

HOUSE OF ASSEMBLY**Monday 20 June 2005****ESTIMATES COMMITTEE B****Chair:**

Ms M.G. Thompson

Members:

Ms F. Bedford
 Mr P. Caica
 Mr M.L.J. Hamilton-Smith
 Mrs D. Kotz
 The Hon. P.L. White

The Committee met at 11 a.m.

Department of Trade and Economic Development,
 \$59 469 000

Witness:

The Hon. K.A. Maywald, Minister for the River Murray, Minister for Regional Development, Minister for Small Business, Minister for Consumer Affairs, Minister for Science and Information Economy.

Departmental Advisers:

Mr R. Garrand, Chief Executive, Department of Trade and Economic Development.
 Mr A. Joy, Director, Office of Small Business.
 Ms A. Allison, Director, Corporate Services, Department of Trade and Economic Development.

The CHAIR: 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 approximate time for the consideration of proposed payments to facilitate the changeover of departmental advisers. The minister and the lead speaker for the opposition have indicated that they have agreed on a timetable for today's proceedings.

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 29 July. I propose to allow both the minister and the lead speaker for the opposition to make opening statements of about 10 minutes each. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced.

Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of 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 into *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, not to the minister's advisers. The minister may refer questions to advisers for a response.

I declare the proposed payments received from Estimates Committee A open for examination and refer members to the Budget Statement, in particular Appendix C, page C.2, and the Portfolio Statements, Volume 1, pages 2.1 to 2.7 and 2.20 and 2.21. Does the minister wish to make an opening statement?

The Hon. K.A. MAYWALD: Yes, Madam Chair. The objective of the small business program is to support and promote the growth of South Australian small business through the Business Enterprise Centre, the Regional Development Board networks and the Office of Small Business. The Office of Small Business was established in 2004 and incorporates the role of the Small Business Advocate. The 2005-06 budget provides a significant increase in funding for small business support services. The small business network, which includes the business enterprise centres, will receive an additional \$1 million per annum for each of the next four years.

As a result of the recent review of the BEC network, the government has increased its funding commitment to the BEC network. Each BEC will now receive \$150 000 per annum, which is a significant increase of \$60 000, or 66 per cent, over the 2004-05 figure of \$90 000. Funding of \$300 000 has been provided to the Department of Trade and Economic Development as a central provider of priority services to small business, and funding of \$130 000 has been provided to regional development boards to support their business services. The state government has committed an extra \$1 million over the next four years to promote and encourage small business development in South Australia through a dedicated Small Business Week, which is an initiative of the Small Business Development Council. The aim of Small Business Week is to promote services to small business and to create awareness of opportunities for small business consistent with the objectives of the South Australian strategic plan.

With its most recent commitment to cut business taxes, the government continues to recognise the critical importance of a thriving small business sector to the health and wellbeing of the state. Through partnerships and networks, the small business program will continue to deliver advice and training on business management and skills, on-the-ground support in emergencies and the promotion of small business in South Australia.

The CHAIR: Member for Waite, do you have an opening statement?

Mr HAMILTON-SMITH: No. In relation to Budget Paper 3, page 2.22—and I note your opening remarks—I am trying to pin down the money. In this pre-election year, the government has announced its small business service is to receive an extra \$1 million, approximately, each year over the next four years. It has announced extra payments to business enterprise centres and money for Small Business Week later in the year. However, for 2003-04, when one graphs the amount this government has spent on small business straight after coming to office, I note there was a cut of \$1.37 million to small business. In financial year 2004-05 there was a cut of \$1.33 million. Suddenly, this year, in a pre-election year, we are putting money back in.

When you add up those deficits, it seems to me that the cumulative effect is that we are about \$3.8 million behind in terms of our investment in small business from where we would have been if the level of payments we were making had been maintained at the 2002-03 level. In other words, I am hearing that we are putting money back in this year and we are increasing payments to small business, but, when one looks at the savage cuts that occurred this year and the year before, we are feeding back a little of what we took away in the first two years; and, in fact, we are still behind by \$3.8 million. Could the minister clarify that?

The Hon. K.A. MAYWALD: As the member for Waite would know, the Department of Trade and Economic Development is a new department that has come out of a significant restructuring of the former department of industry and trade and the old organisation known as CIBM (centre for innovation, business and manufacturing). During that restructure there was a reallocation of resources through the department. There was a tidying up of a number of areas where government believes there was inefficient spending.

This year has definitely seen a reorganisation of the funding allocated to small business, directly as a consequence of the BEC review that was undertaken. The increase in funding to the Office of Small Business comes through a commitment to the BEC network, as a result of that review process, which took over 12 months. During that time the entire network of support services to small business throughout both the regional area and country areas was considered. As a result, a budget bid went up this year, which was successful. As the new minister appointed in July last year following the previous year's budget, I argued very strongly that we needed to support the Business Enterprise Centre network as a consequence of the work it had undertaken in the review—and that is reflected in the budget papers.

Mr HAMILTON-SMITH: Of course, when you are delivering a net reduction in expenditure over a four budget term, reorganisations are often a way in which one buries such restructuring, but I take the point. I will ask the next question in two parts. What are the details of the Innovation SA project that has been announced in this budget? How much is budgeted for it? How will it be organised and tasked? How will it differ from the centre for innovation, business and manufacturing, which was an initiative of the former government and which this government has abandoned and defunded? I understand that it has now completely closed. How much did you save or cut from small business by getting rid of CIBM; what is this Innovation SA project; and how is it different from CIBM?

The Hon. K.A. MAYWALD: The centre of innovation, to which you refer, has a budget of \$2 million per annum and is an initiative of minister Holloway through the Department of Trade and Economic Development; it is not an initiative of small business.

Mr HAMILTON-SMITH: I have a supplementary question. Given that it is the same department with the same CEO, that small business will be a prime user of Innovation SA, that Mr Garrand has the knowledge and information, and that CIBM, which this government decommissioned, was an important support device for small business, could you indulge the committee by—

The Hon. P.L. White interjecting:

Mr HAMILTON-SMITH: Well, that's fine, but the minister mentioned that CIBM had been cut. Can you give us any information?

The Hon. K.A. MAYWALD: The centre for innovation has a budget of \$2 million and questions to minister Holloway can be asked on Wednesday. There will be ample opportunity for the committee to inquire of the appropriate minister.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6, 'Targets'. Will the minister provide a list of each currently funded business enterprise centre; how many full-time equivalent positions are at each centre; and what amount of funding will each centre receive in 2005-06? Also, does the government intend to reduce the number of business enterprise centres from nine to six?

The Hon. K.A. MAYWALD: Are you asking about the number of centres and the number of staffing?

Mr HAMILTON-SMITH: Could you list each business enterprise centre you intend to fund; how many full-time equivalent positions will now be at each centre; and how much funding will each centre receive in the coming year and, I presume, each year thereafter?

The Hon. K.A. MAYWALD: There are nine business enterprise centres in the BEC network: North Adelaide Business Enterprise Centre, Salisbury Business and Export Centre, Western Area Business Enterprise Centre, Inner West Business Enterprise Centre, Inner Southern Business Enterprise Centre, Southern Success Business Enterprise Centre, East Side Business Enterprise Centre, Tea Tree Gully Business Enterprise Centre and Enterprise Adelaide. Each of those organisations will receive \$150 000 in the up and coming budget, and the number of staffing full-time equivalents will be determined by each BEC as they are a separate incorporated body, so they are not actually employees of government.

Mr HAMILTON-SMITH: I have a supplementary question. Does the government have plans to reduce the number of business enterprise centres below nine or will we be sticking with nine for the next year?

The Hon. K.A. MAYWALD: That will depend largely upon the business enterprise centres themselves. There are some negotiations under way at the moment between centres. The Salisbury Business Export Centre and the Northern Adelaide Business Enterprise Centre are in discussions at the moment and may choose to amalgamate. It is not the government's intention to force any amalgamations. However, if enterprise centres do determine that it is in their interests to amalgamate, then the government will certainly help facilitate that. There are also discussions between Tea Tree Gully and Eastside at this point, but there are no forced amalgamations and the government is committed to funding all nine for the next four years.

Mr HAMILTON-SMITH: I think the government put out a media release—and correct me if I am wrong—saying that \$4.2 million would be spent to 'expand the activities of BECs' and, in light of the fact that you have mentioned that only \$150 000 is going to be paid to each of the nine centres, I am trying to divide that into \$4.2 million, because the media release made it sound like that was new money. Could you clarify that for me? Is that correct? Is \$4.2 million going to be spent, in fact, to expand the activities of BECs, or is it a bit of creative accounting?

The Hon. K.A. MAYWALD: In clarifying that, the 2005-06 budget includes an additional \$5.191 million for small business over four years. This is in addition to the \$11.68 million which is already allocated over the four years provided through the Department of Trade and Economic Development, and the Small Business Network, which

includes the BECs, will receive an additional \$1 million per annum for each of the next four years. Each business enterprise centre will receive the \$150 000 which is an increase of \$60 000 each. The total 2004-05 budget was: the Office of Small Business, \$979 000; Business Extension Services, \$1.928 million, for a total of \$2.907 million, or \$11.68 million over four years. The new funding for 2005-06 onwards is as follows: the Office of Small Business will get an extra \$1.038 million over the four years and the Business Extension Services will get \$4.153 million total of over four years, which is a total of \$5.191 million over the four years.

Mr HAMILTON-SMITH: Minister, have we done any appraisal, assessment or review as to whether the business enterprise centre system is actually working? It seems it is delivering similar services in some cases as were delivered by CIBM. Have we appraised independently whether or not BECs are an effective device? Is there any independent advice? Is it working? Have we evaluated it?

The Hon. K.A. MAYWALD: Over the period of time whilst the funding for the BECs and the actual model for the BECs have been under review, they have been required to report back to the Office of Small Business on specific areas. However, the new funding agreements that will be established with this new funding will provide for the opportunity to put in place key performance indicators and for us to be able to align the work of the BECs with the South Australian Strategic Plan.

The Hon. D.C. KOTZ: Minister, I refer you to Budget Paper 4, Volume 1, Program 7 which relates to small business, and is on page 2.2. Could you advise the committee what is the staffing and structure of that department? What are the senior salary details? What do the people actually do within the department? Are there different branches and therefore different functions related to that area; how much is spent on staff and services in the small business section of the department; and what moneys are allocated to be spent on programs?

The Hon. K.A. MAYWALD: The Office of Small Business in the 2004-05 year had a staffing level of five full-time equivalents. That has now been increased by seven through the reallocation of resources within the department to form a stronger unit of small business within the department. We have also appointed a full-time equivalent to deal with family business specifically, and we have also reallocated one staffer to work with United Wesley on the business advisory line as a full-time equivalent. So the staffing levels in the Office of Small Business have increased from five to 14. As far as funding is concerned, there are a number of programs: the Small Business Development Council, \$100 000; Business Enterprise Centres, \$2.090 million; Business Licensing Information Services, \$186 000; Small Business Emergency Services, \$110 000; Family Business Association, \$99 727; Better Business Series Workshops, \$165 000; Business Owners Coaching Program, \$175 000; Start Your Own Business Workshops, \$31 000; Skills Development Workshop, \$155 000; Business Advisers Competency Standards, \$52 000; and Small Business Week, \$250 000, the total there being \$3 413 727.

The Hon. D.C. KOTZ: By way of supplementary question, I did not manage to count the number of different programs. In relation to the staff numbers you gave that increased from 5 to 14, are they allocated to each of the programs? Do the programs equate with the number of staff increases?

The Hon. K.A. MAYWALD: In general terms, yes. Five work in the Office of Small Business and deal with small business advocacies, Small Business Week and looking after the Small Business Development Council, and there are seven in Business Extension Services. There is one allocated to family businesses and one allocated to United Wesley for the business helpline.

The Hon. D.C. KOTZ: When you gave the overall figure, did the \$3.4 million equate to the FTE salaries?

The Hon. K.A. MAYWALD: Those figures are FTEs and programs.

The Hon. D.C. KOTZ: Can you separate the salary component from the program component?

The Hon. K.A. MAYWALD: We will take that question on notice.

Mr HAMILTON-SMITH: Budget Paper 3, page 1.15 refers to the Mawson Institute of Advanced Manufacturing. I am sure the minister's answer will be that you know nothing about it as you are not the responsible minister, but how will the \$8 million be spent and what outcomes will be delivered from small business? Have you been involved with what is in it for small business as far as that investment is concerned?

The Hon. K.A. MAYWALD: It will be a valuable investment for small business—there is no doubt about that—and I thank the honourable member for his recognition of this investment in small business and manufacturing from that perspective. It is recognised that research and development is a key component to ensuring that we have a viable manufacturing entity. As Minister for Small Business, I do not have the responsibility for the Mawson Institute, but as the Minister for Science and Information Economy, which will be examined later this afternoon, I have had an involvement and will be happy to answer questions relating to the Mawson Institute this afternoon under that portfolio.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 2.6, under 'Targets—Small Business Week'. I take the minister's point that the Small Business Council has been involved in this idea and to a degree this is its baby and it is coming forward later this year. I query why it has taken Labor four years to get something like a Small Business Week off the ground and running. We have had the Small Business Council established for some time. I imagine there will be interactions and creative tensions between the government and the Small Business Council aiming to push things forward. Suddenly, in the run up to an election—a few months before it—we get the spectacular announcement that \$1 million will be spent. It sounds very much like reelection media oriented events or an election sweetener.

Why was not something done earlier? Could the \$1.038 million each year over four years have been better spent on tax concessions for small business or on cutting red tape? First, why has it been so late—just before an election—and, secondly, how will the benefits for small business from this week in October (which I am sure will receive wide media coverage) be greater than putting that \$1 million a year into tax concessions, cutting red tape or tangible measures that deliver a dollar value benefit to small business?

The Hon. K.A. MAYWALD: First, it is not \$1 million a year but \$250 000 a year. The Small Business Development Council has taken this on as an initiative and, when I became the small business minister in July last year, I determined that it was an idea that had significant merit and worked with the Office of Small Business and the Small Business Development Council to put up a budget bid, which was successful. It was a convincing argument put forward in the budget

discussions and the Treasurer saw fit to fund this proposal. It is a spectacular announcement and I appreciate the honourable member's comments on that.

The small business sector has embraced it warmly as it feels confident that it will assist in getting business extension services out there into the general public and to get a greater awareness and acknowledgment of the services available right across the state and not just through the Business Enterprise Centre network and the Office for Small Business but through industry associations, Business SA and a whole range of partners coming on board and being involved in the business week. This is much bigger than just a government initiative but one that has been supported by the Small Business Development Council and embraced wholeheartedly by industry. It is a very important event and will start to build a greater acknowledgment of the services available out there and provide people who are embarking upon small business or in small business with the tools that they need to get the information relevant to their business at times appropriate to them.

The business sector has very much embraced this initiative and I commend the Small Business Development Council on the work it has undertaken in bringing this to fruition in our first budget as a team together. I chair the Small Business Development Council. Those involved with that organisation are an incredibly high calibre of group of people. They provide a broad range of perspectives to the table, and it is certainly an organisation with which I enjoy working; and I enjoy the initiative which they have put forward, in particular with this Small Business Week, and I commend them on that effort.

Mr HAMILTON-SMITH: Thank you for that reply, minister, and the opposition certainly agrees with you in commending the hard work of the council. The thrust of our question has to do with the fact that the money seems magically to have appeared to enable such a proposition at this curious time in the months leading up to an election, when we have seen few initiatives of this kind come forward in the past two to three years, but I take the minister's answer and thank her for it. I move to Budget Paper 4 Volume 1, page 7, small business, page 2.20. It really has to do with tax and small business. I am sure this is a matter that focuses the minister's attention in this portfolio. Going beyond the Costello business tax cuts announced in this budget that were forced on the government by the federal government, what other tax reform or cuts for small business, if any, are being considered; and, in the minister's view, what other taxes are a problem for small business?

The Hon. K.A. MAYWALD: The honourable member is quite right, as a part of the GST negotiations, some budget tax cuts have resulted in significant benefits to small business. The 2005-06 budget also continues the state government's commitment to counting taxes and returning dividends to households and business. By 2010, the total value of the tax cuts will be \$1.5 billion; and, over the next four years, the government will return \$666 million to the community through tax cuts and dividends. As the honourable member knows, land tax is one, and the government has announced a land tax relief package which will cost \$245 million over four years and return \$20.6 million in rebates to land taxpayers. Several new exceptions were announced as part of the relief package which include home-based activities, B&Bs; and, on a sliding scale, caravan parks, residential parks, primary production land, broadened criteria in defined rural areas and grants for multicultural clubs.

In relation to taxes which are scheduled for abolition under the GST agreement, in 1999 the Prime Minister and all premiers signed the inter-government agreement. The IGA provides the states with the revenue raised from the GST in return for a list of stamp duties levied by the states to be abolished. South Australia has already abolished or agreed to abolish all these taxes, and these include bed taxes, financial institutions duty, bank accounts debit tax and the duty on marketable securities. In the 2004-05 budget, South Australia will also abolish mortgage duty for first-home buyers, cheque duty and lease duties. In the 2005-06 budget cuts, the remaining taxes—debit taxes—will be abolished from 1 July 2005; 33 per cent of rental and remaining mortgage duty to be abolished from 1 July 2007; 67 per cent of rental and remaining mortgage duty to be abolished from 1 July 2008; 100 per cent of rental and remaining mortgage duty to be abolished from 1 July 2009; 50 per cent non-real property conveyances and duty on marketable securities to be abolished from 1 July 2009; and 100 per cent non-real property conveyances and duty on marketable securities to be abolished from 1 July 2010.

Over and above that, in 2004-05, payroll tax from 1 July 2004. The state government introduced a cut in payroll tax from 5.67 per cent to 5.5 per cent, and approximately 5 500 firms employing approximately 340 000 employees, representing 56 per cent of total private sector employment in South Australia, benefited from this tax cut. There has been a commitment to keep all taxes, particularly payroll tax, under review and, when appropriate and when the funds become available, then I am certain we can revisit payroll tax in the future.

Mr HAMILTON-SMITH: I note that many of the tax cuts which the minister has just mentioned will not come into effect for several years and that the overall tax take from small business has gone up exponentially in total terms, but the tax cuts the minister mentioned, to a large degree, are handing back massive increases of tax. However, I would like the minister's comment on one tax in particular; that is, whether or not the minister will review the amount of stamp duty charged on insurance premiums? Is that issue of stamp duty a focus for small business?

The Hon. K.A. MAYWALD: Obviously a range of taxes and impositions on small business are constantly under review, but that is a question best directed to the Treasurer.

Mr HAMILTON-SMITH: I refer the minister to Budget Paper 4 Volume 2, Page 6.17. The government's infrastructure announcements include, as the minister knows, the upgrade of South Road, the construction of an underpass at Anzac Highway and a tunnel under Port and Grange roads. There is also the Outer Harbor tram line and an upgrade of South Road between Port and Torrens roads. I am looking at the issue of how this infrastructure work will impact on the small businesses that abut South Road. I am particularly focused on a couple of aspects: first, that the underpasses and the work will divert traffic away from some small businesses that might have relied upon parking outside or drive-by traffic. Secondly, there will be a period of a year or two of massive disruption that might block egress and access to and from small businesses. Thirdly, there will simply be a complete redirection of traffic while the work is being undertaken perhaps away from the precinct, so that even businesses in adjacent streets and precincts might find their business dropping off as people shop elsewhere.

In light of the problems we have had at Portrush Road and King William Road, as small business minister what is your

view on how the government should manage this process? I know the infrastructure minister and the transport minister are responsible for building the road, but I put a private member's bill into the parliament not that long ago saying that the government should be required to consult and to talk to small businesses and that, if it failed to do so and if it failed to go about the process adequately, then some compensation should be payable if people are put out of business.

The Silver Earth Trading Company and others have gone belly-up, they claim, as a consequence of roadworks disrupting their business. As small business minister, what is the minister's view on this? How will the government deal with this issue for small business, because hundreds could be affected along this stretch of road?

The Hon. K.A. MAYWALD: Yes, and it is a valid point to raise, given that any necessary infrastructure works will always create some disruption. However, we are committed to ensuring that the quality of the infrastructure in the state is upgraded so that we can go forward. If we took the view that we should not do anything because we might impact on business, we would never have any major infrastructure plan. We understand that there are implications with every major infrastructure investment. We have a Major Projects Infrastructure Committee, which is meeting as we speak (Andrew Fletcher from the Economic Development Board is the chair of that committee), and it is looking to oversee these projects to ensure that we put processes in place that will minimise the impact.

We are dedicated to ensuring that the interests of small businesses in South Australia are taken into account with respect to all government projects, policies and legislation. By ensuring that small business impacts are considered, understood and made public, government decisions will be more transparent and effective. Government realises that it has a responsibility to local businesses to ensure that all roads are at an appropriate standard and that during necessary roadworks any affected businesses are provided with the appropriate information. The Department of Trade and Economic Development, through the Office of Small Business, will play an important role in representing the interests of small business in South Australia and, as I mentioned, the EDB member, Andrew Fletcher, who chairs the Major Projects Infrastructure Committee, will be overseeing these projects to ensure that information is readily available and that any impacts are minimised.

Mr HAMILTON-SMITH: I have a supplementary question. I take that point. However, there is no legislative requirement on the government, as I understand it, to properly consult with small business before it ploughs up the road in front of a strip of shops, or whatever. We must simply take on good faith that the goodwill will be there and that all will be handled satisfactorily. Of course, that does not always happen. A number of small businesses have contacted me. If the minister wants to look at what happened with respect to King William Road, where dozens of businesses were closed by the roadworks, she will see that we do not always get it right.

I would like to know the minister's opinion as small business minister. Does she believe that, if the government does not get it right—if the department does not consult, if it does not liaise with small business so that alternative arrangements can be made for ingress and egress so that small business can plan around these works—the government should pay some compensation to these businesses where it has not consulted? Clearly, as the minister has said, there will

be some disruption; that is unavoidable. I am not arguing for a moment that unavoidable disruption should be compensated. I am simply seeking the minister's view in cases where the government has erred and where it has not consulted; where the process has just barged on through and put people out of business or severely damaged their concern.

The Hon. K.A. MAYWALD: As small business minister, it is my role and responsibility to ensure that the small business sector is informed and that that information is forthcoming. Through the Major Projects Infrastructure Committee, chaired by Andrew Fletcher, I feel confident that that situation will not arise. I also do not agree that we need to legislate for absolutely everything. One thing small business does not like is over regulation: it constantly says that we are over-legislated and over-regulated in this state. Introducing new legislation in itself would have regulatory responsibilities that would incur costs on small business, which is not what small business tells me it wants. I believe that, with the goodwill of small business working with government through the Major Projects Infrastructure Committee and keeping oversight of it from a small business perspective, we can minimise the interruption.

