The 0.65 million is saw log. We are currently cutting at approximately 900 000 cubic metres per annum. That reflects a period of accelerated cutting over 10 years and then an additional 100 000 cubic metres that was made available on a short-term basis. On top of that, we do have preservation and pulpwood. Our total cut last year, I think, was 1.65 million with about 900 000 of that being saw log.

Mr WILLIAMS: Does that include the category of recovery?

Mr MILLARD: That includes recovery log.

Mr WILLIAMS: There are a number of large milling companies which have long-term contracts with Forestry SA,

as I understand it, and then there are a number of smaller millers who complain to me that they virtually live hand to mouth, and that they can only get a 12-month contract, or not much longer. They cannot get into a 10-year contract, as do the larger companies. How much of the 900 000 cubic metres of saw log a year is consumed by the three big mills, and how much is for the small mills? And can you comment about the lengths of contracts that are available to the smaller mills?

The Hon. R.J. McEWEN: There are a few issues there. Obviously, the SSOs are the small sawmill operators—McDonnell, Whitehead and Forsters are the ones you are referring to. Basically, what happened with a lot of those contracts was that there was a termination in 2005, because under the Ferguson Review—and with that bringing forward of harvesting that Ian alluded to—there needed to be some decisions made about long-term sustainability, and that is the process that is being worked through at the moment.

When you have made the decision about the new long-term sustainable cut, you then have to subtract from that the long-term contracts. What is left, obviously, is the stuff that is available to go to market. Of course, some of the long-term contracts were tied up with previous asset sales, etc. So it is really now a matter of, first, making the decision about what the cut is going to be post-2005 and then subtracting the long-term contracted stuff. The second issue, about what the nature of the contract should be after 2005, is being discussed by the board at the moment.

An independent consultant has also provided some consultancy advice to them because, and I take your point, we need to manage the resource in a way that maximises return but, equally, we do not want to be in a position where there is no capital investment because people have not got resource security. In fact, if you are in that position you get less value for your resource. So, the board understands the debate that you are alluding to. It is going on at the moment ahead of meeting with our customers to talk to them about the policy settings first, and then the process that we are going to go through in the second half of this year in terms of winning that resource. I will ask Ian to answer the question about whether a decision has been made about the sustainable cut from 2005 onwards.

Mr MILLARD: In the next couple of weeks, the board is meeting with the small sawmillers to sort through how it will offer this. It will be an expression of interest, so it is open to potential customers to say what term they need. We will not be definitive on how long the term has to be, but we anticipate five to 10 year terms. We anticipate offering about 130 000 cubic metres in total of fall-down or recovery cut log, and we will not package the log in any particular way. The member needs to be aware that some of the small sawmillers will also buy good quality log, which is also on offer, so they are not restricted solely to a diet of fall-down product. I anticipate offering about 130 000 cubic metres of residual log.

The Hon. R.J. McEWEN: Does that mean that the total cut is about 860?

Mr MILLARD: The board has not yet discussed this with our customers, but it will be about 850 000 cubic metres per annum of sawlog and recovery log combined.

The Hon. R.J. McEWEN: Which is far more encouraging going forward than the numbers predicted by Ferguson. Obviously, we have to cut in a sustainable way but, equally, deliver as much product as we can.

Mr WILLIAMS: My next question relates directly to that issue. Page 6.4 in the budget papers talks about trying to

reach a sustainable cut of 0.85 million cubes a year. What strategies are involved? Is this simply about changing rotation length, or do other measures increase annual growth?

The Hon. R.J. McEWEN: I will ask Ian to answer that question.

Mr MILLARD: We have provision for losses. Since Ash Wednesday, we have lost very little by fire, so we have accumulated a bit of growing stock we can release. The first strategy is to try to control our losses very seriously; the second is to try to maximise the growth of the area that we have by fertiliser and sound management practices; and, thirdly, we will try to acquire more land. There is a delay between the time when we acquire land and when we harvest it, but we have bought some established plantations in the past decade. So, all the issues of management are taken into account when we set these permissible cut levels.

The Hon. R.J. McEWEN: As the honourable member will appreciate, 1983 caused a few hiccups in terms of just having an orderly resource. As much as we would like to have some stability going forward, there are significant issues for Forestry SA, because a large amount of younger material is coming through simply as a consequence of Ash Wednesday.

The Hon. G.M. GUNN: Does the board have any plans for any great expenditure in the Jamestown Bundaleer Forest, or the ones at Wirrabara? As the minister would be aware, they were established in my constituency, and I think the one at Bundaleer was the first government forest in Australia. It has a long history, and a lot of harvesting has taken place recently. Will there be any expenditure in that area?

The Hon. R.J. McEWEN: I am not sure what sort of expenditure the member is referring to.

The Hon. G.M. GUNN: Well, replanting or whether any improvements will be made. It is a lovely part of the world.

The Hon. R.J. McEWEN: Ian will talk to you about our plans for the two forests in the north. Obviously, there are some issues with the forest in the Adelaide Hills.

Mr MILLARD: The board is determined to make the best return on assets that it can. At the time of the review of maximising the return on the forest in the South-East, the government also considered the Adelaide Hills forest and decided that it would be best managed as community forest, which implied that we would engage the community in determining the best use of it. It is clear that we do not have a world competitive sustainable industry in that area, but we understand that the community values those forests, and we are consulting with it on the way to get the best value from those forests.

Being the local member, you will recall that we got rid of the sheep flock and let local people graze sheep there. We have also engaged with the local community in the Bundaleer Weekend, and the board has agreed to be a major sponsor next year. We are very conscious of our responsibilities to the community both locally and in the state, so we are looking for means to maximise return. However, we do not see expansion of the radiata resource as sound investment.

The Hon. G.M. GUNN: What action does the board intend to take against long-term debtors? Do you have many of those?

Mr MILLARD: No; there are no long-term debtors. The board has in place security mechanisms with a number of customers to cover debts that might be run up.

Mr WILLIAMS: The 2003-04 Budget Paper 5 budgeted for a sum of \$3 million to be spent on land purchase for forest expansion. How much of this \$3 million was used in the year

2003-04? What area of land has been purchased, and where is each parcel of land located?

The Hon. R.J. McEWEN: As Ian says, the year is not yet over. As I said in my opening remarks, these are commercial decisions, and Ian will give you some details.

Mr MILLARD: So far this year we have purchased, as follows: 40 hectares at Dorodong in south-western Victoria; we have finalised the purchase of approximately 1 100 from Yates Pty Ltd in south-western Victoria; and we have contracted to purchase some land that was part of Nangwarry Station. That is all we have been able to acquire in the past year. I do not have the actual prices with me, but I imagine that we would have spent about half the true value.

Mr WILLIAMS: What area at Nangwarry Station is involved?

Mr MILLARD: Some 180 hectares, I think.

Mr WILLIAMS: It is also stated in the budget papers that land will be purchased to increase the government's forest reserves with the long-term aim of providing a secure additional resource to the timber industry. Does Forestry SA have any strategic targets as to the area of forest or the quantum of harvest that it would like to provide in the future?

Mr MILLARD: The Ferguson review suggested that a good target would be 1 500 hectares per annum. We budgeted \$3 million at that time, allowing about \$2 000 a hectare to acquire 1 500. We have not been able to acquire that, but that would still be our target. We have to be opportunistic and wait for the market to price it at a sound price to be paying.

Mr WILLIAMS: Do you not mind where you buy? You do not mind whether it is in Victoria or South Australia.

The Hon. R.J. McEWEN: Again, it is a commercial decision. Obviously, there is significant forest estate on both sides of the border and it is processed in Mount Gambier. It is a matter of making a decision about the distance to travel to market. Obviously, that is a component of nil door price and, as long as we can find appropriate land within an appropriate commercial radius of customers, that is the way we will do it. I remember arguing with minister Armitage that, wherever possible, we should purchase on this side of the border. He made a point similar to that which I have just made; that is, it is desirable if the land is available, but we will buy it wherever we can within the commercial radius.