Mr HAMILTON-SMITH: I thank the minister for that answer. Of course, the legislation that I am prospecting with her has to do with regulating government, not small business. It has to do with making sure that government gets it right and that small business does not become the victim of government; not the other way around. However, I will move on. I thank the minister for the information.

I now turn to the issue of tax and I refer to Budget Paper 4, Volume 1, program 7, 'Small Business' on page 2.20. The minister mentioned a moment ago that the government had introduced some concessions with respect to bed and breakfast establishments regarding land tax. There is a complicated arrangement here. I am interested in exploring the minister's view, as small business minister, on this whole issue of land tax. It seems to me that, if someone has a bed and breakfast establishment and they put a shingle out the front and it is quite apparent that they are running a small business from home, they are penalised with land tax, whereas if someone is running another small business at home that does not have a shingle out the front they might not be. For example, let us say that someone is running an accountancy business or a hairdressing business from home, or in a regional area they might have a couple of earthmovers parked in the backyard and they might run their earthmoving business from home but they might not have a shingle out the front. As I understand it, technically, the government's tax regime requires that, if someone is running a business such as a B&B from home—or any of the other businesses I mentioned—they should be paying tax.

It seems to me that the government's tax regime is a little unfair, because the B&B gets hit or the business that has a sign out the front gets hit, but the business that does not have a sign out the front does not get hit. I am not suggesting for a moment that the business that does not have a sign out the front should be levied land tax. However, I wonder whether, to be fair, there ought not be more concessions in this area. What criteria is the government using to make sure that its regime is fair and equitable for all small businesses, regardless of whether or not they have a shingle out the front?

The Hon. K.A. MAYWALD: The issue of land tax is a matter for the Treasurer and consequently I do not have all the details in front of me, but I am aware that the land tax issue for B&Bs was in relation to the percentage of the

property that was undertaking the business, and therefore it was inadvertently caught within a section of the land tax provisions, which a number of other home-based businesses would not be. So the unfair nature of this tax was on the B&B businesses rather than other businesses. The concerns that were raised with me as small business minister from the tourism sector concerning B&Bs were issues that I felt were genuine, so I took them up with the Treasurer as well as the Minister for Tourism and we were able to get some concessions that were very well accepted and greeted with open arms by the B&B sector. The other questions in relation to detail of land tax will need to be referred to the Treasurer.

Mr HAMILTON-SMITH: Do you as small business minister think that this proposition is equitable? On one side of the street there is a bed and breakfast that might have 30 per cent of the property deemed to be used for business purposes, and across the street there might be somebody else running a home-based computer business, without a shingle out the front, using exactly the same proportion of their home space for the business and they might have a little showroom or workshop out the back. Both businesses are generating income. Do you consider it is fair to tax the B&B and not tax the other small business, presuming that both homes are also the primary place of residence for the people running the business? What small businesses are telling me is that this whole system is a little bit inequitable, that if one business does not have to pay it the other business should not have to pay it. What is your view as small business minister of getting to the bottom of that and taking advice to the Treasurer on behalf of small business?

The Hon. K.A. MAYWALD: With the B&Bs, it was brought to my attention as small business minister and I agree that there was an anomaly that was unfairly impacting on B&B businesses and therefore I made representations to the Treasurer and the Minister for Tourism, and we were successful in those representations to have some amendments to the land tax provisions to specifically assist the B&B sector. As far as the examples that you provided, I would be happy to take details of those examples and get some advice for the Treasurer for you, but I am not certain that that is the case. I would be happy to take the questions on notice with more detail and I will refer them to the Treasurer.

The Hon. D.C. KOTZ: I have a supplementary question. It has been an issue that has been of great concern to small business across the board, thanks to many other aspects of tourism within South Australia, which are related to a very big business within our state, and the Liberal opposition, as you well know, has highlighted the problems within the bed and breakfast industry, specifically related to the pro rata aspect of what is their primary place of residence as opposed to what is the actual business, and therefore the tax that has been placed upon the business, with no exemptions given at all for the fact that they are sharing the primary residence. That has obviously been of concern to all of us. The Treasurer did answer in estimates some of the questions relating to the bed and breakfast sector and the means by which he and your government intend to move forward, but at the same time he was not exactly clear at this point on just what form those measures would take to bring about change that would impact on benefits for small business in this state.

My question is: as it not a recognised fact that a determined formula appears to have been set, would you as small business minister be prepared to have another look at perhaps a submission to the Treasurer and the government on the basis that your representative portfolio relating to business,

and obviously the knowledge that you gain through that aspect, would give a greater insight into the path that your government and the Treasurer may need to take? Whether it is in bilaterals or in another submission that looks to helping to form the outcomes for the future, would you and your department be prepared to look at a submission that gives those type of details to the Treasurer?

The Hon. K.A. MAYWALD: Firstly, the legislation that governs land tax is not new. When the Liberal Party was in government it had the same legislation. It is since the—

The Hon. D.C. Kotz interjecting:

The Hon. K.A. MAYWALD: Would you let me finish?

The Hon. D.C. KOTZ: We are talking about now.

The Hon. K.A. MAYWALD: It would be polite if we allowed people to finish their sentences before we interrupted them.

The Hon. D.C. KOTZ: When they are relevant, minister.

The Hon. K.A. MAYWALD: I will refer that question to the Treasurer.

The Hon. D.C. KOTZ: So you are not prepared to put in another submission on behalf of small business to assist the Treasurer determine what the outcome will be?

The CHAIR: Order! This is questions, not accountability.

The Hon. D.C. KOTZ: That was supplementary to a specific question.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, program 7, page 2.20. Last year, and I appreciate that you were not the minister at that time, during budget estimates I asked some questions about key performance indicators (KPIs), and you mentioned some of these a few moments ago. Last year a number of KPIs were included under the small business program. This year, the KPIs seem to have magically disappeared from the budget papers; they are not there at all. Why has the government decided to remove that information from the budget papers, because in the interests of openness and accountability it was quite useful to be able to see them? It is about accountable government.

Given that they have been removed, can the minister provide me with a list of the performance indicators and their results for 2004-05, as well as the targets for 2005-06—and I realise that you might need to come back to me, or you might have the information here. For example, how many small business operators were assisted by business enterprise centres in 2004-05? What are the targets for the next four years? How many workshop training programs were held for small business operators? What are the targets for the next four years? These were all things that were there last year. The government has taken a lot of the detail out of them this year, and we simply do not know what is going on.

The Hon. K.A. MAYWALD: We can certainly provide some of the information now, and then we will endeavour to take the remainder of the question on notice. In terms of the key performance indicators, it has been a whole of government view that the State Strategic Plan has a number of key performance indicators involved in it. Also, as far as the small business sector goes, we are currently developing, with the BEC sector, new resource agreements that will have a whole range of key performance indicators, which will be developed in consultation with the Small Business Development Council. We are being very inclusive in how we determine what the KPIs are, and actually going out to the business sector and saying to them, 'What is it that you think we should be doing?' And that will be part of the resource

agreements that we will be developing with the business enterprise centres.

In relation to new business starter workshops, they are presented free of charge at convenient metropolitan locations. In 2004-05, DTED conducted 77 workshops which were attended by 971 participants. In the Business Owners' Coaching Program, which is a program that enables business owners to work in small groups with support from an experienced business coach, coaching groups explore issues of interest to the members, and apply the lessons learned to the members' businesses. Since its launch in 2002, 424 businesses in 51 groups have been involved in the program. Of these groups, 31 have been based in the metropolitan area, and 20 have been regionally based in the Mid-North, Barossa, Riverland, Port Pirie, Port Augusta, Adelaide Hills, Kangaroo Island, Fleurieu and Whyalla.

The Better Business Education series provides free education programs for small business owners in the metropolitan and selected regional areas. The program consists of some 30 specially prepared three-hour workshops, which have been presented three times each year over the past three years. The business help-line, the Adelaide Central Mission, with financial support from the state government, and also now with the appointment of a full-time equivalent to assist with this particular initiative, and with in-kind support from a group of accountants and lawyers, provides counselling and contacts for small business owners experiencing financial difficulty. They report to us, and we have statistics on what they do, so we will be able to provide that information to you.

In terms of the Exporters Club, DTED supports the North-West Exporters Club and the Onkaparinga Exporters Club. Exporters clubs provide practical export related business information and network opportunities, and we will be able to provide you with details about that. We have the KPIs in the contracts. Business advisers provide expert advice to small business owners and managers, as well as small business intenders. Staffed by two people who are qualified business advisers, this area supports those clients who contact DTED directly, but also those referred by business enterprise centres and regional development boards. They provide advice, training and support for the metropolitan and regional business adviser network. We will provide details of those contacts also.

Our information officers are two highly skilled officers who are the first point of contact to facilitate the referral of information requests to either appropriate providers, industry experts with DTED, or other state or commonwealth government departments. They also respond to requests for information relating to business start-up and business licensing requirements. Information officers further coordinate the delivery of the Starting Your Own Business workshops, and we can provide further details there also.

For family business, DTED provides a dedicated senior officer to work in partnership with the Family Business Association on projects, research and services. For the business skills development, there are a number of workshops that address a number of business management skills, including but not limited to business planning, marketing, exporting and human resources. There are also the enterprise centres.

Mr HAMILTON-SMITH: I thank the minister for that, and make the comment that, if that information was in the budget papers, as it was last year, it would be most helpful. I look forward to the replies. Madam Chair, I seek to read in

some omnibus questions, and this will apply to the whole of today, minister, if that is all right, including each of the different portfolio areas that come in.

Did all departments and agencies reporting to the minister meet all required budget savings targets for 2003-04 and 2004-05 set for them in the 2002-03, 2003-04 and 2004-05 budgets? If not, what specific proposed project in program cuts were not implemented?

Will the minister provide a detailed breakdown of expenditure on consultants in 2004-05 for all departments and agencies reporting to the minister, listing the name of the consultant, the cost, work undertaken and method of appointment? For each department or agency reporting to the minister, how many surplus employees are there, as at 30 June 2005? For each surplus employee, what is the title or classification for the employee and the total employment cost (TEC) of the employee?

In financial year 2003-04, for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2004-05? For all departments and agencies reporting to the minister, what is the estimated level of under-expenditure for 2004-05, and has cabinet already approved any carryover expenditure to 2005-06 and, if so, how much? 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 2004? What is the estimate for 30 June 2005?

Between 30 June 2004 and 30 June 2005, will the minister list job title and total employment cost for each position with a total estimated cost of \$100 000 or more that has been abolished or which has been created? Will the minister provide a detailed breakdown for each of the forward estimates years of the specific administration measures which will lead to a reduction in operating costs in the portfolio?

The opposition thanks the departmental officers and the minister and appreciates their hard work in getting ready for today.

The CHAIR: There being no further questions for the Minister for Small Business, I advise that the proposed payment for the Department of Trade and Economic Development will remain open and call to the table the Minister for Regional Development.

Membership:

Mr Williams substituted for Mr Hamilton-Smith

Additional Departmental Adviser:

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

The CHAIR: I refer members to Portfolio Statements Volume 1, pages 2.1 to 2.17 and 2.20 and 2.21. Does the minister have an opening statement?

The Hon. K.A. MAYWALD: Yes, Madam Chair. The regional development portfolio includes the Office of Regional Affairs which, in association with the Regional Communities Consultative Council and the regional development board network, actively promotes the sustainable development of regional communities in South Australia. The 2005-06 budget sees an increase in funding to important regional programs. The Regional Development Infrastructure Fund has been boosted with the new allocation of \$6 million over two years. The guidelines and operation of the fund have

been reviewed and improved to align it more effectively with regional, industry and state priorities. The fund will continue to provide important support for small projects that contribute to the economic development of our regions. The sum of \$1.2 million has been allocated over the next four years to establish the South Australian Murray Darling Basin (SAMDB) Resource Information Centre. Spatial information provided by the centre will be used to identify areas within the SAMDB region suitable for sustainable development.

The budget also provides additional funding of \$520 000 over four years to regional development boards throughout South Australia for the regional business advisers program. The regional development board framework remains a key platform for the delivery of economic services to the regions and is an individual and collective source of advice and information to government. Noting the recent review of the RDB framework, I am keen to work with regional development boards and Regional Development SA to ensure a strategic approach to regional development in South Australia that take note of the needs of regional communities, rather than their boundaries. All regions will be encouraged to become involved in a series of activities across the state during the inaugural Small Business Week.

As part of the state government response to the Eyre Peninsula bushfires, a special assistance grant of \$150 000 has been allocated to fund an additional business adviser and provide small grants to community projects and events. As to the Upper Spencer Gulf and Outback Enterprise Zone Fund, which provides \$3 million over four years, a management committee has been established and, through this year's budget, the state government acknowledges that the prosperity and wellbeing of people in communities in regional South Australia is critical to the sustainability of the entire state.

Mr WILLIAMS: I will make a few comments before asking some questions that will try to tease out the detail. I read through the *Hansard* of last year's committee, when the department was still going through the pains of serious restructure. The opposition is interested to gain some further clarification on that matter, as I think we can say that the figures shown in the budget in relation to the agency of regional affairs are quite small, and it is quite difficult to get much of an idea of what exactly is happening in the department.

It is disappointing that, yet again, the regions have been largely ignored. It is interesting to note that, in its Regional Statement, the government has scraped the bottom of the barrel in relation to so-called initiatives that are supposedly for the benefit of regional South Australia. I will not note all these, but, as an example, I do not think that many people in regional South Australia would have called for, or indeed supported, an extra \$4 million for the koala sterilisation program on Kangaroo Island. I think that it is a fair stretch to suggest that those figures should be included in the Regional Statement as beneficial to regional South Australia. In addition, the replacement of emergency service vehicles seems a fair stretch, and I have a series of questions relating to that issue. Obviously, the government is looking under every log in the paddock, so to speak, to try to find some dollars it can say are new initiatives for regional South Australia.

Having made that overall observation on the way in which regional South Australia is missing out yet again under this government in this budget, all my questions relate to Budget Paper 4, Volume 1, pages 2.2 and 2.23 and/or Budget Paper

6, the Regional Statement. However, when I refer to issues in the Regional Statement, I will provide the page number.

I compare Budget Paper 4 and the figures from this year and last year, and I know the agency was going through a significant restructure. Last year we were talking about the number of people employed in the department. The information given was that the target was 12 full-time equivalents in the Office of Regional Affairs. Budget Paper 4, Volume 1, page 2.16, in last year's budget gives the budget figure for the agency or net cost of services from ordinary activities as \$12.2 million. When we pick up this year's budget, Budget Paper 4, Volume 1, page 2.22, we come to a figure of \$9.672 million—some 25 per cent reduction, or thereabouts, in the budget for the current financial year. Will the minister give the committee an explanation for that significant reduction; and also exactly what are the work force numbers within the office?

The Hon. K.A. MAYWALD: At this stage the work force numbers within the office are 13, including a graduate. In relation to the other part of the question you asked in relation to last year's budget versus what is in the papers this year, it has to do with the allocation of corporate administrative funds. I will ask Mr Garrand to elaborate on that.

Mr GARRAND: Last year, the allocation of corporate costs very much included the figures. We have now allocated that equally across the whole department and that has impacted on some of the figures for each division within the department.

Ms ALLISON: In last year's budget papers we did not have the program, which is now No. 6, 'Corporate leadership governance and support', which is shown at page 2.18. All those costs were allocated across all the other programs in the department. For example, there are 25 staff within the corporate services division, and they were equally allocated across all programs. This year we have separated them out, put them into the corporate program, and left within the programs for each division and different ministerial portfolios just those employees who are directly involved in that program delivery. So, for the Office of Regional Affairs for the program 'Regional development', it is only the employees within the Office of Regional Affairs, which currently stands at 13. That is the difference between last year's book and this year's book.

Mr WILLIAMS: Notwithstanding that, in this year's budget under the employee expenses—and I presume you have taken those numbers out of that particular item—it shows the employee expenses budgeted figure last year of \$1.025 million, but the estimated result is down to \$875 000. Is the explanation for that under-budget figure that it has taken a considerable part of the year to get up to the number of 13 in the office?

The Hon. K.A. MAYWALD: The movement between the 2004-05 estimated result (column 2) and the 2004-05 budget (column 3) is due to a component of the approved carryover for the Upper Spencer Gulf and Outback Area Zone being affected in the DTF ledgers, and in salaries instead of supplies and services. The total carryover of \$500 000 is shown in the 2005-06 budget (column 1) in supplies and services. There has been no reduction in FTEs during the financial year.

Mr WILLIAMS: Why has the budget gone from an estimated result of \$875 000 for employee expenses in the current financial year to a budgeted figure of \$1.258 million in the ensuing year? Does this indicate that there will be more employees within the office?

The Hon. K.A. MAYWALD: There are 13 in the office, which is a full quota of the required number that we are working towards. There is no intention at this time to increase staffing numbers.

Mr WILLIAMS: What is the explanation for that?

The Hon. K.A. MAYWALD: The explanation is in the carryovers. The total carryover of \$500 000 is shown in column 2 under grants and subsidies. If you go to the grants and subsidies area, it is \$8.283 million. You will see a reduction in column 1 to \$7.7 million. If you transpose that across to the top line, you will see that it is in relation to a carryover figure which I explained earlier. Sorry, it is not grants and subsidies. I have read the wrong line: it is the supplies and services line.

Mr WILLIAMS: You are saying that \$500 000, which was budgeted for grants and subsidies in last year's budget, now appears in this budget as supplies and services. What grants and subsidies failed to eventuate?

The Hon. K.A. MAYWALD: It is to do with funding in the Upper Spencer Gulf and Outback Area Zone. The funding was allocated and carried over for projects that are still currently being developed.

Mr WILLIAMS: Why is that being carried over into supplies and services and not being carried forward into grants and subsidies? Has there been a change in policy?

Mr GARRAND: On the grants and subsidies, if you look at the \$8.2 million compared with the \$7.79 million, a large part of that is due to \$2 million extra funding we have provided to the KI power augmentation, which appears in the 2004-05 figure and which is a one-off payment for that year. That explains a lot of the variation in terms of grants and subsidies. In terms of the other part of your question, which was the supplies and services—

Mr WILLIAMS: The question is: why would you carry forward \$500 000 out of grants and subsidies for the Upper Spencer Gulf program? Why is it being carried forward and shifted into supplies and services, rather than being carried forward into grants and subsidies?

Mr GARRAND: Basically, it just went into the wrong spot last year, so it is a correction. It is an accounting correction of that. It is nothing more than that.

Mr WILLIAMS: Can you indicate what actual supplies and services you are expecting that money to be expended on?

Mr GARRAND: This is the 1.7?

Mr WILLIAMS: No, the \$500 000 that is being carried forward.

Mr GARRAND: That is basically Upper Spencer Gulf funding. The \$500 000 has been allocated for Upper Spencer Gulf initiatives and that is basically allocated.

Mr WILLIAMS: Do we have an understanding of what those initiatives are at the moment?

Mr GARRAND: They are still in the process of being approved. There are about nine initiatives that are being looked at currently and they are still in the process of being finalised, and no final decisions have been made on those.

The Hon. K.A. MAYWALD: It is actually being worked through with the Common Purpose Group which is overseeing the management, and there are nine projects that are currently being considered. The enterprise zone was being developed to reflect the Upper Spencer Gulf goals and priorities and link with the USG Common Purpose Group Strategic Plan, and the priorities of individual regional development boards that cover the Upper Spencer Gulf and Outback region. The fund will be accessed by regional

development boards, local government, including the Outback Areas Community Development Trust and other not-for-profit organisations which promote similar outcomes to the above groups in the Upper Spencer Gulf and the Outback. The fund will be used to support specific initiatives and, as Ray said, there are nine of them under consideration at the moment, which will lead to the increase in investment and/or jobs within the Upper Spencer Gulf and Outback or by other organisations to fund specific initiatives that will lead to the increase in the competitive advantages of the Upper Spencer Gulf and the Outback.

The \$3 million will be allocated to the fund over four years, which is 2004-05 to 2007-08 for implementing the specific initiatives, and the management of the fund is through the management committee, and the membership on that committee is two nominees of the Upper Spencer Gulf Common Purpose Group, which is the mayor of Port Augusta, Mrs Joy Baluch, and Mr Mark Malcolm, Executive Director, Southern Flinders Ranges Development Board, and one nominee of the minister from the Outback, Mr Dan van Holst Pellekaan, a well-known Outback businessman, and one nominee of the Department of Trade and Economic Development, Mr Phil Tyler, who is the Executive Director of ORA, one nominee of the Department of Premier and Cabinet, Ms Pam Martin, who is the Director, Commercial Advice Strategic Projects Division, one nominee of the Department of Treasury and Finance, Mr John Wright, Director of Projects Revenue and Economics Division, and the first round of applications is currently under consideration.

DTED has also been working with government agencies to prepare a score card of the government's achievements and outcomes in the Upper Spencer Gulf and Outback measured against the policy released before the last election. This report is nearing completion and it is anticipated will be submitted to cabinet shortly.

Mr WILLIAMS: Might I say, Madam Chair, it does seem strange to me, and I am sure my colleagues in the opposition, that we have half a million dollars earmarked for supplies and services, and even though it has been carried forward the government has had this in mind for well over 12 months, but it has no understanding of what supplies and services will actually be purchased. It smacks of a slush fund, to me, to be quite honest. If it was earmarked for grants and subsidies I think that would be quite in order, and there would be a criteria under which the grants and subsidies would be granted, but it seems that in supplies and services you could argue that there is no criteria for the application of those funds, and that does concern me.

The Hon. K.A. MAYWALD: There is actually criteria, and we can provide the member with details of the criteria for the fund, but also the Upper Spencer Gulf and Outback Enterprise Zone was established to address the prolonged and significant and economic and social decline that the region has undergone. At the time of the proposal going before cabinet it was understood that there could be substantial lead time in actually getting these projects off the ground and ensuring that the projects were robust enough to make a significant difference to the region, and therefore the carryover was approved by cabinet.

Mr WILLIAMS: The opposition is certainly aware of the issues in the Upper Spencer Gulf region and the issues about what has happened there economically over recent years and that is not in question at all. It is just a question of the methodology. The minister might understand the opposition's

suspicion, in so much as the government has not much more than a political office operating in that area, and the opposition is obviously very suspicious of taxpayers' money being used for political purposes. That is why I would certainly enjoy having access to the information that the minister has offered.