Mr WILLIAMS: The corporation's 2003-04 annual report, under its charter, states:

To this end the corporation shall . . .

3.1 Foster and support the growth of an internationally competitive forest industry within South Australia.

That is where the question came from.

The Hon. R.J. McEWEN: I understand that, but there is more to fostering a commercial industry than just growing the trees. It is a point well made. Obviously, it is a commercial decision. I have had a discussion with Ian a few times. Wherever possible, we should purchase the land within South Australia, but that does not mean the Adelaide Hills or the Mid North when the customer is at Mount Gambier.

Mr WILLIAMS: In relation to the same topic, the national plantation inventory 2004 update (from the ABS) notes that in order for the targets of the 1997 national strategy, 'Plantations for Australia: the 2020 vision', to be met we need an annual growth of 80 000 hectares per year in the national forest estate. Current new plantings are substantially below this, with the latest figures for the 2003 calendar year being only 42 000 hectares. The commentary states that relatively little investment in new softwood plantations is occurring in the eastern state regions, despite indications that

softwood timber resources are currently inadequate to support development of viable processing industries or the expansion of processing in existing major centres. Does the government include Forestry SA within its vision to treble the state's exports from about \$9 billion to \$27 billion over the next 10 years? If so, what specific actions are being taken?

The Hon. R.J. McEWEN: We need to take a broader definition of the word 'export' than some people do. Obviously, import replacement achieves the same wealth generation objective. Most of the product about which we are talking, particularly the high value product, is certainly utilised in the domestic market; and its competition is New Zealand and other imported products. It is part of the vision. Certainly, we want to grow as much wealth as we can by taking as much of the product as far up the value chain as we can. If that means replacing imports, then I think we are achieving the objective to which you are alluding.

The honourable member also talked about the expansion of the forest estate. This was a discussion at the last ministerial council meeting, and it will be discussed at the next meeting in October. Both Ian Macdonald and Warren Truss have talked to each of us about the fact that the numbers have dropped off—like some of the regional numbers the honourable member has quoted—and that means we now have to look, first, at why they are dropping off and, secondly, what needs to be put in place to speed it up again as we shift to plantation forestry—which is where we are going forward. Equally, the numbers about which the honourable member talks relate to softwood, and much of the recent expansion has been hardwood. Most of that is an export commodity, because we are now talking about the short fibre chip market, and a lot of work needs to be done there.

This is a significant challenge for us. It is beyond the scope of Forestry SA, but we have to be mindful of it. The other night we did a little sum. We took a very conservative net annual increment on the blue gums that already are planted in the greater green triangle area. We then looked at when they would start harvesting them, which means that within about seven years we are talking 4 million tonnes a year. If they harvested them for 15 hours a day over 200 days a year and they carted them in some B-doubles and some single semis, that means the equivalent of 40 tonnes every two minutes. There are significant issues beyond the forest estate in terms of managing the logistics of delivering that commodity into Portland. We have to get our head around it. I have raised this issue federally. I gave those very numbers to the federal minister. But the three spheres of government have to start taking the challenge seriously about the investment that will need to be made to harvest and deliver that product to port.

Mr WILLIAMS: I am delighted to hear that the minister recognises that. I have written to the Minister for Transport a number of times on that very issue.

The Hon. R.J. McEWEN: Another little quirk in the statistics is that, because a lot of the export is out of Portland, it is not counted in South Australia but rather in Victoria's statistics, even though a lot of the economic activity is in South Australia. As part of our growing our money we will have to find some way to count the bits that leave Australia out of Portland and are therefore presumed to be Victorian exports.

Mr WILLIAMS: I refer to the construction of the new Forestry SA offices in Mount Gambier at a cost of \$7.5 million. Will the new offices be on the same site, how many staff operate from this site—and I take the point the

minister made that it was a decision of the board—will the works be funded from within Forestry SA's budget and will it impact on the dividends and/or tax equivalents paid back to the government?