If I can move over the page to the other page in the budget with regard to regional affairs, the performance criteria and the performance commentary. Minister, in last year's budget, and I understand historically, and certainly in recent years from my experience, the performance indicators have had some meaning in them and there have actually been some hard figures. I have often questioned just how objective some of those figures might be, but at least having that in the budget we can make some sort of assessment of whether the money that was being expended in the regional development area was, in fact, making a difference and was of benefit to our regions. Why was the decision taken not to use any hard evidence in the performance indicators?

The Hon. K.A. MAYWALD: The government, as you would know, has established the South Australian Strategic Plan which has a number of key performance indicators, and the key performance indicators which I will be directly responsible for implementing will be the regional employment targets and also the regional population targets, which are two significant key performance indicators that we will be doing an enormous amount of work on to ensure that we do achieve significant outcomes in those areas. The decision to change the format of the budget papers is a decision that was made by cabinet.

Mr WILLIAMS: So there is no offer of the explanation as to why that decision was taken? Maybe I could rephrase the question: what form of measurement will the government use to publicise the effect of its programs in the regional affairs area? You mentioned regional employment and regional population targets, and I am well aware of the State Strategic Plan and the targets therein, but what sort of reporting, firstly to the parliament and, secondly, to the people of South Australia, will measure the government's performance and, in this particular instance, the performance of the Office of Regional Affairs against those targets? Will there be an annual reporting somewhere else?

The Hon. K.A. MAYWALD: I am advised that the South Australian Strategic Plan's progress will be monitored by the executive committee of cabinet and that there will be a requirement to report every two years, but there will be regular reporting to that committee on its progress.

Mr WILLIAMS: But that is an internal committee. It does not matter how regular is the reporting to that committee, the people will sit in judgment on the effectiveness of the government and the programs the government is sponsoring in March next year. It seems quaint that the government will change the performance indicators and then say that they will report 12 months after—the only opportunity the people of South Australia will have in a four-year cycle to sit in judgment. That decision has been taken. It highlights the other point you made that this decision was taken in cabinet and the committee can draw its own conclusions as to why.

The Hon. K.A. MAYWALD: The honourable member would be aware that annually each of the regional development boards report on their progress and they have strategic plans and targets they achieve. The department also reports annually, and that is tabled in parliament, so the progress of the department can be monitored through that process. A regional statement is also put out with the budget papers

every year to provide information to the house and to members. The Office of Regional Affairs is also working on a regional indicators project, which will establish a number of indicators to sit below the State Strategic Plan. Those indicators will be monitored, measured and reported on. There will be plenty of opportunity for the opposition to monitor and assess the work of the government and the department in relation to their committed outcomes.

Mr WILLIAMS: The opposition will wait but not hold its breath. With regard to the performance commentary on page 2.23, I venture to say that it is a waste of a page in the budget. It gives no indications and is not even what you could call a motherhood statement or a warm fuzzy statement. It gives no information and is quite simply a waste of printing. If the agency cannot come up with some better performance indicators to reflect the good work it is doing, that page in future years should be deleted.

Moving on to the regional statement, Budget Paper 6. The minister has put her signature to the introduction of the regional statement which says, in the overview:

The Office of Regional Affairs continues to be a focus for coordinating across government approach to regional development, working with regional development boards and promoting the interest of the regions.

I hope the minister is able to address all matters I will raise in respect of this regional statement. First, I have raised this issue a number of times and this would be the third minister for regional affairs I have raised this issue with. I refer to the regional impact assessments. One of the minister's predecessors at an embarrassing time came up with a new terminology and system, but we are still not seeing too many regional assessment statements. There was a lot of fanfare when the decision was taken that the government would introduce regional impact statements, but it turned out that they were in-house and cabinet statements only and not for the general viewing of the public. To overcome that embarrassment, the minister of the day came out with the idea that there would be regional impact assessments.

I have been trying to access where on the government's web sites I might find the regional impact assessments. I have managed on the minister's agency's web site to come across some examples. Whether that is the whole gambit of the assessments done and published I am not sure, but I have not been able to find anything other than those two or three fairly old examples. Are government agencies still drafting regional impact assessments before decisions are taken, are they being published, are they being published only in individual government areas or are they being collated and published within the minister's agency, and what sort of feedback is she getting from the public with regard to any regional impact assessments that have been published?

The Hon. K.A. MAYWALD: The regional impact assessments are a very important part of ensuring that the regional perspective can be brought to the table when the government is introducing changed policy that may impact upon the regions. The regional impact assessments are required if on an initial assessment there is an indication that services could be reduced. Since 1 July 2003, there have been five RIAS reports, which can be found on the ORA web site at www.ora.sa.gov.au. The reports that have been undertaken are: the South-East Communications Centre (South Australian Ambulance Service); the Northwest Communication Centre (South Australian Ambulance Service); King George Whiting Management (Department of Primary Industries and Resources); the Citrus Industry Act 1991 (Department of

Primary Industries and Resources); and salinity zoning policy (Department of Water Land, Biodiversity and Conservation).

Another four RIAS reports are nearing completion. As the honourable member knows, the government introduced the policy from 1 July 2003. The government also provides an opportunity for the Office of Regional Affairs to comment on cabinet submissions as they come forward, and generally, if there is an issue that ORA deems warrants an RIAS, it will contact the relevant department and advise them that they think it falls within the criteria for undertaking an RIAS. The implementation of the policy is the responsibility of the departmental chief executives.

Mr WILLIAMS: Is it the policy that regional impact assessments are undertaken only when there is a cutback to services? No formal assessment is being made when a service is being increased about whether the proposal is the best way of providing that service.

The Hon. K.A. MAYWALD: What I meant was if it is a significant change in services in the regions. It could be a significant change to improve services.

Mr WILLIAMS: I was hoping that was the situation.

The Hon. K.A. MAYWALD: Thank you for raising that.

Mr WILLIAMS: There are a number of significant changes. I hope the minister is able to have some input on this, and I will also be asking one of the minister's colleagues about this tomorrow. The proposal to build a pipeline from Whyalla to Kimba is a significant change in policy of delivering potable water supplies to Eyre Peninsula. Has a regional impact assessment been undertaken on that change of policy?

The Hon. K.A. MAYWALD: Not that I am aware of at this stage. The policy was determined on the basis that Eyre Peninsula is very fast running out of water and is over allocated out of the Uley South basin, as the honourable member would be aware, and that a solution needed to be found. The original proposal to build a desalination plant at the Todd reservoir, supplemented by a smaller seawater desalination plant proved to be uneconomic and other alternatives were required. One of the known facts in this instance is that there is a need to supply water to Eyre Peninsula, and the government intends to do that.

Mr WILLIAMS: Certainly the last point the minister made is not in question at all; it is a matter of assessing the best way to do that. Again, without a regional impact assessment, my understanding is that the government has probably relied totally on the advice from SA Water and may have failed to understand that SA Water's charter is not necessarily in line with the needs and aspirations of the people of Eyre Peninsula. That is why I thought the idea of having regional impact assessments before these sort of decisions were taken was very sound. It disappoints me that, at least in this case—and it seems in most cases—that particular tool is not being taken out of the tool box and utilised.

The Hon. K.A. MAYWALD: Considerable assessment has been undertaken by the major projects committee and cabinet. A considerable amount of work has also been undertaken by the Department of Water, Land and Biodiversity Conservation and also by the Eyre Catchment Water Management Board. The economic and social implications have been well and truly analysed, and a determination was made at the end of the day that the pipeline was the best option, particularly considering the proposal for the desalination plant for the Western Mining expansion and where that may fit into eventually replacing the need for Murray water

to be pumped to Whyalla. Of course, it would be a necessary piece of infrastructure to build that pipeline, anyway, with the desalination plant.

Mr WILLIAMS: That is an interesting comment because I would not have thought that was the case. Notwithstanding that, why has the pipeline not been detailed in this year's budget as a new spending initiative? It is certainly not in the regional statement.

The Hon. K.A. MAYWALD: It is a question I can take on notice, but my understanding is that SA Water is building the pipeline and it is mentioned in SA Water's projects.

Mr WILLIAMS: I inform the minister that SA Water comes within my shadow portfolio area, and there is even less information about SA Water in the budget than for the Office of Regional Affairs.

The Hon. K.A. MAYWALD: I am advised that it would not necessarily come under our budget and that it would be detailed in SA Water's capital program. If the honourable member refers to SA Water's capital program, I am sure he will find it.

Mr WILLIAMS: I am just wondering why it is not within the regional statement.

The Hon. K.A. MAYWALD: It is the Eyre Peninsula water supply project: SA Water Corporation's capital program has been increased from \$25.2 million to \$48.5 million, of which \$31 million is now expected to be spent in 2005-06. It is the second dot point on page 4 of the regional statements.

Mr WILLIAMS: I apologise; I will take that back. Going back to the regional impact assessment statements, the minister said that the call about whether an assessment statement is required is made by the executive officer of her agency.

The Hon. K.A. MAYWALD: No, it is the executive officers of each department.

Mr WILLIAMS: What criteria do they use to say whether a statement is required? I am not doubting the comment the minister just made about the amount of work that has been done on the project we are talking about; the pipeline on Eyre Peninsula. The problem is that no-one on Eyre Peninsula has been taken into the confidence of the people making the decision. So, the people on Eyre Peninsula got a bit of a surprise—in fact, I know that the member for Flinders was unaware until it was announced in the budget. There was no consultation with the people on Eyre Peninsula about that policy change to the new option. What criteria is used?

The Hon. K.A. MAYWALD: Regarding the question about the RIAS, the guidelines and policies are available on the web site. If the member goes to www.ora.sa.gov.au he will find a published document that outlines the guidelines and policies in relation to the regional impact assessment statements.

Mr WILLIAMS: The answer to my next question will probably be exactly the same. The guidelines and operation of the Regional Development Infrastructure Fund have been reviewed and improved, according to this document, and I presume that they are at the same place?

The Hon. K.A. MAYWALD: They certainly are. And they have been improved.

Mr WILLIAMS: Has the Regional Development Infrastructure Fund been fully utilised in the last 12 months; have all the funds that were available been expended?

The Hon. K.A. MAYWALD: It is fully committed. I am pleased to say that, with the development of new, much

improved guidelines, we are working closely with the regional development boards to ensure that the Regional Development Infrastructure Fund can be utilised to maximise the infrastructure outcomes out in the regions; the Regional Development Board framework. Some \$4.5 million was allocated to the RDIF in the 2004-05 financial year and it is anticipated that, for the first time since its inception six years ago, the amount allocated for the RDIF for this financial year will be fully committed. This year funds support is being provided to the strategic priorities identified in the State Infrastructure Plan and, in particular, it includes \$2 million towards upgrading the reliability of the Kangaroo Island power supply and intensive poultry farming and meat processing in the Wakefield Plains area and regional industry estates.

Regional development infrastructure funding has recently been committed to the following projects. The Flinders Industrial Estate at Port Pirie received \$538 400 for the provision of common use infrastructure to the allotments within the Flinders Industrial Estate including gas, electricity, sewer, water, telecommunications, roads and kerbing, lighting, drainage and associated earthworks. This project will support and assist viable small to medium business enterprises to improve opportunities for expansion to achieve long-term sustainability. Some \$140 000, made up of a grant of \$80 000 and a loan of \$60 000, has been awarded to the Blyth Industrial Estate. The Clare North Industrial Estate will receive \$112 500. Baroota Reservoir has received a grant of \$100 000 to assist with the cost of a common pipeline and manifold installation for the reservoir's irrigation expansion.

Port Wakefield Poultry Farm was granted \$85 000 to assist with the expansion of broiler farms. Chicken Mate farms has received a grant of \$60 000. The Ozone Hotel at Kingscote has received a grant of \$72 500 to offset infrastructure costs associated with the augmentation and connection to power, water and STEDS. Coonawarra Gold at Nuriootpa has received a grant of \$78 500 to assist with the upgrade of the Nuriootpa town gas regulator and a gas meter and Snowtown Meats has received a grant of up to \$35 000 to assist with the upgrade of its power supply. There are more announcements to come. I have signed off on a couple of this week, and we will announce them shortly. We need to liaise with the proponents first.

Mr WILLIAMS: Are those grants listed on the minister's web site?

The Hon. K.A. MAYWALD: They are in the parliamentary record. I gave a ministerial statement when parliament was sitting. The member will find that information on the record.

Mr WILLIAMS: I had a look at the web site and I could not find them—but that does not mean that they are not there; I am just wondering if I am looking in the right place. I will work through some of the projects listed in the document to which I am referring. On page 2 under the heading 'Growing prosperity' there is additional support of \$2.6 million over two years to facilitate a \$4 million upgrade of the Port Lincoln Airport. Is that funding coming from the Regional Development Infrastructure Fund or is it completely separate?

The Hon. K.A. MAYWALD: No, it will not be coming from the Regional Development Infrastructure Fund.

Mr WILLIAMS: The Regional Development Infrastructure Fund continues on page 3, and there is a new allocation of \$6 million. Is that just a continuation of the existing

situation; there is an additional \$6 million over the two-year period?

The Hon. K.A. MAYWALD: Yes, it is a continuation of the project. The project concluded at the end of this financial year. However, we have increased the funding by \$500 000. It was \$2.5 million and it is now \$3 million. But, of course, this financial year we also invested \$2 million into Kangaroo Island power reliability on top of that.

Mr WILLIAMS: That is outside of the fund?

The Hon. K.A. MAYWALD: That is outside of the fund, but managed through the fund.

Mr WILLIAMS: A contribution of \$5.7 million over four years will see the upgrading of road and rail assets on the Eyre Peninsula grain transport network. Is any of that money contingent upon some sort of funding from the commonwealth government?

The Hon. K.A. MAYWALD: I will have to take that question on notice. I understand that an application has been made for commonwealth AusLink funding and I know that local government has made a significant commitment, as has the state government. There was a recent announcement in Mount Gambier that \$10 million had been put forward by the state government towards the project, and that was contingent upon the commonwealth AusLink funding. I will take on notice the question about the \$5.7 million and obtain an answer.

Mr WILLIAMS: The minister mentioned Mount Gambier: is she aware that the Local Government Association has received formal notification that its application for funding for a study into improved road networks in the South-East has been turned down?

The Hon. K.A. MAYWALD: Yes, I saw that in the paper. It is extremely disappointing that the commonwealth is not supporting that important initiative. As the member would know, being the local member in the area, it is a very important issue that needs to be resolved quickly. It is unfortunate that the commonwealth government has not determined that the application for funding is important, given that local government and the state government have put their hands in their pocket.

Mr WILLIAMS: It is also disappointing that the local government sector was left making the running on what are actually state government roads, whether it be the Riddoch Highway or the Border Road, or rail. It is state government infrastructure and state government responsibility. Replacement of the existing police aircraft is also listed in the Regional Statement, page 3, at a cost of \$4.7 million. Is that being totally funded from new money or is a substantial portion of that funded out of depreciation that has been accumulated on the old aircraft?

The Hon. K.A. MAYWALD: It is a question that I will take on notice, so I will get some details from South Australia Police. It is my understanding that the methodology of the formulation of this report is that it is all new money, but I will get that qualified.

Mr WILLIAMS: I have a couple of questions on the \$9.5 million that has been allocated for the wine innovation cluster (page 4, Regional Statement). Can the minister give the committee some details on what exactly is happening there? I have read the statement in the document but it is pretty short on detail. It states that we will be consolidating our research effort into both viticulture and oenology, or wine making, on that site at the Waite Institute. Is it mainly a consolidation or are new initiatives involved in that as well?

The Hon. K.A. MAYWALD: It is a question that is better directed to the responsible minister, minister McEwen, but I can say that it is an initiative that is well supported by all the parties involved, and \$9.5 million is a significant investment in wine industry R&D for the future.

Mr WILLIAMS: There are a number of supposed initiatives in the state emergency services area. We have \$4.1 million over four years for the Royal Flying Doctor Service. Again, is that new money and is it coming out of the Consolidated Account or is it coming out of the emergency services levy hypothecated fund?

The Hon. K.A. MAYWALD: Once again, not being the Minister for Emergency Services, I can only refer you to the first paragraph in the Regional Statement's overview, as follows:

This paper provides information about new initiatives in the 2005-06 budget that have a specifically regional focus. It does not provide information about existing or ongoing funding of regional programs and services, nor does it provide information about the other new initiatives that will benefit regions where funds have been allocated on a statewide basis.

In other words, the intent of this statement is to provide information on new initiatives that are new initiatives just for the regions and not statewide initiatives. So any questions in relation to the allocation of those funds out of each of those departments would be best directed to the ministers responsible, but I can confirm that they are new initiatives.

Mr WILLIAMS: There is a list of them: providing \$4.1 million for the Country Fire Service and State Emergency Service over four years for the replacement of vehicles; \$2.4 million to increase the capacity of the CFS and prepare risk and response plans; another \$2.4 million over four years to increase the capacity of the CFS to utilise aerial fire-fighting. Is the minister telling me, and this includes the earlier amount that I mentioned with regard to the Flying Doctor Service, that all this funding is new and that none of it is coming from the emergency services levy hypothecated funds? This is new money coming from Consolidated Account going into emergency services?

The Hon. K.A. MAYWALD: Once again, it is a question best referred to the minister responsible, but I can refer the honourable member to Budget Paper 3, page 2.24. It lists under the justice portfolio the range of expenditures that the member refers to. Any detailed questions would need to be referred to the relevant minister. The Regional Statement does not provide for the Minister for Regional Development to be responsible for each of the portfolio responsibilities. It just highlights for members, particularly those from regional electorates, what is being expended as new initiatives.

Mr WILLIAMS: The point that I am making here is that replacing fire trucks is an ongoing part of the maintenance of our emergency services and I understand that it is actually funded from the emergency services levy. To be quite honest, I think it is a bit rich to be putting millions of dollars in the Regional Statement purported to be new initiatives when I would be absolutely amazed if it is not coming from funds raised through a levy on the people of South Australia specifically for that purpose.

I do note that part of your web site is dedicated to an issue that has been ongoing for a number of years in South Australia, and that is accommodation in regional areas. I notice in the Regional Statement that figures show that our regional areas are growing in population faster than metropolitan Adelaide, albeit that the rate of growth is low, and accommodation has been and will continue to be a factor that

is holding back development within some of our regional centres. Recently when parliament visited the South-East and sat in Mount Gambier, the government made an announcement about the construction of housing in Naracoorte. As the local member, it disappoints me that a regional impact assessment was not made on that project.

Of the local building fraternity at Naracoorte—and I am told that there are at least 17 companies involved in the building sector at Naracoorte—none of them have been involved in that project. Notwithstanding the fact that, when the project was first mooted, probably 12 or 18 months beforehand, a couple of the bigger building businesses did respond to an advertisement from the Land Management Corporation. They gave their details and were told that they would be contacted as the project further developed, yet none of them were contacted. The deal that the government has done to build these houses is with a building company outside of the Naracoorte area, which has caused considerable angst amongst some of the building companies there. Would the minister care to comment?

I think that this is a classic example where the regional impact assessment process would overcome this sort of situation from eventuating, yet the process has not been used. It is not as though this is a new issue. One could be excused for believing that the announcement was made in undue haste as a knee-jerk reaction to the government wanting to have a good news announcement when it was visiting the South-East.

The Hon. K.A. MAYWALD: It is an interesting spin. However, there have been well documented shortages of work force accommodation that have been accounted for in some parts of regional South Australia, especially those areas experiencing strong economic and employment growth. Work force accommodation shortages have been identified in the Upper South-East since 1998. In actual fact, there was a study commissioned under the previous government. The Regional Work Force Accommodation Solutions Study, which was commissioned by the Office of Regional Development in 2001-02 on behalf of Regional and state funding partners, confirmed the shortages in the South-East and Murraylands regions of the state and explored a whole range of solutions.

I guess the importance of that study is that it has undertaken the regional impact assessment necessary to make the decision to go forward and invest in this area. Approval was given to the Regional Housing Initiative, which was a plan proposed by the Land Management Corporation to build more work force accommodation in regional South Australia. The LMC will enter into a 50:50 joint venture with private developers and builders to construct and sell quality, mid-range housing in regional South Australia. As part of the plan, HomeStart will offer finance to potential purchasers of the finished houses.

The Regional Housing Initiative is being trialled in Naracoorte, an area which was identified as having significant shortages by the Regional Work Force Accommodation Solutions Study. A deposit has been paid on the land. In principle agreement has been reached with a builder on the joint-venture arrangements following an open tender process. Planning and appropriate approvals will follow the signing-off of the legal agreements with the joint-venture partner. The anticipated start date for development work is early in 2006, allowing for statutory approvals and winter, etc. Over the coming months, the LMC will also be working with HomeStart on financing packages for end buyers, and also working

with local employers, the regional development board through DTED and council on meeting the community needs.

Cabinet approval has been achieved, and the budget provision is there for the trial project and resides within LMC's forward estimates. The project is being undertaken on a commercial basis consistent with the corporation's charter, and a net benefit is anticipated from the development being the share of profit from undertaking the development. I am sure that the member, being the local member for the area, is pleased to see this outcome after such a lengthy period of time and the number of investigations. I am sure he would also be pleased that this government has finally bitten the bullet and is doing something about it.

We are also developing a local industry participation policy, which should be released soon. In that, we will be looking at ways and means of actually assisting local industry to participate in government projects in the future.

Mr WILLIAMS: I am pleased to hear that, minister. I understand that the government was again embarrassed by some of the local industry players when they raised this issue locally. I am pleased to see that the government has seen the error of its way. As the local member, I am delighted to see the government at last doing something, but it is not as if this is a new initiative. I thus put on the record that the previous government established a \$20 million fund to operate through HomeStart to actually achieve these outcomes, but it has been shelved now for three years. In fact, by the time this project gets going, it will be over four years from the period that it was announced to when we will actually get some houses built on the ground in Naracoorte. I am looking forward to that happening. I have no more questions, Madam Chair. I do not know whether anybody else has, but I want to point out that I understand that my colleague earlier in the day read out a list of omnibus questions, which will be taken on board with regard to this agency as well. Is that correct?

The Hon. K.A. MAYWALD: Yes. I am happy to take them as read.

Mr WILLIAMS: I have no further questions, Madam Chair.

The CHAIR: In that case, there being no further questions, I declare the examination suspended and referred to Committee A.

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

Attorney-General's Department, \$68 761 000
Administered Items for the Attorney-General's
Department, \$47 046 000

Departmental Advisers:

Mr W. Pryor, Liquor and Gambling Commissioner
Mr M. Bodycoat, Commissioner for Consumer Affairs
Ms D. Contala, Director, Strategic and Financial Services, Attorney-General's Department

Membership:

The Hon. D.C. Brown substituted for Mr Williams
The Hon. M.R. Buckley substituted for the Hon. D.C. Kotz

The CHAIR: I declare the proposed payments, returned from Estimates Committee A, reopened for examination. I

refer members to the Budget Statement, in particular Appendix C, page C.2, and the Portfolio Statements, Volume 1, pages 4.76, 4.77 and 4.82 to 4.88. Does the minister have an opening statement?

The Hon. K.A. MAYWALD: Yes; I do, Madam Chair. The Office of Consumer and Business Affairs is committed to ensuring that fair trading occurs in an efficient, informed and competitive marketplace, where there is a balance between the rights of individual consumers and the business they deal with. The marketplace continues to be monitored with an active program to ensure compliance with all acts. In the past 12 months, OCBA has been very active in product testing to ensure that only safe and dependable goods are on sale to consumers. OCBA also continues to work to ensure that all building and trade operators are licensed and fully trained, as required by law.

In the past 12 months, substandard itinerant and backyard operators in the building and second-hand vehicle industry have been targeted. Disciplinary action has been taken to ensure that unlicensed and substandard operators are penalised, removed from the industry, where appropriate, or forced to undergo further relevant training. In addition, OCBA has promoted the media-based message of the importance of assuring consumers that they are licensed operators.

At an operational level, the consumer complaints section has been restructured, creating streamlined processes that result in faster and more responsive handling of urgent complaints and inquiries. OCBA has also maintained its commitment to regional and rural South Australia, with frequent regional visits, a network of regional outlets and regular attendance at field days. In addition, an agreement with Service SA to provide services in the APY lands has been signed which, once introduced, will result in a greatly enhanced service to some of the most isolated members of the South Australian community.

The main objectives of the Office of the Liquor and Gambling Commissioner in relation to liquor licensing are: to encourage responsible attitudes towards the promotion, sale, supply, consumption and use of liquor; to develop and implement principles towards that end; and to minimise the harm associated with the consumption of liquor. The office works with councils, police and other stakeholders on the development and operation of local liquor management plans and accords. In particular, the office will continue to work closely with SAPOL to develop and manage effective harm minimisation and responsible supply, service and consumption strategies.

The Hon. DEAN BROWN: I do not have a specific opening statement, although I will start with a brief statement about a particular case. I will then go into questioning. This issue relates specifically to the Office of Consumer and Business Affairs and concerns a builder at Victor Harbor, namely, Blue Sky Developments, and the directors of that company, Sharon and Neville Thain. I mention this company quite deliberately, as a series of very serious complaints have been lodged against it with the Office of Consumer and Business Affairs, and I want to pursue those matters today. I will not give the names of the various people who have lodged complaints, but about 30 to 40 people have given their names to me concerning various amounts of money that are outstanding.

One couple first approached me in October 2003 concerning absolutely appalling things that had gone on with Blue Sky Developments. Subsequently, I found that, in 2001, the

couple had been to the Office of Consumer and Business Affairs and had lodged a series of complaints. They had returned on numerous occasions in 2002, 2003 and 2004. As they were not getting anywhere, out of absolute desperation they took their case, through lawyers, to the courts. Recently, they were awarded a settlement of \$250 000, only to find that, at this stage, their building indemnity insurance will not cover them, because Blue Sky Developments has now declared itself in liquidation. So, the company no longer exists; however, the couple found that the insurance policy in the name of Blue Sky Developments is not willing to acknowledge its liability, even though the same ABN number was used, as used by the company and on its insurance policy. That is only the start of it. When these matters came to my attention in November, I personally took a keen interest in it, with a lot of documents handed to me. I personally went to see the Commissioner, sat down in the Office of Consumer and Business Affairs and discussed those documents for about 40 minutes. I appreciate the time the Commissioner gave me. Copies were taken of all those documents.

Now, I find that literally dozens of other people have lodged complaints with consumer affairs, as well. For example, consumer A has lost about \$150 000; consumer B, \$132 000; and consumer C—who I will talk about briefly—has lost \$70 900. Their claim against the insurance company has also been rejected, as it was for the first case that went through the courts. They first complained to consumer and business affairs in January-February 2004. I have detailed letters from quite a few of these people, documenting the nature of their complaints and the history of the problems they have had with the company, Blue Sky Developments, and the directors of that company.

In 2003, consumer A asked consumer and business affairs whether Blue Sky Developments was a viable and suitable building company. Although complaints had been lodged already with consumer affairs about this company, they were told that it was a privacy matter and that they could not give any information. Subsequently, very recently, many of these consumers have been told the names of others who have lost substantial amounts of money. They have been told to form a syndicate with those people and to contact lawyers. They have lost \$150 000.

Consumer I has lost approximately \$205 000. In the documentation they have given to consumer and business affairs, there is alleged fraudulent practice on several occasions by the company director. Consumer K is the one I mentioned in relation to the court settlement. They have tried to get the money from the insurance company, but they cannot. Putting aside the \$250 000 court settlement and that particular consumer (who I have left out of the list), I have a list of other people that runs from A to J. Collectively, they have lost \$820 903 to this company. There is a more substantial list that would take it to over \$1 million. A number are trade suppliers or trades people who have worked with this company.

Although the first complaint was raised with the Office of Consumer and Business Affairs in 2001 and there have been numerous complaints since, it would appear that no action has been taken. In fact, it was not until 11 February this year that, finally, the licence for this company was withdrawn, even though it went into receivership, and then liquidation, in October-November last year. Recently, I had a meeting with a number of the people involved from my electorate, and they have asked me specifically to take up this issue in the

parliament for them. They are very concerned and have asked for answers to the following questions.

Minister, will you immediately order an independent investigation into the handling of complaints about Blue Sky Developments by the Office of Consumer and Business Affairs to determine whether (a) the office has been negligent and incompetent in the handling of complaints and in its failure not to warn consumers about serious complaints of the company; (b) the office has acted properly in annually renewing the company's building licence since 2002; and (c) the building indemnity insurance scheme is failing to provide consumer protection against the financial collapse of some builders, such as Blue Sky Developments?

I highlight the fact that at least two, so far, have been made against the insurance companies for which I have documents and which have been unsuccessful, including a case where the court has made a settlement against the company and, therefore, one would assume, against the insurer. I am also concerned that, when people have raised this matter with consumer affairs more recently, they received letters two days before Christmas, which, effectively, told them to see a particular solicitor whom they knew was acting on behalf of others. I have already highlighted the fact that this matter had gone through the court process for at least one group. They simply referred them to solicitors. The letter states:

In consideration of this information, no further action can be taken on your behalf to complete the building work contract undertaken by you with Blue Sky Developments. However, the corporate affairs and compliance branch will be conducting further confidential investigations regarding any legislative breaches by Mr and Mrs Thain and you may be contacted in due course. Please do not contact the compliance branch in the interim.

These people are desperate because the only time they seem to get any response, apart from something like this, is when they go to the media. When *A Current Affair* started to investigate this matter, suddenly there were telephone calls from consumer affairs—some 12 months after some of their complaints—asking them not to go to the media. Minister, I share their concern. They will not let this issue lie. They have a sorry saga of cases.

I am happy to provide you with the individual letters that they have given me, but I think, as you go through, you will see that, since late 2001, it just goes from one sorry saga to another, and it gets progressively worse, with no warning issued to the public whatsoever. Even where people sought information on a one-on-one basis from the office, they were not given it, and no action it appears, in the eyes of these people and from what I can see, has been taken whatsoever, and their licence has been renewed each year.

The CHAIR: Member for Finnis, I am just concerned about whether any of these issues are before the court? Do any of them have active matters before the court?

The Hon. DEAN BROWN: No, the court case is finished and the others are just with solicitors at this stage. No action is being taken at all.

The Hon. K.A. MAYWALD: It was a statement. I will make some comments in relation to those comments. Was there a specific question?

The Hon. DEAN BROWN: The specific question is: will you immediately order an independent investigation into the handling of these complaints about Blue Sky Development by the Office of Consumer and Business Affairs and those three components that I outlined, which I will not repeat?

The Hon. K.A. MAYWALD: I will give a commitment to the member—because this is a serious issue and I certainly do believe that it warrants further investigation—that I will accept his offer to provide me with the information and the letters that are relevant to each of the individual cases. I will certainly follow up on those and we will certainly have a good look at the issue. I have a number of concerns in relation to the building industry licensing system, and I have asked the Commissioner to look at the licensing system which is currently operating, and to look at ways in which we can improve it, and improve the service to the building industry. We will certainly look at what we can do in the next little while, but, as it refers to this particular matter, I will take on notice that question and I will have a look at the information that you intend to provide, and I will get back to the member.

The Hon. DEAN BROWN: Minister, do you have other evidence that the building indemnity insurance is not paying up when consumers who are left with a significant debt, because of a builder going broke, are unable to make claims against that insurance? It would appear in this case that for some reason the builder has used several different very closely associated company names, used the one ABN for all of them and used the one ABN for taking out insurance under that scheme. It would appear that the builder deliberately signed the contracts in one name and the indemnity insurance in another, even though they are related companies with the same ABN number, and it is on that basis that the insurance company is now claiming it is no longer liable.

The Hon. K.A. MAYWALD: I do not have any evidence of any other examples, but certainly, once again, if you can provide me with that information I will follow it up for you.

The Hon. DEAN BROWN: I think you would agree that it is a pretty serious matter, because there are probably about 10 000 different consumers a year who rely on that building indemnity insurance to give them protection, and expect protection, only to find that there is no protection, having gone through a court case and invested a lot of their own money. Most of them are pensioners or part-pensioners, so they have put everything on the line. One of them happens to be a British migrant who decided to migrate to Australia to be with the rest of his family. They engaged this company to build their home and now have a very sour experience indeed and a very substantial loss of money in their case—again tens and tens of thousands of dollars.

I think it is something we need to look at. Certainly, I have not heard of other cases of this, but I have here a number of different people who are making claims and who, it would appear, cannot get settlement on those claims. Even though it may be, for some of them, still early in the piece, they are very distressed indeed, because they have partly-completed houses that were promised—and I am not kidding—two or three years ago, which just have not been delivered. These people have had to incur huge expenses in the meantime in renting other accommodation.

The Hon. K.A. MAYWALD: I agree with you wholeheartedly. It is a very serious issue, and one that I will take very seriously. Once you provide me with the details of the specific complaints, I will certainly look into those and advise accordingly. One thing I would say though is that the builders indemnity insurance is there and it is a legislative requirement for builders to have the building indemnity insurance to protect consumers. It is of great concern where that is not working and I will certainly take what steps I can to ensure

that if it has happened in the past, as your constituents say, we can rectify the issue.

The Hon. DEAN BROWN: My real concern is that it appears that the Office of Consumer and Business Affairs is incapable of protecting the consumer—putting aside the bankruptcy issue—in terms of where it is known that legitimate complaints have been lodged and there are huge and fundamental problems with the builder because, if they remove the licence immediately, I understand that the indemnity insurance does not apply. It only applies if the builder goes bankrupt. So removal of the licence will not give them protection. Perhaps the Commissioner could confirm that. How does the office warn people, and why was a public warning not issued? A warning is given to children in respect of Christmas products on the market, as you did last Christmas, involving \$10 or \$20 worth of product. Here people are really investing their life savings in the biggest purchase of their lives, literally now losing up to a quarter of a million dollars per consumer and, even though they seek information, they are not getting it from the office.

I would have thought that if the office had legitimate complaints about a particular builder—and a question mark, because apparently the director of this company has been bankrupt on a previous occasion I find out—surely it should be able to issue some form of warning, even on a one-on-one basis or, more appropriately, a public warning. It is 18 months since I went and gave the commissioner all of the documentation on this first case. I did not know about the others at that stage as they have come up subsequently, but I gave him a wad of documents a inch and a half thick.

Included in those documents is a clear and substantive case of a fraudulent signature by a director of that company in altering the contract and then signing it on behalf of the consumer, when the consumer had absolutely no knowledge that that contract had been varied and signed. It has gone off to experts and the matter has been reported to the police, but here surely is an area where the office should be able to come out and protect the consumer, but it appears to not have the power. It has upset my constituent as we are putting a substantial amount of money into the Office of Consumer and Business Affairs, a chunk into the building area, but we are not getting value for money as it would appear that they do not have the power and mechanism to get out and warn the consumers.

The Hon. K.A. MAYWALD: I am advised that as a consequence of the advice you gave to the commissioner, a significant amount of work was undertaken by OCBA. In that case the dispute related to the delay in progressing of building work and the quality of the work carried out. As a result of these issues the owners stopped payment and the builder placed a stop order on the work and parties attempted to reach a resolution. A written agreement was reached that the builder would make payment towards the owners rental expenses, but in the end the builder refused to comply with the agreement. A compromise could not be reached and as it was a contractual dispute the parties agreed to pursue conciliation through services offered by the Housing Industry Association and at that point OCBA withdrew from the conciliation process.

OCBA is not able to force outcomes on the parties to a dispute. If negotiation does not resolve the matter the parties are obliged to pursue their normal remedies, including legal action. OCBA is not necessarily the agent that can resolve disputes in a contract. Evidence on file suggests a written agreement was drawn up during the HIA conciliation process, but the parties failed to sign off on that agreement. The

consumers later took legal action in the District Court, but OCBA played no role in that action.

Since then, in April 2004 a significant matter involving Blue Sky Developments came to the attention of the Consumer Affairs Branch. It involved delays in progressing work and demands for payment for services and goods not supplied. The officer dealing with the matter I understand was sufficiently concerned to alert compliance officers to the builder's conduct. An investigation into the builders conduct commenced and is ongoing. Nine more complaints were received in November and December 2004. In October 2004 creditors lodged a petition for the winding up of the builder and the company was subsequently liquidated. The licence for the company was cancelled in February 2005.

The investigation referred to focuses on the fitness to hold a licence of the company and on the two individuals concerned with its management. Although the company has been wound up, the investigation into the fitness of the two individuals continues. Investigation progress has been somewhat impeded. It has had difficulty getting statements from a couple of the witnesses who live overseas. However, we are pursuing those statements and OCBA expects to complete the investigation in the near future. As I have said previously, the honourable member makes some valid points and consumers have a right to be protected under the legislation. The builders registration and builders indemnity insurance program is intended to protect consumers in the event of default. I am not aware of any other matters he has raised in committee and I would be more than happy for the honourable member to forward on that information regarding the specific allegation so they can be pursued.

The Hon. DEAN BROWN: I appreciate the information provided. That highlights my point that here is a builder who clearly was going to rip off consumers. They were out signing up land and changing contracts. I have a case of someone who was asked to pay about \$7 000 extra the day after signing the contract and their contract was varied on some land. Here was a company and directors deliberately wanting to rip off people. They deliberately started as many houses as they could, got up-front payments, put land that people paid for in their own names instead of in the names of the people who had paid for it, yet in all of this, even though complaints were being lodged, the office appears to have been incapable of standing up and saying, 'Hang on, we can see what is going on: how do we stop this immediately and how do we warn people about entering into this trap being set for them?', and that is the part that concerns me. If action had been taken back in 2002-03 I would have constituents with almost \$1 million more in their pocket today than they have currently.

The Hon. K.A. MAYWALD: I agree with the concerns you have raised and I am keen to see the specifics of the cases you refer to. I look forward to receiving that information from you. We are having a very good look at the builders licensing system as we speak to determine whether or not we can do things better through the licensing legislation.

The Hon. DEAN BROWN: I have some specific questions about the allocations being made. First, why has the net cost of the consumer affairs program been cut by \$596 000 from \$5.1 million in 2004-05 to \$4.504 million in 2005-06?

The Hon. K.A. MAYWALD: I will ask the Commissioner to give the honourable member the specific details of that budget line.

Mr BODYCOAT: The reduction actually represents the transfer of the costs of operation of the regional officers from the Consumer Affairs Branch to what is called the Executive Branch. That simply reflects the transfer of those operation costs into another branch.

The Hon. DEAN BROWN: I appreciate that. There has been no reduction.

Mr BODYCOAT: There is no reduction in funding of the agency or of the functions that that branch previously discharged.

The Hon. DEAN BROWN: This question may receive the same answer. Why have the employee expenses been revised down from \$15.574 million in 2004-05 to \$14.785 million in 2005-06, a reduction of \$789 000? How many full-time employees are currently employed in the Office of Consumer and Business Affairs, and is it fewer than last financial year?

Mr BODYCOAT: The employee numbers should not change. I would have to take the specific financial information on notice and return with an answer.

The Hon. DEAN BROWN: Have qualified staff now been employed to perform the targeted amount of compliance audits for the 2005-06 year and, if not, when is this expected to be done?

The Hon. K.A. MAYWALD: Yes, we have a full quota of staff employed at the moment and—

The Hon. DEAN BROWN: On compliance.

The Hon. K.A. MAYWALD: On compliance, yes.

The Hon. DEAN BROWN: On page 2.2 of the budget papers, Volume 2, it states that the 2005-06 budget includes savings measures totalling \$75 million operating and investing over the next four years. This includes efficiency dividends of \$61 million for agencies. What cuts have been made to the Office of Consumer and Business Affairs to meet the government efficiency dividend target?

Mr BODYCOAT: The Office of Consumer and Business Affairs will see a reduction of approximately 1 per cent in its budget as compared to the 2004-05 budget. As that stands, that will be somewhere of the order of \$200 000.

The Hon. DEAN BROWN: Fees and charges revenue has risen by \$1.050 million. Have any of the charges increased by more than CPI and, if so, could the minister detail which ones?

Mr BODYCOAT: Most fees have risen simply by CPI. The exception is that, in relation to security and investigation agents where there will be a substantially enhanced licensing regime, including fingerprinting and psychological and drug and alcohol testing (where appropriate), the cost of administration of that scheme will rise dramatically in the 2005-06 year, and some of the licensed fees in that field have been increased by more than CPI.

The Hon. DEAN BROWN: Could I have a documented list?

Mr BODYCOAT: I am happy to provide significant information about those fees.

The Hon. DEAN BROWN: A different group of consumers have complained to me that, when they wanted to register their business, they attempted to do so by electronic transfer of their money and were told, 'No, the office does not have electronic transfers.' In one case, a particular consumer offered to pay by billpay and was told, 'No, you cannot pay by billpay, either. You need to write a cheque or use a credit card.' Being from the country, the minister would understand that it is not as easy to use a credit card because you cannot be there in person and we do not have offices where you can

pay those accounts using a credit card. Therefore—quite rightly, I think—this particular business person complained, along with a couple of others. Surely, an office dealing with consumer and business affairs should be able to take electronic transfers or, if not, certainly billpay. Can I ask why that has not been done?

The Hon. K.A. MAYWALD: Certainly; and I do agree that expanding options for the payment of government fees and services is particularly useful for country residents, and as regional development minister and small business minister I am well and truly aware of that. OCBA has begun to introduce these options for some of its services. However, there is still room for much improvement. It is certainly something at which we are looking at this point, and we will be rolling out new options for payment as we are able to fund them.

The Hon. DEAN BROWN: I come back to the case I mentioned earlier, as I do not think my question has been dealt with. In a circumstance such as the one I pointed out, what mechanisms are there for the Office of Consumer and Business Affairs to deal with what it sees as a builder literally robbing consumers, knowing that, if it removes their licence, then, as I understand it, they will not be able to claim against their building indemnity insurance? Therefore, it lets them go on because the building indemnity insurance applies only when the builder is put in for liquidation. What mechanisms are there for the office to warn people that this is a shonky builder who is trying to rip them off?

The Hon. K.A. MAYWALD: Again, the builders licensing system is under review and it is a review with respect to which I am anxiously awaiting the results, because the member has raised some valid issues. Whilst the position that they cannot claim on the builders indemnity insurance is not technically correct, it is the practical outcome that occurs for various reasons. I will ask the commissioner to further detail that.

Mr BODYCOAT: The intent of building indemnity insurance is to protect consumers against the death, disappearance or insolvency of the builder. The net result of that is that, if the builder's licence is withdrawn and the builder is unable to legally continue to carry on business as a builder, that is not one of the contingencies against which building indemnity insurance protects the consumer. So, the result is that they do not have a claim under their policy in that instance.

The second part to the question, as I understood it, was: what mechanisms are available for the Office of Consumer and Business Affairs to protect consumers? The two most commonly used are either prosecution or disciplinary action against a builder with the intent of either securing qualifications to the licence or its removal. On the other hand, there is the ability to publish a public warning in circumstances that justify it. I have not yet assessed some of the material that was referred to in previous questions, so I am not able to comment at the moment about whether or not a warning was justified. Otherwise, the Fair Trading Act prevents us from providing very much information to consumers at all, because it imposes a requirement to maintain confidentiality in respect of information that is given to us in the course of our operations.

The Hon. DEAN BROWN: With respect to that point, if the commissioner's office receives a complaint against any product (and I can recall that on various occasions warnings have been given), it need not come out with details about who lodged the complaint. I presume that is the point the commis-

sioner has mentioned with respect to privacy. However, I would have thought it was fair and reasonable for the department to make an assessment that here is a building company ripping off the public and that it has to get out there and warn the public. It concerned me greatly because, as the commissioner knows, I spent an almost an hour with him with all the documents in November 2003.

A whole heap of people came and saw me late last year, and I was horrified to see that this matter has mushroomed out of all proportion. Again, I raised complaints and I asked what action was being taken, and it was 11 February this year before the licence was withdrawn—and, in fact, the builder had been in liquidation for, I think, two or three months by then. The letters written by the commissioner's own department as of 23 December last year still do not reflect, I think, the crisis and how bad the situation is: they simply told people to go off and seek their own legal opinion.

I think what people are saying, quite rightly, is that the very fact that a licence is issued to a builder by the government in itself is a stamp of approval of the builder. They ask, and I think with full justification: 'Otherwise, why was a licence issued?' Licences have been issued to this builder on at least three occasions when it would appear that that builder has been ripping people off, and some of that was known and, certainly, there have been some very serious questions about the practices of the builder since late 2001.

The Hon. K.A. MAYWALD: The member has made some very valid points, and that is why we are currently undertaking a review of the builders licensing system, because there are areas where we can improve what we are doing. The general public believes that, because a licensing system is in place, that is what the licensing system was initially established for: to give consumers more confidence in the building sector and also to give them the protection of knowing that builders had to apply for a licence through the Office of Consumer and Business Affairs.