The Hon. R.J. McEWEN: I think the answers are: yes; yes; 109; and, no. It will be on the same site. We are not talking about any more or less staff there.

Mr WILLIAMS: Will it be funded from within Forestry SA's budget?

Mr MILLARD: It will be borrowed through SAFA and repaid, but we are currently paying a lot of maintenance on the present building. We have had building services in and they have assured us that it is cheaper to start with a new building than to maintain what we have got.

Mr WILLIAMS: So you will have a facility to fund that? I assume it will not impact on the dividends or tax equivalent payments.

The Hon. R.J. McEWEN: That is my understanding: the answer to the last part was no.

Mr WILLIAMS: My last question is a simple one and there are no political undertones in it. Is the government happy with the governance arrangements for Forestry SA and will it continue with the current corporatised structure under an independent board?

The Hon. R.J. McEWEN: We are reviewing the corporate board. You may remember that when it was first corporatised the minister of the day said that he was corporatising it as a means to another end, that it was a staged process to privatising and in most cases—

The Hon. G.M. GUNN: We've stopped all that.

The Hon. R.J. McEWEN: Have we ever. The member for Stuart and I were very much part of stopping that. It is a public estate and it will be managed in that way as that is the most appropriate way to realise the wealth to the region. Does that mean the present government's arrangements are ideal? I will not answer that. I certainly said that we will review it. The review would have been completed by now, except that the change of ministry means that my chief-of-staff, who was doing that job, has been pre-occupied by a far more challenging job than the one he had at the time.

In the interim, we are delighted with the work the board has done and the two new members have now settled in. It was a big eye opener for both. We put some support in place. They needed training and needed to understand their responsibilities as directors, so we have done some work with both. My recent discussions with Sabella indicates that she is delighted with the way the board is working at the moment, but that is not to say that we have not stopped the review process. I will be delighted to share it with you and others ahead of making changes if we need to. There is no hidden agenda here. We have kept the process going and I am delighted with the way the team is working at the moment.

While Sabella was away Julie Meeking stepped in as acting chair, and she and I had a meeting with Conlon and she acquitted herself very well. It is quite a talented team.

Mr WILLIAMS: To repeat what I said during the tea break, you are the third minister that I have been involved with over the past week in estimates. The budget papers are not user friendly and I congratulate the minister on his financial adviser, Geoff Knight, who was here earlier and who was terrific. If somebody like that from departments was made available to the opposition a week or so before budget estimates, between the time the budget was handed down and when the estimates got under way, it would save a heck of a lot of needless questions and make the exercise much more worthwhile.

The Hon. R.J. McEWEN: In 12 months, if Mitch and I are sitting where we are now, I would be delighted to make that resource available. It would make this process work more quickly. They are obtuse documents to read and sometimes, in the absence of an explanation, you read something into it that is quite contrary to what it says. That is not to say that we do not want to be challenged in terms of the right questions, but often a simple explanation means that it could be dealt with and the question would not have been asked in the first place.

I also suggest that all of us ought to go through a workshop delivered by Treasury in terms of how to read these documents. Equally, I made the offer to local government, wearing my state/local government relations hat, to give it support in terms of how to read budget papers. They are complex documents and I do not know that we have the skills necessary to quickly understand them. It is an enormous amount of work back-tracking to understand what the numbers really say before asking the second question.

The CHAIR: There being no further questions, I declare the examination concluded. I lay on the table a draft report for the consideration of members.

Mr CAICA: I move:

That the draft report be the report of the committee.

Motion carried.

Mr CAICA: Madam Chair, I thank you for the very even-handed manner in which you have chaired Estimates Committee B throughout the last week.

Mr WILLIAMS: I add my comments to those made by the member for Colton in regard to your chairing of the committee, Madam Chair. I have had this experience over a number of years and I must admit that this committee has gone along very smoothly, and in no small part I am sure that has been due to your chairmanship.

The CHAIR: I record my thanks and I am sure those of all committee members for the services provided by the various table officers throughout the six days and especially by the long-suffering and extremely skilful Hansard staff.

At 5.16 p.m. the committee concluded.