There are two issues here. The member made a comparison in relation to product safety and the compliance with an Australian code of building standards that may result in a breach in contract, and they are two different things. Product safety is handled through different legislation and is about the safety of consumers generally. The Australian building standards, of course, are the general standards with which we expect builders will comply when entering into a contract with a consumer. However, there are often disputes as to whether that standard has been achieved and there are disputes between consumers and builders as to whether they have met their contractual arrangements. It is not OCBA's responsibility to resolve those disputes; that is the jurisdiction of the courts as the situation currently stands. However, OCBA does offer a mediation advice and service to try to get the parties in dispute to come to an agreement to move forward.

The issue of whether the contract has been completed in accordance with the expectations of the different parties is often required to be resolved by the courts and, until those court hearings are finalised (and I am not certain in this instance because I do not have all the details) often OCBA does not have a reason under the building licensing legislation to remove the licence until it is proven that there has been a breach by the builder. Whether or not there is just a dispute between the two contracted parties that needs to be resolved through a court process or whether they are builders who are not doing the right thing and should not be licensed are two separate issues and I think that, in this instance, I will

need to see the detail that the member obviously has. I will give him a commitment that I will look at it very closely and it will certainly be an issue that will be addressed through the current review of the builders licensing system.

The Hon. DEAN BROWN: Before we finish, I think that an omnibus question has been asked of the minister. It talks about all agencies under the minister's control, and I ask that consumer affairs be included in that.

The Hon. K.A. MAYWALD: Yes, certainly.

The Hon. M.R. BUCKBY: If I approach the office seeking information regarding a particular builder—for instance, I might have heard rumours that there are problems being encountered by other consumers with that builder—what information can the office give to me? Can the office say that it has had a number of complaints with regard to that builder? What information can be given out by the office to me when I am trying to protect myself, given rumours or circumstances that I have heard about a particular builder?

The Hon. K.A. MAYWALD: Unfortunately under the Fair Trading Act we are unable to give information about specific builders and we are also unable to recommend builders to a consumer who may ring the Office of Consumer and Business Affairs.

The Hon. M.R. BUCKBY: So how do I protect myself? As the member for Finnis said, if a builder has a licence, we assume that that builder will comply with certain rules and regulations that apply under that licence. If I then believe that that builder is not complying with that licence, but still has that licence, I have a choice to find another builder who I think is reputable, but I might not have a choice because it might be the only local builder. Are you telling me that there is no information that the office can give to me to say that perhaps I should make some investigations or perhaps that I should be wary. Can information like that be given?

The Hon. K.A. MAYWALD: OCBA would generally advise consumers who ring the Office of Consumer and Business Affairs to make inquiries in certain areas so they can feel more comfortable with their choice of builder if we believe there are issues. As I mentioned in my previous answers, we are reviewing the builders' licensing system for the very reasons that you raise, that there are gaps and there are some areas that we think we could tighten up to ensure that consumers are better protected. After all, that is the charter of the office of consumer affairs, and we believe there are opportunities for us to do better in that area and we are currently reviewing that legislation.

The CHAIR: When was the Fair Trading Act last amended?

The Hon. K.A. MAYWALD: I will take that on notice, Madam Chair.

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

Department of Water, Land and Biodiversity
Conservation, \$84 859 000
Administered Items for the Department of Water, Land
and Biodiversity Conservation, \$28 719 000

Membership:

The Hon. R.G. Kerin substituted for the Hon. D.C. Brown.
The Hon. D.C. Kotz substituted for the Hon. M.R. Buckby.

Departmental Advisers:

Mr R. Freeman, Chief Executive, Department of Water, Land and Biodiversity Conservation.

Mr P. Hoey, Executive Director, River Murray.

Mr P. O'Neill, Executive Director, Corporate Services.

Mr R. Wickes, Executive Director, Natural Resource Management Services.

Mr N. Nosworthy, Chief Finance Officer.

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, Appendix C, page C.2, and the Portfolio Statements, Volume 2, pages 8.1 to 8.4, 8.45, 8.46, and 8.52 to 8.679. Minister, do you have an opening statement?

The Hon. K.A. MAYWALD: I do. It gives me great pleasure to open the discussion of the budget estimates for the River Murray program for the Department of Water, Land and Biodiversity Conservation. The state government is planning to spend a record \$253 million over the next four years towards restoring the health of the River Murray. When I was first appointed Minister for the River Murray by Her Excellency on 23 July 2004, the first step decision to provide an additional flow into the River Murray of 500 gegalitres had already been made by the Murray-Darling Basin Ministerial Council. The decision by the Council of Australian Governments to fund this initiative had also been made. I wish to acknowledge the efforts of both the former minister for the River Murray, the Hon. John Hill, and the Premier, Mike Rann, who worked with other basin governments to establish the foundation of what has become known as the Living Murray initiative.

In November 2004, the ministerial council was able to put forward a number of water saving projects, which together would yield 240 gegalitres of additional flow in the River Murray at a cost of \$179 million. South Australia is well-placed to fund its share of this cost through the Save the Murray Levy. South Australia is very serious about meeting the goals of the First Step decision, which is 500 gegalitres of additional flow in the River Murray over five years, but we are realistic about the difficulties. In 2005-06, South Australians need to see returns on their investment through real additional flows in the River Murray. These additional flows need to be publicly accounted for. We need to know just how much we are achieving during the implementation of the first step decision.

Accordingly, I will be asking the Murray-Darling Basin Commission to establish a water account to demonstrate to every Australian the beneficial impacts of the progressive implementation of the First Step decision. It is becoming clear that, to achieve the goals of the First Step, we will have to look at what options there are outside just the options that are currently on the table, which of course relate to engineering works. I well understand the strong views held by New South Wales and Victoria about water purchases, but a robust interstate trading market in water excess entitlements will minimise the social and financial impact of water purchase.

South Australia is committed to the expansion of water trade within the Murray-Darling Basin Commission in accordance with the National Water Initiative. The Save the River Murray Levy is not just about acquiring additional flows for the River Murray. The funds are also used for salt interception schemes, the provision of fish passage across the barrages, locks and weirs, and on the artificial flooding of several flood plains at Chowilla and elsewhere. We are modifying existing structures, locks, weirs and barrages to

facilitate easier operation to mimic natural variations in flows. For example, 24 barrage gates can now be remotely operated to harmonise with river and tidal movements. Fishways have been incorporated in the structures.

In anticipation of additional river flows, South Australia needs to develop strategies to obtain the maximum value from more water in the Murray. Later in the year, I will be releasing an environmental flows strategy for the River Murray and South Australia. This will include principles and guidelines for assessing environmental flow projects, and it will provide a framework within which private water trusts can facilitate the delivery of water donations for the purpose of improving the health of the River Murray. It is clear to me that companies, trusts and individuals are keen to deposit or bequeath water rights to reputable, transparent and accountable bodies if they can be assured that such gifts will benefit the River Murray. The government needs to accommodate such wishes. The communities of the River Murray and South Australia are strong, and they are motivated by the desire to improve the health of the Murray at specific points along its length.

In October 2004, the Brenda Park wetland, located on the western bank of the River Murray about five kilometres downstream of Morgan, became the first area to receive a long-term wetland licence. The licence application was approved following the accreditation of the community's wetland management plans. South Australia is leading the chase and is establishing credible systems to ensure that wetland management is accountable and based on best practice adaptive management. I intend to build on the Brenda Park experience, and I anticipate that, over the next year, we can accredit wetlands and issue licences for 10 more community managed wetlands in South Australia. In the upper reaches of the River Murray and South Australia, we are experiencing relatively low salinity levels due to very low irrigation return flows from upstream irrigation areas. This is a very temporary situation caused by draft restrictions. We must not be lulled into a false sense of security.

The trends and concentrations of salt in the River Murray over the longer term continue to be of great concern to South Australia. Within the Murray-Darling Basin all jurisdictions are committed to the goals and strategies for the basin's salinity management strategy of 2001. I am pleased to report that South Australia continues to meet all of its obligations. In 2005-06, \$6.2 million will be spent on South Australia's salt interception schemes. The salinity interception scheme at Bookpurnong near Berri is virtually complete. This will provide South Australia with salinity credits at both the basin and the jurisdictional level. Not only will the scheme reduce the level of salinity in the River Murray but it will markedly improve the health of the adjacent flood plain.

The Loxton salt interception scheme will commence in earnest during the coming year, and investigations will continue for interception schemes in the Pike-Mundic area upstream of Berri, and the Murtho area upstream of Renmark. The salinity standing policy has been applied to new irrigation developments along the River Murray in South Australia, with the aim of providing the developers with certainty about managing the salinity impact of new irrigation. The policy creates low and high salinity impact zones and salt interception zones. Irrigation development in the low salinity impact and the salt interception of zones will be allocated salinity credits to offset future salinity impacts. However, credits will not be available for development in the high impact zones.

The policy ensures that the amount of development that can occur is maximised, while at the same time holding the line on South Australia's impact on the River Murray's salinity levels. The restructuring and rehabilitation of lower Murray dairy irrigation between Mannum and Wellington has required dairy farmers and associated industries in the region to grapple with significant changes. The required changes to irrigation practices have coincided with the regulation of the dairy industry, and these factors, together with the introduction of water trading, have resulted in a major restructure of the industry. The dairy farmers have faced difficult decisions about their future, and this has called for patience and extensive negotiations to achieve an outcome that will provide the basis for a sustainable industry.

In October 2004, I was pleased to offer revised cost sharing arrangements to the irrigators that redress many of the concerns, and this has provided the basis for moving forward. Government owned irrigation districts are converting to some form of private ownership, thereby giving irrigators the means for managing the infrastructure to their benefit. Several districts have now signed up for rehabilitation funding and work has commenced. It is gratifying for everyone involved in the project to finally see the commencement of works. The major objectives are to achieve water use efficiency targets, and to comply with the EPA requirements to manage the drainage of polluted water back to the river.

The funding arrangements allow farmers to undertake other works that will contribute to the overall improvement of farm efficiency, including laser levelling, the reseeded of pasture, the relocation of fences, the introduction of re-use systems, etc. A feature of the funding arrangements is that farmers manage the rehabilitation works rather than have government undertaking the works. It is expected that all districts will complete negotiations on the formal funding agreements by September this year.

The Hon. R.G. KERIN: I do not think that there is any doubt that we all sort of understand the absolute importance of the River Murray, and also the complexity of the problems around the river. It is good to see so many learned gentlemen around the minister. There is a lot of experience here today. I think that those gentlemen know the requirement for coordinated action over a long period of time. Certainly, some of the progress that has been made in projects related to the river has not been acknowledged.

It is pretty easy for the media to be critical of the way governments have handled the river, but it is a very complex issue. No doubt, there have been some major achievements, but we need to ensure they continue. Many ministerial councils are really about headline initiatives, and we hear lots of talk about future initiatives, but we need to see ongoing and immediate action and work on the ground. At the moment, a few issues need to be addressed, and these are of concern to not only the opposition but also to stakeholders.

A major concern is that the Victorian government plans to build a large toxic waste dump at Nowingi near Mildura, and I have had a couple of briefings about the project. It is incredible that a government based in Melbourne can transport its state's toxic waste so far away and, because the site is so close to the river, it defies all logic. The proposed site is also a lot closer to Adelaide than to Melbourne, and it sits above the extremely productive Riverland horticultural area. I cannot see the sense in what the Victorian government is doing. It also amazes me how little we have heard from the Premier and other senior ministers about the proposal. For a couple of years, we listened to the Premier, the Minister for

Environment and Conservation and others going on about the damage that would be done to South Australia if a radioactive waste dump were built at Woomera. The same government is now heavily promoting the expansion of Roxby Downs—and rightly so—but this expansion would emit more radioactivity every day than the radioactive waste dump would have emitted over 100 years. The people of South Australia have been conned on this issue. I find it intriguing that the Premier has been absolutely silent on a matter of such magnitude and one which is a greater threat to industry in South Australia than the radioactive waste repository would have ever been.

Another issue of great concern to me, and to many others, is what has happened in the Lower Murray irrigated areas. The Minister for the River Murray took this over at a late stage, and I think that it was off the rails at that time. A couple of times this year, I have visited various dairy farmers in the area, and I was there again a couple of weeks ago. Whilst some issues are back on track, I think that an enormous number have still not been resolved. I was involved in the early negotiations with the land-holders, but the situation now does not reflect the one we put initially to them. There has been a breach of good faith and broken commitments. There is a big social problem, and some land-holders do not know which way to turn.

The activities of SA Water have not shown any sense of whole of government as to what goes on down there. The former minister stated that 80 per cent of the land would remain dairy. However, SA Water has been pushing people hard all the way to sell their land and water and move out. Certainly, if you stand north of Murray Bridge and look upstream, you see a huge amount of what was dairy land, but now only one hobby farm and one farm are left. I am told that the farmer is frustrated by the lack of progress with the rehabilitation but, on the other hand, SA Water is ringing him virtually on a weekly basis and urging him to sell. This is unfair and does not take into account the background of these people or the heritage of the area as a great dairy region. It is very sad to see what it has done to the state dairy plan, to the future of the industry in South Australia and to the investments made in the area.

There are other issues of concern, and some are more under the control of government than others. However, the issue of drought and ongoing low flows are major issues for everyone trying to manage the river—although you would not think so to look outside and see the weather today. Other concerns relate to the real impact of salinity zoning and how it is managed to ensure that we do not block good development within the Riverland. The location of basins for the salinity interception schemes is another issue. Also of some concern to me is the possible impact of salinity with the flooding of wetlands as we put aside the water bought through the \$500 million initiative.

As I said, recently I visited dairy farmers in the Murray Bridge area, where the industry is going through a very difficult time. Great uncertainty means that, over the past three years, the number of dairy farmers in the area has fallen from 120 to about 40, and there are growing concerns about stress and strain on the dairy community. What will the government do to ensure that the rehabilitation of the remaining areas goes ahead smoothly and that the project, which even the government's dairy plan saw as greatly increasing production in the area, does not decimate the region's dairy industry—an industry estimated to employ 1 300 people, directly or indirectly, in the region?

The Hon. K.A. MAYWALD: The Lower Murray reclaimed irrigation rehabilitation project has been a very long and drawn-out process. I take the opposition leader's point that the initial project is now a very different beast from when it was first mooted, and there is no doubt about that. This has occurred mostly because of the negotiations between the government and the irrigators as we have worked to resolve a number of the matters they believed needed to be resolved as part of the process.

As commented upon by the leader, I am a new minister in this area and I am coming in at the tail end of the project. Much of the hard work has been undertaken. However, a number of outstanding issues were show stoppers when I first came into the ministry. We have worked through those to get the rehabilitation project started. Works on the ground have commenced. We are seeing the government irrigation districts being transferred over to private irrigation districts, as we speak.

This area is very important, and I do recognise that the dairy industry is one that we want to see prosper. It has seen a number of dairy farmers take the opportunity to take a change in life and not continue with dairy farming. The issue here is that not only has the rehabilitation project been occurring in recent years but also deregulation of the dairy industry has occurred, which has created a double-whammy. Some farmers have decided to take the opportunity to reassess their position and get out of dairy farming. This has provided an opportunity—and I believe incentives were offered—for farmers to look to consolidate their farms, where neighbours have purchased a neighbouring property and expanded their interests. The area under irrigation in 1994 was approximately 5 200 hectares. Currently, all the requests for rehabilitation have been received and processed, and the area that will be rehabilitated totals approximately 3 960 hectares in 20 private irrigation districts. This is just shy of the 4 000 hectares which was anticipated would be rehabilitated as a result of this project.

This \$24.5 million program has been funded through a \$22 million grant from the national action plan for salinity and water quality and a \$2.5 million irrigator contribution. Some \$19.5 million is for the works associated with rehabilitation; \$1.85 million has been offered for restructuring; \$0.85 million for irrigator capacity building; and \$2.3 million for the program delivery. The approximate funding share for on-ground works is 83 per cent government and 17 per cent farmers up to a cap of \$3 765 per hectare, excluding GST.

It should be noted that in some instances farmers will need to invest more to bring their whole property up to standard; it depends where they sit. All nine districts are in the process of converting to private districts and finalising the terms and conditions of conversion. Six districts have converted, while the remaining three will progressively convert before 30 June 2005. Three rehabilitation funding deeds have been signed between me, as the Minister for the River Murray, and the irrigators, with the remainder expected to be signed by the end of September 2005. On-ground works commenced at Woods Point in March 2005 and will progressively ramp up over the next 12 months. All rehabilitation is expected to be completed within five years—weather permitting. Expenditure for 2005-06 is expected to total \$5.25 million, including \$4.3 million NAP funding and \$0.95 million irrigator contribution, allowing a further 1 500 hectares to be rehabilitated.

There is a strong commitment to this project and working through the issues with the community. I, too, have been to

the Murray Bridge area on a number of occasions and have met with the irrigator groups and the LMI organisation in an endeavour to work through the issues that have been outstanding with the irrigator groups. I am totally committed to ensuring that this project is completed.

The Hon. R.G. KERIN: I have a supplementary question. Are the 3 960 hectares to be rehabilitated predicted to remain as dairy land?

The Hon. K.A. MAYWALD: Yes.

The Hon. R.G. KERIN: The fate of the large quantities of water purchased by SA Water are of significant importance to future flows and the use of the River Murray water. Will the minister outline what SA Water will do with these allocations? Can she assure the committee the reallocation will go before cabinet to ensure whole of government aims are protected?

The Hon. K.A. MAYWALD: I can definitely provide that assurance to the committee. The detail of the policy to be introduced is not yet finalised and is currently being determined.

The Hon. R.G. KERIN: Recently, I viewed a large area of irrigated flats north of Murray Bridge where SA Water has purchased a vast majority of land and water allocations. This area has allowed three applications of environmental water per annum (ELMA). At present, some local dissent is evident in that, even though this land was owned by a state entity (SA Water), ELMA water was being applied in a manner far in excess of what is within the spirit of this allocation. It is believed that far in excess of the environmental water was applied to this land. Has the minister or the department received any complaints regarding this practice? If so, what action has she or the department taken to ensure that this practice is not continued between now and the installation of meters?

The Hon. K.A. MAYWALD: I will ask Peter Hoey to detail the information he has. In relation to ELMA water, we are working with the River Murray Catchment Water Management Board to determine a suitable protocol for the use of ELMA water. It will be part of the water allocation plan review, which is currently under way, and the water allocation plan will have, within it, after this review, a set of rules on how the ELMA water will be used. In relation to the specific issue of the number of complaints received, I will ask Peter Hoey to comment.

Mr HOEY: We have received verbal complaints, but nothing documented or in writing that I can recall. Certainly, I have had phone calls. We are in the transition period before there is metering. Metering is due to be completed by 30 June 2007, and that should put an end to any misuse—if there is misuse. In the meantime, we have alerted our compliance officers, one of whom is based at Murray Bridge. He is aware of all these complaints as they come in, in whatever form, and is investigating them. There is not a lot we can do about the hearsay nature of them.

Mr CAICA: My question refers to Budget Paper 4, Volume 2, page 8.54. What action has the government taken to address the problem of stressed and dying river red gums on the Chowilla flood plain.

The Hon. K.A. MAYWALD: I thank the honourable member, and I recognise as a member of the Natural Resource Management Council and one of the inaugural members of the committee of the parliament you have a keen interest in the issue of the River Murray. The extended period of low flow in the River Murray coupled with low rainfall has led to significant stress and, in many cases, death events of

river gums in many areas on the Chowilla flood plain and indeed right along the River Murray in South Australia. The majority of stressed river red gum communities are associated with temporary wetlands and creeks, and many of these areas have not experienced a significant flood or the trees have not had a good drink since 1996. They are used to having a drink every two or three years.

In 2004, a watering trial was undertaken on Monoman Island, which demonstrated that stressed trees respond rapidly to an increase in available fresh water and, based on the success of that trial, a program of watering projects has been undertaken in the spring and summer of 2004–05. Funding for these watering projects has been provided through the Living Murray Environmental Works and Measures Program from the Murray Darling Basin Commission, and the total project budget for 2004–05 was \$710 000. The budget for 2005–06 is currently being negotiated with the Murray Darling Basin Commission.

As of June 2005, 14 sites have been watered on the Chowilla flood plain. They are Monoman Island, Lake Littra, Werta Wert Wetland, Twin Creeks, Pipeclay Weir Billabong, Pilby Creek, Coppermine Waterhole, Woolshed Creek, the Chowilla Loop Kulkurna, which is in New South Wales, Punkah Horseshoes, Lock 6 Depression, the Chowilla Bridge Waterhole and Chowilla Horseshoe. These sites include different types of echo systems, such as lake beds and dry creeks and dry billabongs, and water has either been pumped or gravitated into each of the sites.

Approximately 3 600 megalitres of water has been approved for the watering of these sites, and the water allocation has been made available from the water licence held by the Minister for Environment and Conservation. That is 2 100 megalitres from that licence. We also entered into a partnership with the New South Wales Wetlands Working Group, which is an organisation in New South Wales which donated 1 500 megalitres towards the project as well, and I believe that is the first time we have seen New South Wales support an environmental project in South Australia to that extent with the donation of water in partnership with the South Australian government. So that is indeed a very encouraging sign.

An extensive monitoring program has recorded changes to tree health and ground-water salinity, and provided information on recharge and ground-water movement resulting from the waterings. Over 80 per cent of stressed trees have responded at all of the sites and it really is a picture to behold. Monitoring continued until May 2005, and a report will be completed in June. A longer-term monitoring strategy is also being developed. Other potential watering sites have been identified. However, these will be priorities for 2005–06.

Watering of sites on the flood plain is the only way to prevent further red gum health decline and death in the short term, given the prevailing dry conditions, and with the sound of the rain outside we hope that is progressing right up through the basin. Additional sites and vegetation classes are currently being identified and prioritised for future watering projects. The Chowilla Project Coordinating Committee is currently planning long-term management strategies for the Chowilla flood plain, which will be included in the Chowilla Assessment Environmental Watering Plan. Of course, Chowilla is one of the significant ecological assets as identified under the Living Murray Project, and this work we are undertaking now will certainly provide us with the information to develop very substantial water management

plans for when the environmental water becomes available through the Living Murray process.

Mr CAICA: My second question relates to the same budget line, the same reference. How is the government encouraging partnerships between government and industry to deliver environmental benefits to the River Murray?

The Hon. K.A. MAYWALD: Recently I was able to enter into an arrangement with a company called Timbercorp who provided us with a 500-megalitre donation of unused River Murray water. The investment manager of Timbercorp Limited provided this water for us to help save river gums dying along the river. What actually happened in this instance is because the water became available late in the season we had to do a very quick assessment as to where we could apply the water, and we were able to identify a site at Katarapko Island, where there were about 1 500 river gums that were significantly affected by the continuing dry conditions, half of them considered to be almost dead and the rest severely stressed, and the 500-megalitre donation and about \$90 000 was invested to build some banks and put some pumping equipment down on to the riverbank to enable water to be transferred on to the flood plain from the Piggy Creek area. It actually enabled about 35 to 40 hectares to be flooded, and we also identified some areas adjacent to that and some extra work was undertaken to expand that simulated flooding even out into further areas as well. I have not been back out there to see what the results were, but it is terrific that we are seeing corporate partnerships being entered into to assist the government and the community in their attempts to provide some sustenance for these river gums until we do get the environmental flows in the River Murray progressed.

The other thing we are doing is looking at establishing a framework for the establishment of environmental water trusts which will enable the investment of donations of money and/or water into a framework where that water can be applied to different environmental projects that will be assessed through an environmental manager, and there should be more announcements on that pending.

Mr CAICA: Referring to the same budget line, what is the government doing to improve wetland management through partnerships with the community?

The Hon. K.A. MAYWALD: I referred to this briefly in my opening statement: the project that was established at Brenda Park and Scotts Creek, with the Brenda Park and Scotts Creek wetland working group. They are located about five kilometres downstream from Morgan. The community group worked on completing an upgrade of its management plan for the 870 hectare site. Historically, we issued the first community licence to the Brenda Park Scotts Creek wetland working group for 1 100 megalitres of water. This water will be used to manage the 870 hectare site to reintroduce a wetting and drying cycle that has not been evident since the installation of the locks and weirs, which established a permanent pool level in the River Murray system and as a consequence a lot of the area was permanently inundated. The work undertaken on the site enables us to hold the water out of the site and, through the licence that has now been issued, that water can be relet back into the site to assimilate what would have been a more natural environment.

It is a terrific partnership with the local community and shows how community groups can come together, take charge and make a difference to their local environment. The wetland group spent 12 months compiling a data base of current conditions and wetland species to meet the necessary criteria for the licence. Brenda Park lagoon is now home to

more than 25 plants species, more than 20 bird species and eight fish species native to the River Murray flood plains.

It is also great to see the involvement of the students from Prince Alfred College Outdoor Education Centre just near the site. They are working closely with the community group and are helping to build on the database and actively monitor the health of the wetland over the next four years. The state government is working with the land owners, Prince Alfred College (a property owner near the wetland area), other residents in the area and the Riverland West local action planning group. The program will have significant environmental benefits for the broader river community by demonstrating how a wetland that has been heavily modified over generations can be managed in a way that restores the biodiversity and improves the health of the aquatic vegetation.

The licence acknowledges that wetlands are legitimate users of River Murray water but need to be closely managed as part of the overall strategy of how we use the River Murray water. It will also be part of the environmental flows strategy, and we will be developing a wetlands watering plan, in conjunction with the environmental manager, to ensure that the wetting and drying cycles in the different wetlands along the river managed by community groups can be coordinated.

The Hon. D.C. KOTZ: With regard to water allocations, will the minister tell the committee how many developments and hectares of developments have been rejected because of the declaration of salinity zones?

The Hon. K.A. MAYWALD: Currently about three out of 34 applications have not been approved as yet and two are still currently under investigation, and one has been rejected.

The Hon. D.C. KOTZ: There have been only 23?

The Hon. K.A. MAYWALD: There have been about 34 applications since the interim zoning policy was introduced, and two are currently under further investigation. The way the salinity policy works is that, if you can establish a commitment to development prior to 1 July 2003, that status is recognised and development can continue, otherwise it is the government's intention, through the salinity zoning policy with the strong support of the community, to ensure that we direct future development into areas of low salinity impact or otherwise have offsetting areas, such as the salt interception scheme areas, where further development can continue once the identified credits in those areas have been acknowledged.

The Hon. D.C. KOTZ: The River Murray Act includes a provision whereby the Minister for the River Murray has power over all other development approvals in the catchment. The opposition has been told that these referrals are causing quite a considerable amount of frustration as they appear to be creating unacceptable delays for development approvals, including delays that have absolutely no chance of impacting on the river. What is the target turnaround time for these approvals, and what delays have been occurring?

The Hon. K.A. MAYWALD: The target time is eight weeks and in that time, if there is an application that does not have all the information necessary to adequately assess it, we will go back to the relevant approval agency, whether it be council or DAC, and seek more information to ensure that we can thoroughly assess the application with the information necessary to do so. It is an eight week turnaround and, if there is not a response from the department within that period or a request for further information, it is assumed that there is no objection.

The Hon. D.C. KOTZ: The minister is saying that the only aspect of time delay would be because people have not

provided the correct information or the information required by the department?

The Hon. K.A. MAYWALD: That is the advice I have received. However, we are working through a number of policy areas to streamline the process so that applications that are not necessarily going to have an impact on the River Murray will not be required to be referred. Since the introduction of the act, the number of referred development applications has increased each quarter by 25 per cent. There are 810 estimated in 2004-05. The assessment time lines are prescribed in the development regulations and referrals must be assessed 100 per cent on time. To increase the efficiency of the referral system and ensure the objectives of a healthy River Murray, the following actions have been taken.

We are identifying items routinely approved to be exempt from referral. In partnership with the Riverland councils, we are supporting the implementation of the development plan policy consistent with the objectives of the health of the Murray so that they will have that built into their development plans; and improved community awareness on the need to seek development approval first and design guidelines for building along the River Murray. In doing that, we hope to streamline the process further.

The Hon. D.C. KOTZ: In the budget papers under the heading 'Murray-Darling system', referring to the current flow of 500 gegalitres, I think it is fair to say that much has been made of the extra 500 gegalitres which the federal and state governments have agreed to put into the Murray-Darling system. Will the minister inform the committee how much of the 500 gegalitres has already been purchased or saved and is actually in the system? Given the allocations to the wetlands about which we have just been talking, how much, if any, has been achieved to flow past Renmark?

The Hon. K.A. MAYWALD: First, the allocations to which I referred are outside the Living Murray process, and, to date, the watering projects are over and above the Living Murray process. Secondly, four water recovery packages were submitted under what is known as clause 36 of the Murray-Darling Basin intergovernmental agreement. That was the fast-tracking process so that we could get some projects up and running so that the broader community could be confident that we were serious about the Living Murray process and that there was an intention to get water back into the river. These four water recovery packages were approved by ministerial council in November 2004; and Victoria and New South Wales submitted two packages each. Most of the work that needs to be undertaken to return these flows needs to be done either in New South Wales or Victoria, given that South Australia has already rehabilitated all its irrigation areas and the highland areas, and currently, through other funding sources, is rehabilitating the Lower Murray swamps.

We do not have the same opportunity to put up packages involving engineering solutions to deliver water back to the river. South Australia is currently supporting New South Wales and Victorian projects to deliver that water. Collectively, the four packages will recover approximately 240 gegalitres of water at a cost of around \$179 million over the five years. The water recovery packages have been offered to all parties—in other words, New South Wales, Victoria, South Australia, the ACT and the commonwealth government—to register an interest in investing. Each of the parties to the agreement can invest commensurate with their contribution to the \$500 million. South Australia's contribution is \$65 million, which is allocated over the five years through the Save the River Murray fund. I might add that that represents

13 per cent of the fund, and South Australia diverts almost 7 per cent of the diversions out of the system.

We have actually invested more than our percentage of diversions into this particular package. The two Victorian projects are: the Goulburn-Murray water recovery package, which will recover 145 gegalitres in water savings for a total cost of \$93 million; and the Lake Mokoan water recovery package, which will recover 44 gegalitres in water savings for a total cost of \$60 million. The New South Wales proposal includes the package inclusive of the Great Darling Anabranch pipelines—they are pipelining the Great Darling Anabranch—and the Bungunyah-Koraleigh pipeline and the Poon Boon entitlement recovery. The three of those projects will recover 62 gegalitres in water savings for a total cost of \$63 million.

An additional eight water recovery projects have received funding through the development of an infrastructure program to undergo feasibility assessments to determine potential water recovery volumes and costs. In other words, they have the funding to do the feasibility to see whether the projects being put forward will deliver the water that the jurisdictions claim they will. Two of these projects are in South Australia. One will be water recovery from River Murray wetlands, which is a project that will look at drying out wetlands; and the water saved by drying those wetlands (which are now permanently inundated as a result of the barrages and the weirs) will give us the opportunity to save some water. The second project will be a water supply for regional South Australia, reducing reliance on the River Murray. A third South Australian project is being funded through the salinity program and is investigating the potential use of the flood plain water storages as salinity disposal basins for the dual benefits of evaporating water savings and disposal.

The Living Murray environmental watering plan and asset environmental management plans are being developed for each of the significant ecological assets, of which there are six—two in South Australia—and they will be submitted to ministerial council in September for endorsement. The plans incorporate projects funded under the Living Murray environmental works and measures program that will assist in the delivery and management of environmental flows. The funds under this program are additional to the \$500 million agreed by COAG. It is a \$150 million project, in addition to the \$500 million. We are holding a series of community forums. The community advisory committee of the Murray-Darling Basin Commission is organising community forums. There was one in Mildura just recently. These are across the basin to inform communities about progress and implementing the first step decision.

South Australia has formally indicated its interest in investing in three of the four water recovery packages put forward by New South Wales and Victoria, whilst also investigating additional water recovery opportunities. South Australia has the opportunity to invest up to 13 per cent in each project. There is also an opportunity, if another jurisdiction does not want their share, that we could invest further if we believe there is a benefit for South Australia in that particular project.

The Hon. D.C. KOTZ: I thank the minister for the detail.

The Hon. K.A. MAYWALD: I am happy to help.

The Hon. D.C. KOTZ: Obviously quite an extensive series of packages have been negotiated and are still to be formed. Are we still in the forming stage? I mean, I just heard a hell of a lot of detail so, if I missed some of the information

that may have related to where we are at the present time, forgive me. Have we utilised any of the 500 gigalitres at this time into the system or are we still formulating packages which will deliver but which need to be signed off in September this year before we move to getting water into the system?

The Hon. K.A. MAYWALD: Four packages are already signed off, and work is being undertaken at the moment to develop the designs and concepts of those particular projects. Lake Mokoan is one, and the Darling Anabranch is another engineering solution. They require extensive planning, drilling, monitoring and that sort of thing, particularly in the Lake Mokoan area, to determine how they will build the necessary infrastructure. Once those final design plans are finished, they will commence construction. But those projects have been funded and signed off.

With respect to the other nine projects, we are optimistic of receiving about \$3 million over the next few weeks from South Australia into Victoria to invest in the works that are happening on the ground to deliver that water. One of the things that will deliver that water first and foremost is rain. Once we are no longer in the grip of a drought, these engineering solutions and others can come into play in delivering more water for the environment when it is available.

The Hon. D.C. KOTZ: Do we have any time lines? Obviously, we are talking about a lot of concepts.

The Hon. K.A. MAYWALD: Five years is the target to get the 500 gigalitres back into the system. It is fairly ambitious, I agree, and the first projects that are put up are major construction projects, so they will take time to build. However, one of the Victorian packages entails a restructure of its water licensing system, which provides some trade-offs for the allocation of more secure water. That is a significant package, in which South Australia is keen to invest. The other thing that we are doing through the Save the Murray Fund (which, of course, is funded partially by the Save the Murray levy) is ramping up our capacity to be able to purchase water.

We have \$3 million set aside for those water acquisition projects in 2004-05; we will have \$7 million that we intend to invest in 2005-06; \$10 million in 2006-07; \$20 million in 2007-08; and \$25 million in 2008-09. That totals the \$65 million of South Australia's investment. That is the rollout of the dollars and that is how we envisage we will be investing in projects that will deliver the water. As we go on, of course, it will become increasingly difficult to find projects that are of an engineering nature, and innovative market solutions may need to be pursued. It is certainly not Victoria's and New South Wales' preferred approach initially.

Ms BEDFORD: My question relates to Budget Paper 4, Volume 2, page 8.53. What progress has the government made in relation to the implementation of the new South Australian Murray-Darling Basin Natural Resources Management Board?

The Hon. K.A. MAYWALD: In the River Murray Catchment Water Management Board area, which encompasses the Murray-Darling area within South Australia, we have announced that eight new members of the board have been appointed to what will be known as the South Australian Murray-Darling Basin Natural Resources Management Board.

Ms BEDFORD: What is the acronym for that?

The Hon. K.A. MAYWALD: It is 'the board'. The name is very lengthy, but it encompasses more than just the River Murray area. It encompasses a significant area of mallee

farming and also range lands districts and the eastern Mount Lofty area. Therefore, it was seen as appropriate to have a name that encompassed the entire area rather than just the River Murray. It is really a very exciting development and it will deliver significant natural resource management improvements. We are bringing together the soil conservation boards, the animal, plant and pest control boards and the water catchment boards into one organisation. We have set in place a whole new framework within which those boards will operate across the state.

The Presiding Member of the South Australian Murray-Darling Basin Commission Board is David Wotton (and members would remember the Hon. David Wotton as a very distinguished former member of parliament). David Wotton has been working with the River Murray Water Catchment Management Board leading into this phase of transition to the natural resource management process. He also has worked very hard on a steering committee that has dealt with a lot of the very difficult issues in the transition from the catchment boards, the animal, plant and pest control boards and the soil conservation boards into the one overseeing board.

The new board members are as follows. Joanne Pfeiffer is a primary producer from the Lower Murray swamps. She is an irrigator and is currently involved in negotiations for rehabilitation. She has also had significant experience in water resources management and has been on the Community Advisory Committee for the Murray-Darling Basin Commission. Mr Joseph Keynes is a primary production pastoral land management member. His background is in soil conservation, land management and water resources. Ms Frances Simes primarily has a local government background in administration and urban and regional planning. However, she has extensive knowledge of local irrigation issues, having been the executive officer for the Qualco Sunlands drainage scheme.

Ms BEDFORD: And a very good first name!

The Hon. K.A. MAYWALD: And an extremely good first name. Mr David Ingerson is also a primary producer and is involved in business administration. Interestingly, David has had significant experience with a community group known as the Bookpurnong Lock 4 Environmental Group, which is a group of irrigators who have certainly stamped their name on the map in respect of leading where irrigators need to go into the future and have been, I guess, a substantial backbone to the Bookpurnong salt interception scheme. Mr Bill Paterson is involved in water resources management and local government administration and he has also been involved with pest and animal and plant control boards. Ms Elizabeth Nicholls is involved with community affairs at a regional level. Dianne Davidson is involved with primary production. And, finally, Derek Walker, who has been absolutely fantastic in assisting with indigenous issues in relation to moving forward on natural resource management from an indigenous perspective, and we are really looking forward to his contribution.

The new board has been established, and it will now work out its on the ground structures, which will involve the establishment of groups which will sit underneath the natural resources management board. From there it will establish the links into the community with the local action planning groups, the local councils, industry groups, regional development boards and the like. It will be a significant networking and capacity building structure, which will enable us to better coordinate natural resource management.

Ms BEDFORD: My next question relates to the same page. With record low flows to the Murray, how is the government managing the Murray Mouth?

The Hon. K.A. MAYWALD: Sand removal at the Murray Mouth is a big issue and, given the consecutive years of drought that we have experienced in recent times, if we had not introduced a sand-dredging operation at the Murray Mouth we would have seen the mouth closed, and that would have had significant impacts on the health of the Coorong, in particular. Since the sand-dredging operation at the Murray Mouth commenced, more than 3 million cubic metres of sand has been removed. The operation began in 2002 and is funded until October 2005, but there is contingency funding available through the Murray-Darling Basin Commission should we need to continue the program. The dredging project is of national significance and is funded by the Murray-Darling Basin Commission. It has also ensured that the Coorong has maintained its health and has provided the ecological, social and environmental benefits of maintaining the health of the Coorong.

We have recently undertaken a number of trials at Tauwichee barrage and they show that the new fish passageways that we have installed down there have been utilised. We have not had a lot of water to trial them extensively, but from the limited trials that were undertaken we know that these fish passageways were used by thousands of fish. Trials conducted by SARDI scientists revealed that 4 000 fish of 12 different species used the two fish passageways at Tauwichee barrage to migrate between the Lower Lakes of the river and the Coorong during a three-week period. This is all part of keeping the Coorong healthy. The aim of the specially constructed fishways was to help native species move through the barrages to allow breeding.

The Murray Mouth dredging program is an extremely important project for the health of the Coorong and we are certainly hopeful that we will not need to dredge for much longer. However, it looks like this year, unless we get significant rainfall in the upper catchments, we will be looking at continuing the dredging program.

Ms BEDFORD: My last question relates to page 8.54. I understand that the Department of Water, Land and Biodiversity Conservation has been involved in a number of trials to raise water levels behind some locks to simulate flooding events. Have these projects had any success in rehabilitating some of the stressed and dying red gums on the flood plains? If so, are plans in hand to repeat that sort of exercise?

The Hon. K.A. MAYWALD: It has been a really interesting exercise. A trial was undertaken recently to raise the height of the River Murray pool at lock 6, which enabled water to flow back and simulate a flood event behind that lock. The project involved raising the weir level by 15 centimetres. We did that just before Easter and we had the water available from a bit of above-entitlement flow that resulted from some rains in the Ovens Valley in Victoria, and that resulted in a very small over-entitlement flow coming down. It gave us the opportunity to use that flow to see what kind of results we might get by raising the pool level.

We have undertaken some engineering assessments of each of the locks and weirs within the South Australian section of the River Murray to determine their strengths and their capabilities in relation to these kind of projects, and it was decided to do this trial behind lock 6 using the water that came through as a consequence of that rainfall in Victoria. We tried to mimic how a small flood would behave by allowing water to rise and then gradually fall. What we learnt

from the previous trial that we undertook above lock 5 some years ago is that it is just as important to manage how the water goes out of the flood plain as it is to put the water into the flood plain to ensure that you get the best possible environmental benefits. Some of the key sites to benefit from the water included Punkah Island Horseshoes, Boat Creek, Punkah Creek and the lock 6 depression.

Since the project began, officers from the Department of Water, Land and Biodiversity Conservation and the department for environment and conservation have been monitoring the environmental responses and the salinity levels. This involves monitoring of the watertables underneath the wetland to see what the response is and also to monitor the vegetation responses to look at what other impacts there were on the biodiversity. There has been a lot of positive feedback from local land-holders who have reported new leaf growth in previously stressed river red gums, black box and coobah trees.

The trials that we are undertaking are all part of what we need to do to be ready for the 500 gegalitres when it becomes available through the Living Murray initiative. By doing these bits of work and assessing what the responses are, it enables us to develop good management plans to ensure that we can maximise the return for every drop of water that we have available to us for the environment.

Ms BEDFORD: As a supplementary question, how much impact would a really good, heavy snow season have on the River Murray? Would we get any benefit from that?

The Hon. K.A. MAYWALD: Yes, we certainly would. Any increase in snowfall or rainfall events certainly has an impact on the inflows. At the moment our storages are well below the average long-term storage levels that we would expect at this time of year, which is cause for concern, and we are still in special accounting circumstances with the Murray-Darling Basin Commission because of the low storage levels. Any extra inflows, any high snowfalls or heavy rains are what we are looking for and we need consecutive years of above average rainfall to rectify the situation. It will not occur in one year, in one fell swoop. There is no magic bullet. Even with the end of the drought, it will take a number of years to get us back to a position where we can feel comfortable.

Ms BEDFORD: That was my only excitement about the record snow in Victoria.

The Hon. K.A. MAYWALD: And in New South Wales also, which is terrific.

The Hon. R.G. KERIN: Going back to the issue of the 500 gegalitres, the minister gave us a reasonably good run-down on the scheduling of that. Last year I asked both the Premier and the minister for the environment about how much of the 500 they felt was going to come past Renmark. At the time when the ministers decided on the 500 gegalitres, before they had basically even worked out how they were going to get them, they very quickly did an allocation of the 500 gegalitres to various wetlands up and down the river, which, I suppose, if you are from New South Wales or Victoria it is somewhat understandable that, if you are going to be funding this, you will try to spend the water yourself. With the latest information—and I know that there was work to do on whether or not putting the water in some of those wetlands was a good idea because of salinity impacts—what would the minister's prediction be of when we do achieve the 500 gegalitres in some time, of that 500 gegalitres, how much is now predicted will come downstream from Renmark?

The Hon. K.A. MAYWALD: At this point in time, it is hard to determine because they have not finalised all the watering plans for the six SEAs, as they call them—significant ecological assets—and the determination of how much water will be needed, when, how, what and why will be found within those documents. At this point in time, a community group has been set up in conjunction with each of the jurisdiction's departments to work through those plans to determine what is needed and when it is needed. The important thing here is to ensure that the water is shared amongst those assets fairly and equitably to ensure that, not only do we get the benefit of those six assets, but that we can utilise the water between those assets for other environmental benefits as well. To actually pick a figure as to how much is going to come over the border, the jury is still out; I cannot actually give you that figure as yet. However, there is an extensive amount of work being undertaken to determine that.

In regard to your comments about salinity on the wetlands, the watering trials and what impact that might have, that is all part of what we need to do to ensure that we can manage the 500 gegalitres when it comes down. One of the things that we are assessing is the salinity impact as a result of these watering trials. Until we do the trials it is very difficult to actually estimate what the result will be. One thing that we do know is that we have a lot of salt building up on our flood plains as we speak, and the dry conditions have meant that we have not had a flood event since 1996 significant enough to wash any of that salt out of the system, so when we do get the next high river, we going to have the huge salt problem to manage initially.

We are hopeful that, at that point in time, we will certainly have enough in the storage to flush down past to ensure that we get enough water to manage the situation as that salt re-enters the channel. In answer to your first question about the 500 gegalitres, that will be determined by the watering plans of the Cs, and the second question is, yes, we are aware of the fact that there will be salinity impacts with putting water onto wetlands. We are also doing the monitoring and the measurement of that to ensure that we can minimise any impact on irrigators by environmental management of water.

The Hon. R.G. KERIN: I suppose my ongoing concern has been that, while it had always found 500 gegalitres for the Murray, if you really look at some of those allocations, some of them are not be as helpful to the Murray as we thought. Certainly, the amount of water coming downstream is not what might be held up in lights as the amount. However, can the minister update the committee on the latest consultation with the Victorian government over its proposal to build a large toxic waste dump close to the Murray River?

The Hon. K.A. MAYWALD: As I previously indicated to the house in answer to a question that you yourself asked, leader, the government is awaiting the release of the environmental effects statement, which is due to be released in the middle of this year. So it is imminent, and we will certainly be having a good look at it when it comes out. We understand to date that the Victorian government has proposed the waste contaminant facility near Nowingi, which is approximately 40 kilometres from Mildura. The proposed waste types to be contained include solid industrial waste such as non-flammable stabilised water-based paints and lacquers, foundry waste, stabilised solid form hydrocarbon waste. It is understood that the proposed facility is designed to completely contain all the waste to prevent emissions, and that monitoring of air quality ground water will be undertaken to ensure containment. There is an extensive EES being

undertaken at the moment, and we will certainly be looking at that extremely closely. Certainly, if there are any concerns in relation to what may be a threat to the River Murray then the South Australian government will certainly not be supporting the dump. We will review and comment on the environmental effects statement when it is released by the government. It is a major project for Victoria and, as a consequence, it has a process that it goes through. We recognise that there is significant community and political opposition to this particular site, and we are watching it with interest.

The Hon. R.G. KERIN: Has the Victorian government been able to justify to you at all why it wants to build this toxic waste dump just upstream from the important Riverland area? Has it given you a logic as to why it wants to transport it so far, in that it is actually closer to Adelaide than it is to Melbourne?

The Hon. K.A. MAYWALD: That is a very interesting question from the leader. The Victorian government's reasons for choosing that site are the Victorian government's reasons. I understand that the groups that are lobbying the Victorian government in opposition to this particular project believe that it is more political than any other decision to put it there. I am unaware of what its reasoning is. As I say, we are watching with interest the developments in Victoria. The major projects process is at the stage where a panel will be established once the EES is released, and then there will be the opportunity to make submissions to that panel.

South Australia will be looking very closely at the EES, as will the commonwealth. In fact, discussions were also held in Mildura, I understand, with Warren Truss, the Federal Minister for Agriculture, with the people in Mildura who are concerned about the government's proposition to put the waste dump on this particular site. Of course, there is the EPBC legislation, the Environmental Protection and Biodiversity Conservation Act, that will also possibly come into play if this development is to go ahead. But there is significant political opposition, as you would be aware, and we are watching it closely.

The Hon. D.C. KOTZ: I have a supplementary question in relation to the minister's answers regarding the EES. In terms of any environmental impact statement that may be undertaken by the Victorian government, whether or not it is similar to the processes that we have under legislation in this state, I do not know. But I do know that, in this state, when we go through the process the minister has spoken about, it is usually a matter of identifying where individuals, companies, councils and governments find objection with some matter in the project. It is then up to the proponent of the project to attempt to alleviate those concerns by taking some measure. However, the project usually ends up being built in the same place about which there was objection. If the minister and the government are, at this point, waiting for those processes to take place in Victoria before reacting to the draft environmental impact statement, knowing that this is a huge political issue in South Australia—

The CHAIR: Will the member for Newland complete her question?

The Hon. D.C. KOTZ: —I would have thought that, at this stage, this government would make some very solid references to the government. It is on the cards that the—

The CHAIR: Order! The member for Newland will complete her question.

The Hon. D.C. KOTZ: Will the minister consider discussions with the Bracks government prior to the point

when it is almost set in concrete and answers are required from groups of people—

The CHAIR: Order! The minister will reply to what she can extract as the supplementary question from the member for Newland.

The Hon. K.A. MAYWALD: The question is irrelevant, as the processes in Victoria are quite detailed. The member can go to its web site, where information on the process in Victoria is provided. There is an extensive process beyond the environmental effects statement, and the EPBC legislation could be invoked. I think that it is appropriate that the government wait for the conclusion of the EES, assess it very thoroughly and then take action, should it deem it necessary.

The member may be aware that on 15 April Major Projects Victoria released the site condition report on the hydrogeology of the proposed long-term toxic waste facility area at Nowingi, and the document is under review by the DWLBC at the moment. The findings state that there is low permeability Blanchetown clay underlying the site, which would restrict any downward movement of contaminants to deeper regional aquifers. The thickness of this clay averages 45-odd metres. Studies indicate that the regional ground water system does not flow towards the River Murray from the proposed site but in the opposite direction, towards Raak Plains, which is a regional ground water discharge area. The rate of ground water movement is calculated to be one metre per year.

Irrespective of the type of waste stored at the proposed containment facility, the prevailing hydrogeological conditions suggest a low level of risk of contamination to the River Murray or South Australia. I add that this is their determination and is not any comment by or policy of this government. Studies into the surface water hydrology indicate that this site is not within the one in 1 000-year flood plain of the River Murray and that there is no surface water connection between this site and the Lower Murray. Those opposing the site disagree with many aspects of the hydrogeological report and, as we speak, the Department of Water, Land and Biodiversity Conservation is assessing it. There is a commitment from this government to look at the information arising from that assessment, and it will take appropriate action at the appropriate time.

Mr HANNA: I refer to the various targets on page 8.45, and I have three different questions. The first question relates to the impact of infrastructure development, or possible infrastructure development, on the health of the Coorong. It is a double-barrelled question: what is the current view of the minister, first, in respect of the double lake scheme, whereby a certain amount of Lake Alexandrina would be quarantined so that much of it could be salt water rather than fresh water, thereby limiting evaporation and, secondly, on the potential impact of salt being carried through the South-East drainage scheme into the Lower Coorong and increasing salinity?

The Hon. K.A. MAYWALD: First, I will speak to the Lower Lakes area, because it falls within my jurisdiction as the River Murray minister, and I will ask Rob Freeman to comment on the South-East drainage scheme. Mr Tony Read from KBR Ltd has put forward a concept for consideration that he believes would generate savings of at least 300 gegalitres of fresh water in the Lower Murray. Under this concept, it is proposed that these savings would be used to assist in keeping the mouth of the River Murray open. It requires the construction of over 100 kilometres of bund in Lake Alexandrina using dredged lake sediment and allowing the inner lake, created by the bund, to fill with seawater, at

the same time as diverting the River Murray freshwater flows around the outside of the bunded area.

The basic concept is not new, as similar proposals were investigated in the 1980s. Mr Read has promoted the concept widely and has received support from a range of people, both in South Australia and interstate. Some groups of River Murray water users have expressed concern at the potential environmental and economic impacts of the concept. At this stage, councils in the area have preferred to leave the jury out, broadly speaking, and are not supporting it. Mr Read has had several discussions with state government officers, and it has been agreed that a technical assessment on the possible benefits of this concept will be undertaken by the state government, in conjunction with the Murray Darling Basin Commission.

The initial assessment of the concept demonstrated that the suggested benefits in relation to the Murray Mouth would not be achieved, and Mr Read went back to the drawing board to develop a modified concept in an effort to address the shortcomings identified. The revised concept is now being assessed by independent consultants, through a detailed modelling project developed in conjunction with Mr Read.

The concept also raises several issues relating to environmental, social and economic impacts. The independent modelling assessment of the potential benefits of the concept will be completed by the end of June. On the basis of the outcomes of this assessment, further work on the potential environmental and economic impacts of the proposal will be undertaken, only if appropriate. Further development of the technical feasibility of the concept will be the responsibility of KBR Limited, and KBR Limited is seeking funding under the national water initiative to continue to develop the concept.

As Minister for the River Murray, I have reservations about the project, and I have expressed those publicly and to Mr Read. Some 300 gegalitres of savings at the wrong end of the system is not necessarily, I think, in the interests of the river in the long term; and, in relation to the 300 gegalitres of savings for \$300 million, we could probably invest the \$300 million more wisely in New South Wales and Victoria to bring water through the system, so we can have significant environmental advantages all the way down the system, rather than just waiting to the end of the system.

There is also a question about whether or not the Lower Lakes were really seawater or freshwater lakes, historically. A very interesting research paper has been undertaken by the River Murray Catchment Water Management Board; and it is posted on its web site. It details all the commentary, *Hansard* reports and any reports undertaken in that area up until about 1939; so it has all the historic data. The indications are that all might not be as it seems. Potentially, the way in which the mouth was kept open in the past was because of the higher hydrological pressure from freshwater going out, rather than seawater coming in. The seawater coming in, in the initial modelling of the twin lakes scheme, indicated that more sand would be carried in, rather than necessarily clearing the mouth.

Mr FREEMAN: The drains associated with the Upper South-East dryland salinity and flood mitigation program enter the Coorong. Part of the agreement with the commonwealth was to allow up to 40 000 megalitres per year to enter into the Coorong. That is on a 10 year rolling average, so the idea is that over a period of 10 years we would average, basically, 40 gegalitres per annum. That has been modelled. One of the reasons that this water is required is that the nature

of the Coorong is changing significantly because of the lack of environmental flows in the River Murray; hence the need to keep open the mouth to give it some tidal signature. Also, the water in the Coorong, whilst already a hyper-saline environment, is becoming super-saline.

In reality, we monitor the water to ensure that the water going in is of known quality and certainly less saline than the Coorong. Releases to date have been less than 10 gegalitres per year. That has been for two reasons; one is that the drainage system is not yet complete, and the other is that we have been going through a series of dry years anyway. There is not that sort of volume to release into the Coorong. The modelling would indicate that with an annual average of 40 gegalitres it should have no detrimental effect on the Coorong. I think it is fair to say that it is one where we need adaptive management to model it as we release water in. Certainly, we are monitoring the water quality as it goes in so that we know exactly what is salt turbidity—although the water is incredibly clear; there is very little turbidity—and what other qualities the water has, so we can adapt that program. As the honourable member says, there is a program to release water into the Coorong.

Mr HANNA: The minister and Mr Freeman have referred to the drought, the dry years, and so on. Is the minister considering whether the so-called drought might be the impact of climate change and that over the next 50 years we might have more of these types of years than what would be known as a good year? If so, do we have an emergency plan or a different course of action to apply, if, indeed, it is the bite of climate change?

The Hon. K.A. MAYWALD: I think the nub of that question is in relation to whether the 500 gegalitres, or the 1 500 gegalitres that South Australia is committed to achieving in 2018, will be enough. There is evidence that we are facing climate change. Whether or not the impacts of that are evident now, or whether it is a drought we are experiencing—we are in a little cycle at the moment and the big cycle is climate change—is yet to be determined. The key to the honourable member's question is the word 'might'. We do not actually know. What we do know is that we have been able to get jurisdictions to agree to the first step, which is 500 gegalitres. We know that is not enough. The scientific evidence presented to the South Australian government indicates that it is more likely to be 1 500. Information that is emerging with the research that is being undertaken into climate change indicates it could be more than that that we need.

The only way in which I can answer that question is to say that we need to look at very innovative solutions and be adaptive as to how we manage things into the future. If we can get 500 gegalitres in the first five years, we will be doing very well in the first instance; and we need to work harder towards the other goals and targets to get sign off in the other jurisdictions towards the goal of 1 500. One thing needs to be pointed out: we cannot deliver the water overnight. If we make a commitment towards a project that will deliver water savings, there is a time lag between when we commit to the project and when the project will deliver water.

In relation to the projects that have been signed off, a number of those are major infrastructure projects, so the commencement and completion dates of those are yet to be fully determined. That will depend upon the final designs and the tendering processes that are undertaken. Consequently, we will not know when the water will be available. Getting the commitment to the 500 gegalitres has been an enormous

first step, and we have to get over the line with that 500 gegalitres in order to convince communities that we need to move to the next steps, and that we will need to be adaptive in our management.

Following on from a point the leader made earlier regarding the 500 gegalitres and how much we will see coming into South Australia, it will not be 500 gegalitres every year, year in and year out. That is not the way the river and the environment wants the water. We will manage it through the system to ensure that we get water when we need it, so it is likely to be more like the Coorong with rolling averages and the like that will be involved.

The other thing we are trying to do to actually offset this issue that we have, of how we actually convince the other jurisdictions and governments across the line to the longer-term targets, is to get the community more involved in what South Australia is doing in relation to establishing a framework for environmental trusts to accept water donations that can be applied to watering projects in South Australia, which will add and supplement what is happening with the Living Murray. The Timbercorp initiative where they donated 500 megalitres is an example of how we might be able to achieve bigger and better than the 500 gegalitres in the first instance, and with that commitment and that recognition going out we may see communities in New South Wales and Victoria take up the challenge with their governments and demand the change as things become radically more difficult for them.

Mr HANNA: It follows on from that answer: why not go in immediately, by which I mean this year, and buy water from upstream? The minister herself has mentioned that rather than doing things at the Lower Lakes, why not get more water flowing from much further upstream? Why not spend the money now to get the water flowing down for environmental purposes?

The Hon. K.A. MAYWALD: It is a great idea and I agree wholeheartedly that market options need to be considered fully. We do have a situation, though, where with the National Water Initiative, which was signed off by all premiers and the Prime Minister, and then the Living Murray Business Plan being developed as a consequence of that, there is a preference from the commonwealth and New South Wales and Victoria that engineering solutions be pursued first.

Mr HANNA: They have let us down a bit there, haven't they?

The Hon. K.A. MAYWALD: Well, we do have 240 gegalitres on the books ready to go. Those projects are signed off and are currently undertaking preliminary work to get them established, Lake Mokoan and the Darling Anabranch. So there are engineering solutions out there. There are also solutions that have been put on the table by Victoria which involve a change to the way in which they allocate their sales water, which has resulted in significant savings, so that is an administration saving, where people have traded off their less secure for higher security water but less of it. There is a whole range of other options that can be looked at that are not necessarily direct market interventions. That is the preference of the other jurisdictions. Certainly South Australia would like to go in there and purchase water, but at this point in time we have to be careful that we do not upset the apple cart with our neighbouring jurisdictions, because we have a commitment to the Living Murray which is a goodwill commitment and at any stage they could walk away. So I think it is important to ensure that we negotiate our way forward and, as it becomes evident to jurisdictions that we may not be able

to achieve the 5 500 gigalitres within that time frame, we will have to look at more innovative market solutions.

The CHAIR: There being no further questions, I declare the examination suspended and referred to committee A.

Department of Further Education, Employment, Science and Technology, \$256 273 000

Membership:

Mr Hamilton-Smith substituted for the Hon. R.G. Kerin.

Additional Departmental Advisers:

Mr B. Cunningham, Chief Executive Officer, Department of Further Education, Employment, Science and Technology.

Dr C. Fowler, Executive Director, STI Directorate.

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

Ms A. Heyworth, Chief Executive Officer, Playford Capital.

Mr T. Beeching, Director, Finance.

The CHAIR: I declare the proposed payments reopened for examination and refer members to appendix C, page C.2 in the Budget Statement and the Portfolio Statements, Volume 3, pages 10.1 to 10.5 and 10.12 to 10.17.

The Hon. K.A. MAYWALD: I thank my advisers for the effort they have put into the estimates. I welcome the opportunity to present an introductory statement. I am excited to be able to take on this responsibility for this important portfolio, as science, technology and innovation plays an increasing role in determining the quality of life for all South Australians. Many important aspects of our economy and community, whether it be solutions to environmental problems or to the creation of new industries that provide employment opportunities, are linked to our science, technology and innovation capabilities.

A critical element of South Australia's strategic plan is the area of fostering creativity. Underpinning this is a 10-year vision for science, technology and innovation called Shaping the future, STI 10, which sets the framework and key targets towards which we will be working to 2013 and beyond. The document 'South Australia's broadband strategy' is of equivalent status and is the blueprint for statewide broadband infrastructure. The science, technology and innovation directorate within the Department of Further Education, Employment, Science and Technology is responsible for implementing the government's STI 10 vision and broadband strategy.

The directorate's strong links with the state's universities and research agencies, industry, specific community groups and relevant federal government agencies are essential to its role of providing leadership in influencing industry, government and the community in developing and exploiting South Australia's scientific, technological and innovative capacity. The directorate encourages collaboration between industry and research organisations to promote the development of Australia's five innovation precincts and essential research infrastructure. The directorate is responsible for building the state's information economy and broadband capacity through the Broadband SA program and the SABRENet project.

The directorate also implements programs designed to improve community awareness of innovation and coordinates a whole of government approach to leveraging industry and

commonwealth funding in the form of grants for cooperative research centres and centres of excellence based in South Australia. Bio Innovation SA and Playford Capital are incorporated entities within the science and technology portfolio which report to me.

Bio Innovation SA is a public corporation established in 2001 and continues to successfully foster the growth of the South Australian biosciences sector. It facilitated the establishment of five companies in 2004-05, bringing the total number of companies created to 31. Bio Innovation SA has continued to lead the Adelaide Integrated Bioscience Laboratory initiative, a steering group representing local universities and major research centres, which meets to coordinate research equipment purchase and usage across Adelaide. This was supported by \$439 000 in the AIB labs grants in 2004-05. During the year Bio Innovation SA has successfully attracted more than \$1 million in funding from the federal government Biotechnology Innovation Fund Scheme into South Australia, with state government grants support of \$270 000, assisting product development in bioscience companies.

Supporting infrastructure development for the industry is a key objective of this government. Work on the Thebarton bioscience precinct is progressing well, with the five hectare site now cleared and building of the bioscience business incubator to commence later in 2005. It will provide high-technology facilities for 12 companies. With the strong support of Bio Innovation SA, the precinct will also soon have one of Australia's first commercial biopharmaceutical pilot production plants, filling a vital gap required to grow the industry locally and be competitive nationally.

Bio Innovation SA is continuing to support universities and hospitals with commercialisation activities. This year the organisation has co-funded two commercialisation managers at the Queen Elizabeth Hospital and the University of Adelaide. This initiative will provide additional deal flow into the bioscience community. For example, over the past few years, Bio Innovation SA has facilitated and funded 25 provisional patent applications in Adelaide hospitals through its mentoring program and grant support of \$70 000. This funding has leveraged more than \$1.6 million in capital for the projects and resulted in the establishment of five new bioscience companies in Adelaide.

Playford Capital addresses continuing market failure in the availability of seed capital for technology ventures. It has exceeded its investment targets agreed with the commonwealth in 2004-05 and expects to commit over \$2 million into 11 early stage technology ventures by the end of this year. For every \$1 contributed by the state government to administration costs in 2004-05, Playford has invested \$1.48 of commonwealth funds and raised a further \$6.68 in co-investment. Progress towards achieving the STI10 targets has been steady, with the following highlighting the state's successes to date. South Australia has met the 40 per cent target of having based in the state either the headquarters or a major node of all cooperative research centres, major national research facilities and centres of excellence. Such centres have limited lifespans and significant effort is needed to maintain this in the face of national competition.

The state's research and development expenditure by businesses as a proportion of the state's overall economy is now 1.08 per cent, which is the highest of all other states, and the trend indicates that it is on track to approach the OECD average within 10 years. Again this is a major challenge for businesses in the state to maintain and improve on current

performance. The number of SA patent applications is rising, but only to levels that approach the per capita share compared with other states. Venture capital investment is increasing to now be around 0.19 per cent of the state's GSP. In this past year, the state has leveraged over \$60 million in new commonwealth funding to be expended over the next seven years starting 1 July 2005 for new SA based cooperative research centres and the international Centre of Excellence in water resources management.

The government's own support of funding for these has provided significant returns. The benefit of much of the government's activity over recent years will not be evident in key statistics for some time. However, it is important to note that we have made some strong strides forward and ensured that, for the first time, the government's investment in science, technology and innovation has been strategic and well targeted. I am pleased to report the following key investments over 2004-05: \$2.4 million was invested to develop the state's broadband strategy, an infrastructure development program; \$3.3 million initial investment in projects under the Premier's science and research fund; \$627 000 invested in innovation awareness programs and events; and \$250 000 to support the Premier's Science and Research Council activities. The government is not resting on its laurels: it recognises that the investments of recent years are only a starting point.

The 2005-06 budget reflects our commitment to continue to build this important component of our economy over coming years. Some of the key initiatives that will be supported from this budget include: the establishment of a new Centre of Excellence, the Mawson Institute for Advanced Manufacturing, to be located on the University of South Australia's Mawson Lakes campus at a total of \$8 million; and \$2.5 million to support the establishment of Australian Mineral Science Research Institute (AMSRI). This is a multimillion dollar investment over five years and will see its headquarters based at the Ian Wark Institute on the Mawson Lakes campus of the University of South Australia.

Other key initiatives include: increasing the base funding of Bio Innovation SA, with an extra \$1.5 million per annum in 2005-06 and incremental increases for the following years; ongoing funding for Playford Capital totalling \$6.76 million over the next four years; ongoing funding of the ICT Council of SA at \$125 000 for 2005-06; and funding the digital bridge program at \$160 000 per annum for each of the three years, commencing 2005-06, in direct support of the commonwealth award to the state for the Outback Connect program.

There is also a total of \$4.2 million over seven years (\$600 000 per annum) starting in 2005-06 in support of state involvement and participation in CRCs through funds provided to various agencies (this was achieved through a separate cabinet submission prior to the recent budget); and projects to address strategic broadband development issues where mapping and demonstrated demand indicate that broadband requirements may not be met by market forces alone; programs and projects such as Digital Bridge, E-Business and ICT skill development that facilitate cross agency-cross industry activities aimed at building the state's capability in all areas of the information economy; and programs to support research, science and innovation through the Premier's Science and Research Fund, awards and innovation awareness programs. I trust that this overview demonstrates the government's commitment to science, technology and innovation as a key plank for the state's future and I welcome any further questions from members.

The CHAIR: Does the member for Waite wish to make an opening statement?

Mr HAMILTON-SMITH: Very briefly. First, the opposition would like to thank the officers and the minister's staff for all the work they have done. We believe that this is one of the most exciting and interesting ministries and portfolios in government. The opposition is strongly supportive of Bio Innovation SA and Playford Capital. We think they are terrific initiatives (obviously, we would, because we gave birth to them), and we commend the government for continuing with them, because they could have been abandoned. However, we think they are delivering results.

Our main concern and the thrust of my questions will be as to whether or not they are being adequately nurtured, supported and encouraged. I have loosely grouped my questions into general science questions, then Bio Innovation SA and then Playford Capital in that sort of sequence, but there will be a little overlap. I refer to Budget Paper 4, Volume 1, page 10.4, 'Targets and highlights'. With respect to the eight programs mentioned that were funded through the Premier's Science and Research Fund in 2004-05, can the minister tell us what those grants were, who received them and how much was paid?

The Hon. K.A. MAYWALD: The fund is \$3 million per annum, and the idea of the fund is to stimulate the building and practical application of knowledge, skills and capabilities in innovation, science and technology as a foundation for South Australia's economic, social and environmental outcomes. Some \$5.2 million was committed in 2004-05 for investment over three years in eight major collaborative science and research projects, all in areas of strategic significance for the state. Of this amount, \$2.3 million will be expended in 2004-05, \$1.6 million in 2005-06 and \$1.3 million in 2006-07.

The successful funding applications were received from, first, Dr Nicholas Voelcker from Flinders University. The partners in that application were the University of Adelaide, the University of South Australia, Bio Innovation SA and the Australian Water Quality Centre. The funds were provided for a project to enable infrastructure for advanced microscopy and nanoscopy in South Australia. It involved a total amount of \$552 611 over the three years. Professor Robert Rush from Flinders University was the second successful applicant. The partners in this project are the Child Health Research Institute, Chemicon International Inc and Neobody Pty Ltd, and the title of their project is The Australian Antibody Facility. It involves funding over three years for a total of \$759 000.

The third recipient is Professor Matthias Tomczak from Flinders University. The partners are the South Australian Research and Development Institute, the Bureau of Meteorology, South Australian office, and the South Australian Partnership for Advanced Computing. The title of the project is Operational Ocean Current Forecasting for South Australian Waters. It involves funding for three years totalling \$347 610. Dr Stephanie Rinck-Pfeiffer from United Water International Pty Ltd was successful, with partners the City of Salisbury, CSIRO Land and Water, Delfin Lend Lease, the Land Management Corporation, the Northern Adelaide and Barossa Catchment Water Management Board, the South Australian Water Corporation, the Department of Water, Land and Biodiversity Conservation and TAFE SA. The title of this project is Stormwater Aquifer Storage Transfer and Recovery for a Potable Urban Water Supply. It involves three years of funding with a total value of \$350 000.

Next is Professor John Ralston, from the Ian Wark Research Institute. The partners were Rio Tinto Ltd, BHP Billiton, WMC Resources Ltd and the SA Chamber of Mines and Energy. The title of this project is Mini Pilot Plant. It involves one year's funding of \$300 000. Professor John Carver of the University of Adelaide is the next recipient. He is partnered with DSTO, Tenex and BAE systems. The title of their project is Defence Photonics Cluster. There is funding for three years to a total of \$250 000. Dr Wayne Pitchford from Adelaide Research and Innovation, partnered with Regency TAFE and Wanderribby Pty Ltd, is the next recipient. The project is called Value-adding South Australian Lamb, with a total of \$250 000 over the three years. And, finally, Professor Gus Dekker from the University of Adelaide, with partners the SA Department of Health (Central North Region), the SA Department of Health (Pregnancy Outcome Unit) and the University of Auckland. The title is Screening for Pregnancy End Points (it is a SCOPE project). It involves funding over three years, with a total of \$2 373 181. The total projects amount to \$5 182 402 over the three years.

Mr HAMILTON-SMITH: These were funds allocated in the past financial year but expenditure is occurring in the years ahead; is that correct?

The Hon. K.A. MAYWALD: They were allocated in January 2005. In year one it is \$2 253 844; in July 2005 it is \$1 564 836; and in July 2006—

Mr HAMILTON-SMITH: So the money has come out of past years' allocations?

The Hon. K.A. MAYWALD: \$2.2 million is this year's allocation.

Mr HAMILTON-SMITH: In that same budget reference, the target talks of strengthening the Premier's Science and Research Fund to support co-investment in research and development infrastructure, which I assume means putting more money into that area. Can you tell us how much funding will be provided for the Premier's Science and Research Fund for each of the next four years, if you know that, and certainly for the coming year? You have already given me the information for previous years, so I am happy with that.

The Hon. K.A. MAYWALD: I understand that further commitments are contingent on the success of South Australian bids to the Australian Research Council's Federation Fellowships program, and the funding that is currently successful is over the three-year period that has been awarded.

Mr HAMILTON-SMITH: I think you mentioned over \$5 million was spent.

The Hon. K.A. MAYWALD: \$5 million has been allocated—\$5 182 402 has been allocated this financial year and the following two, so it is over the next two years.

Mr HAMILTON-SMITH: Has there been an increase in the allocation this financial year over last financial year? I am trying to get to what the allocations are over the last two or three years compared to the next two or three years.

The Hon. K.A. MAYWALD: I am advised that another \$3 million has been allocated forward for the Premier's Science and Research Fund. That is for 2005-06 and 2006-07.

Mr HAMILTON-SMITH: There will be a total of how much in that fund?

The Hon. K.A. MAYWALD: \$3 million each year.

Mr HAMILTON-SMITH: I am trying to reconcile the \$5 million figure.

The Hon. K.A. MAYWALD: The \$5 million figure was: \$2 253 844 out of this financial year, that is up to 30 June this

year, that is the 2004-05-year; \$1 564 836 has been allocated out of the 2005-06 year; and July 2006 will be allocated \$1 363 722.

Mr HAMILTON-SMITH: So the \$5 million figure you have mentioned touches into the next two years of allocation but it is \$3 million a year in total in this fund, no more?

Dr FOWLER: Currently there is a recurrent of \$3 million per annum as a budget allocation. Where there is an allocation of funds to grants, that must be subtracted from that budget. They are expended over three years. What will occur is that, on the assumption that each of the parties concerned meet the milestones within their contracts, the liabilities on each project will decrease over the three years and the balance of funds on the closing funds from this year will be rolled over to be \$3 million plus the balance of funds, and then we will invite further applications in July this year. We can make estimates as to how much money is available each year based on those cash flows on an accruals basis.

Mr HAMILTON-SMITH: Has there been a carryover of funds from previous financial years into this 2005-06 year? In other words, will more than \$3 million be available in the coming year?

Dr FOWLER: There will not be more than \$3 million because of the nature of the high levels of expenditure in these eight projects. Current estimates are that, from next year, the balance of funds available for investment in a fresh round of applications is of the order of about \$2.4 million at present, but that depends on the contingent liabilities of people meeting their milestones and us paying out cash on the basis of the contract.

Mr HAMILTON-SMITH: This fund was originally a \$1 million fund, was it not, when it was conceived?

Dr FOWLER: That is correct and last year it was increased by \$2 million and now it is a \$3 million fund.

Mr HAMILTON-SMITH: So the first year in which \$3 million became available was in the financial year concluding now?

Dr FOWLER: That is correct, 2004-05.

Mr HAMILTON-SMITH: The decisions about how these funds are dispersed are made by the Premier's Science and Research Council or a subcommittee of that council; is that correct? How is the decision made about who gets what?

The Hon. K.A. MAYWALD: An expert panel is appointed to assess the applications and those members are: Mr Lloyd Groves, who is a director of the TXR Technologies and a member of the Premier's Science and Research Council as chair; Dr Susan Nelle is the Director of Decision Management Australia and until very recently director of Food SA with PIRSA; Dr Ian Chessell, recently retired from the position of chief defence scientist with the Defence Science and Technology Organisation; and Mr Ian Pittman, currently on the board of Bio Innovation SA and chair of one of the commonwealth CRC panels. Recently he completed mapping R&D innovation potential in SA's food industry. Those four people make up the expert panel who assess applications against the criteria.

Mr HAMILTON-SMITH: Do they report to the Premier's Science and Research Council and then is ministerial sign-off required? How does that approval process work?

Dr FOWLER: That is correct. The chair of this expert panel is a member of the Premier's Science and Research Council. They made their recommendations. That came through the directorate. The directorate provided secretariat services to the expert panel and its recommendations were provided to the minister for the minister to sign off.

Mr HAMILTON-SMITH: Following the same budget reference, targets and highlights, is the Premier's Science and Research Council in good shape at the moment or are there some problems? I understand that there might have been some membership changes, there might have been some issues with the council. When will the Premier's Science and Research Council release its strategic plan and how many council meetings have been held in the last 12 months? How many were attended by the Premier with the minister?

The Hon. K.A. MAYWALD: There is currently a change in the chair of the Premier's Science and Research Council and who will be the new chair will be announced shortly. The announcement as to who will be the new chief scientist from South Australia is imminent. The co-chairs of the Premier's Science and Research Council are the Hon. Mike Rann and the chief scientist from South Australia, and watch this space. The meeting—

Mr HAMILTON-SMITH: It would not be an astronaut, I suppose?

The Hon. K.A. MAYWALD: I can assure you that it is not an astronaut.

Mr HAMILTON-SMITH: He could be descending from outer-space.

The Hon. K.A. MAYWALD: I can assure you that it is not an astronaut who is currently in the wings of heading interstate. The members of the Science and Research Council are: me, as Minister for Science and Information Economy; Professor Richard Blandy, the School of International Business, University of South Australia; Mr Neil Bryans, Director, Information Science Laboratory, DSTO; Dr Patricia Crook, AO, Director Dynek Pty Ltd; Professor Richard Head, Director of the CSIRO Health Sciences and Nutrition; Professor Tanya Monro, Chair of Photonics, School of Chemistry and Physics, University of Adelaide; Professor John Ralston, Director and Professor of Physical Chemistry and Minerals Processing at the Ian Wark Research Institute, the ARC Special Research Centre for Practical and Material Interfaces, University of South Australia; and Professor Leanna Read, Managing Director, TGR Biosciences Pty Ltd.

We also have a range of permanent observers: Dr Rob Lewis, Executive Director, SA Research and Development Institute; Mr Jim Birch, the Chief Executive, Department of Health; Dr Jurgen Michaelis, Chief Executive Officer, Bio Innovation SA; Mr Jim Hallion, Chief Executive, PIRSA; Mr Brian Cunningham, Chief Executive, DFEEST; and Mr Warren McCann, Chief Executive, DPC.

The dates of the attendances by the Premier and the former minister for science and information economy at council meetings held over the past seven meetings are: 9 July 2003, the Premier and the minister attended; 4 September 2003, the Premier and the minister attended; 11 December 2003, the Premier was an apology, and the minister attended; 16 March 2004, the Premier was an apology, and the minister was present; 13 July 2004, the Premier and the minister attended; 28 September 2004, the Premier and the minister attended; and 1 December 2004, the Premier and the minister attended. The next meeting is scheduled for 26 June. I will certainly be attending my first meeting of the Premier's Science and Research Council on that day, and the Premier has also indicated that he will be attending.

Mr HAMILTON-SMITH: Do I take it, minister, that there has been no meeting since December last year, and that this June meeting is the first meeting since then?

The Hon. K.A. MAYWALD: That is correct.

Mr HAMILTON-SMITH: Is there a reason why it has been such a long time, given the important function that the council has in developing the strategic plan, and allocating and approving these funding grants, and so on?

The Hon. K.A. MAYWALD: There are actually a number of reasons, not the least being the anticipated appointment of the chief scientist to co-chair, which has only recently been completed. That announcement, as I say, is imminent. Also, I think it would be fair to say that there has been a change of minister, and we are looking forward to getting on with the job and seeing the Premier's Science Council under the chair of both the Premier and the new chief scientist to move forward in a very positive way from this point forward.

Mr HAMILTON-SMITH: I refer to the strategic plan that has been set for release by the council—I see a copy of STI10 being put out. Is that the strategic plan that is forthcoming, or is there a further strategic plan?

Dr FOWLER: It always was the strategic plan for the work of the council when it was launched by the Premier, I think, in April 2004.

Mr HAMILTON-SMITH: Is STI10 the only strategic plan that is anticipated for release?

The Hon. K.A. MAYWALD: Yes. Of course, there is also the South Australian Strategic Plan which has different recommendations and key performance indicators.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.13, where there are a number of performance indicators. I commend the department for having these performance indicators. They were not there when we discussed small business this morning. It is nice to see that they are there for science. In regard to biosciences grants awarded, I see that \$1.5 million is the target for 2005-06 and that \$1.2 million was the result for 2004-05. Can the minister tell us who received those grants? These are different grants, I assume, to the Premier's grants that we talked about earlier. Who received those grants, and what sort of quantity of grants would have been in each individual packet?

The Hon. K.A. MAYWALD: There is \$1.7 million worth of grants. The companies that have received the grants are: Bionomics \$20 000; Spintus, \$124 926; and Viswa, \$125 000. They are BIF and PreSeed grants. Bio-Arc grants include: Lastek, \$50 000; and Microbial Products, \$50 000. That is a total of \$100 000 after that section. ARI-BPL received \$45 957; ARI Testosterone Test, \$35 850; ARI Non-hormonal contraceptive—

Mr HAMILTON-SMITH: Send Foley down for that one. He would be a good subject for that one.

The Hon. K.A. MAYWALD: I suggest that there could be a pair of bulls in the paddock. ARI non-hormonal contraceptive, 29 905; FMC-miRNA, \$3 300, which is an IP fund; FMC fluid warmer, \$5 000; RGH breathing device, \$3 000; and IWRI-LIEF, \$5 000. That makes a subtotal of \$128 012. The next group is: AGRF, \$24 720; Benephex, \$50 000; BioTECH, \$30 000; Cerberus Biosciences, \$1 000; Flinders Bioremediation, \$30 000; Medvet Sciences, \$7 000; Nidor, \$12 000; Nimico, \$30 000; Primegro, \$20 300; TQEHF, \$2 270; Tacnia, \$48 350; and VRS, \$30 000. That is a total of \$285 640.

The next group is Bresagen, \$200 000, and Vivo Pharm, \$90 350, which is a subtotal of \$290 350 in that section. A subtotal of \$439 000 was allocated, as follows: AIB Labs, Adelaide Microarray facility, \$37 000; Adelaide Proteomics Facility, \$120 000; Antibody SA, \$95 000; Multiscale fermentation facility, \$71 000; Flinders microscopy and

image analysis facility, \$81 000; and AIB Labs, QA/GLP Manager, \$35 000. Commercial manager grants were awarded to TQEHRF and FMC, Director of Commercialisation, \$62 930; and University of Adelaide, faculty of health sciences, \$115 000. That makes a total of just under \$1.7 million.

Mr HAMILTON-SMITH: I gather that was allocated in the last financial year.

Dr MICHAELIS: This financial year.

The Hon. K.A. MAYWALD: Yes—this financial year, 2004–05.

Mr HAMILTON-SMITH: So, the target of \$1.5 million mentioned in the budget paper should really be \$1.7 million?

The Hon. K.A. MAYWALD: Yes; we have exceeded the target.

Mr HAMILTON-SMITH: I refer to the same budget page and the infrastructure grants and coordinating activities through the South Australian AIB Lab steering committee. Can you tell us what that grant program is about and who received the money? Is it a bioinnovation grant?

The Hon. K.A. MAYWALD: I will ask Dr Michaelis to answer that question.

Dr MICHAELIS: Bio Innovation SA has been operating a steering group that represents members of all the universities and major research organisations in South Australia. It gets together on a bimonthly basis in Bio Innovation SA to discuss scientific equipment and major infrastructure needs in South Australia. It coordinates the activities and purchase of that equipment across town and facilitates its usage, so that one university department can access freely some of the equipment in another university. In order to foster growth in the research sector and have more accessible bioscience equipment, Bio Innovation SA provides, on average per financial year, about \$400 000 in grants towards equipment and usage of that equipment. The aim is to get a more proficient academic sector in relation to equipment usage and ensure that the bioscience industry can harness the research capabilities sitting in the universities and hospitals.

Mr HAMILTON-SMITH: Thank you, Dr Michaelis. Minister, pursuing this issue, on the weekend I read with interest the story of the collapse of ARRM. Mr George Kraguljac made the observation that he felt that, in the past three years, there had been a drop-off in the level of funding support available to biotechnology companies. In fact, in the article, he was gracious enough to say:

This Government talks about biotech but does nothing about it—without (Liberal leader) Rob Kerin there wouldn't be a biotech industry.

He suggests that, in the past few years, there has been a shift in priority of funding, if you like, away from this area. I am interested in your response. How does our work rate, and our funding rate, measure up now compared with three or four years ago?

The Hon. K.A. MAYWALD: The funding has increased globally between the STI directorate and Bio Innovation SA significantly. I will take the question on notice, and I can get the detail from several years ago until now. However, I am advised that it has increased globally. In relation to the ARRM project, I am advised that, whilst the Minister for Science and Information Economy (who was, at that time, Dr Jane Lomax-Smith) attended as a guest of honour and gave a speech at the company's corporate open day on 28 November 2003, there was no approach by ARRM to Bio Innovation for assistance when financial problems surfaced at ARRM. At the last AusBiotech Conference held in Adelaide, Bio

Innovation SA had previously hired a space to ARRM, and ARRM's payment to Bio Innovation SA for the booth space remains outstanding; hence, Bio Innovation SA is a creditor in the voluntary administration proceedings. I understand that this question was also asked of the Treasurer, and I refer to his answer.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.13, where SABRENet is mentioned and various targets are set. How much state government money is going into SABRENet and what is the total amount of money going into it from commonwealth or other sources, private or non-private?

The Hon. K.A. MAYWALD: The South Australian Broadband Research and Education Network (SABRENet) is a \$9.2 million joint venture among South Australia's three universities, the CSIRO, the Defence Science and Technology Organisation and the state government. It will provide high-speed networking infrastructure for research and education purposes through the construction and operation of large-scale optical fibre connections, which are the backbones within the Adelaide region. The project funds are contributed from the commonwealth government, that is, the backbone costs of \$5.8 million. The South Australian government invested \$1.4 million towards interstate connectivity, and the other project partners, mainly in kind, are to the value of about \$2 million.

Mr HAMILTON-SMITH: Budget Paper 4, Volume 1, page 2.46 refers to Innovation SA, a project listed for budgeting. How much is budgeted for Innovation SA? How will it be organised and tasked? How will it differ from the centre for innovation, business and manufacturing, set up by the former government? Is there any connection; and, if not, how will Innovation SA work?

The Hon. K.A. MAYWALD: That question was asked this morning, and I referred to minister Holloway who is the responsible minister for that budget line.

Mr HAMILTON-SMITH: Is he the minister for innovation?

The Hon. K.A. MAYWALD: Science and information economy is the portfolio responsibility which I have, and that particular area is in the domain of minister Holloway. I suggest that those questions be referred to him.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.4, 'Targets and highlights', and also Budget Paper 5, page 44, the bioscience incubator at Thebarton. How much did the government pay to purchase the land comprising the bioscience incubator at Thebarton? From whom was it purchased? When was the purchase completed? Could you tell us what provision, if any, was made for environmental remediation of the site and at the expense of which party—the purchaser or the vendor?

The Hon. K.A. MAYWALD: The purchase price was \$5.9 million. That was all inclusive, including the environmental rehabilitation costs or remediation costs. The date on which that was concluded I will take on notice. We do not have the exact date at hand.

Mr HAMILTON-SMITH: Approximately?

Dr MICHAELIS: It was approximately 2002, but it was done by a different department and the work was transferred to Bio Innovation SA about 15 or 16 months ago.

Mr HAMILTON-SMITH: So we have owned the land since 2002?

Dr MICHAELIS: I will have to get the exact date. It is in a different department, so I am not quite sure.

Mr HAMILTON-SMITH: The vendor was Michells?

Dr MICHAELIS: Yes.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.4, on this same subject. Why has construction of the bioscience incubator at Thebarton been slow to start? It seems we purchased the land in 2002, and here we are well into 2005. It seems we have been slow to get going on this. I notice in the budget that not much is to be spent in this coming financial year compared with the total project cost. Why has it been so slow to get going? When will the buildings and the work be completed? When will it start and when will it be completed?

The Hon. K.A. MAYWALD: In 2003-04, the state government approved \$5.9 million over five years to treble the size of the Thebarton bioscience precinct to seven hectares. Demolition, remediation and subdivision of the site commenced in September 2004, and two-thirds of the site has now been cleared for further development. The building floor plan for the incubator has been completed. There have been some issues to work through in relation to the final design and who would be the project manager. That has now been resolved. Tendering for capital works for the incubator facility was delayed until the capital works budget was also finalised. Complete demolition and remediation for the entire site from the 2005-06 appropriation is a 2005-06 target. It is \$250 000 from a total of \$5.9 million.

In 2005-06, we are looking to finalise a proposed funding model for a 2 800 square metre incubator, with the Land Management Corporation acting as the developer. Under this proposal, LMC will provide \$11.5 million for capital works, with Bio Innovation SA being a long-term lessee of the building. It provides an increase of \$2.5 million over the original capital budget to adjust for increased costs over the construction period. Importantly, in answer to the last part of the question, construction of the incubator is due to commence in late 2005, once appropriate approvals are received and tenderers are selected. Practical completion is due late in 2006; and the land was purchased in 2003-04.

Mr HAMILTON-SMITH: When will the Premier drive down to Thebarton to have a huge official opening of all this? Will it be February 2006, in the month before the election?

The Hon. K.A. MAYWALD: That is a cynical question. The answer to the question is that the practical completion date is due late 2006—which is well after the proposed date of the election.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 1, page 1.45, 'Targets'. I notice Thinkers in Residence is mentioned in the context of Bio Innovation SA, and I know there have been connections between the department and the Thinkers in Residence program. How much has the whole Thinkers in Residence program cost the government each year, and how much is budgeted for Thinkers in Residence in total?

The Hon. K.A. MAYWALD: It might come as a surprise to the honourable member, but I am not the minister responsible for the entire Thinkers in Residence program. That is a question more appropriately—had some homework been undertaken—directed to the Premier.

Mr HAMILTON-SMITH: Would you direct it to the Premier for me and get an answer?

The Hon. K.A. MAYWALD: I can certainly take that on notice for you and ask the question of the Premier and provide you with an answer.

Mr HAMILTON-SMITH: Just on that, I notice there has been some financial involvement I think between Bio Innovation SA and the Thinkers in Residence program, and

that is mentioned in the budget or the Bio Innovation annual report, I am not sure which. Has that been fully budgeted? In other words, if Bio Innovation, Playford or your department is being asked to contribute funding towards Thinkers in Residence, is that budgeted for and are you compensated for that, or does that money have to be found from within your existing budget allocations? In other words, has it been at an expense to other programs? Have you had to shift money to Thinkers in Residence to prop it up?

The Hon. K.A. MAYWALD: It comes out of the operating budget of that organisation in that financial year.

Mr HAMILTON-SMITH: The operating budget, but has the money been put in there in the first place for Thinkers in Residence or has it come from other programs?

The Hon. K.A. MAYWALD: I presume that any substantial budget call would have to go through the normal cabinet process prior to it being approved, but reasonable expenses are accommodated within the operational budgets of each department.

Mr HAMILTON-SMITH: Budget Paper 3, page 2.38, moving on to ICT and the ICT Council. How will the reduced base level of funding provided to the ICT Council of South Australia over the next three years transition into this self-funding model that is foreshadowed and is the ICT Council happy with the arrangement? Will ongoing funding be provided for in the form of grants and programs even after the base funding ceases?

The Hon. K.A. MAYWALD: In 2005-06 the government has allocated \$125 000 to fund council operations and projects for the 2005-06 financial year and negotiations have been commenced with the ICT Council regarding the development of a second performance-based funding agreement with clearly defined payment milestones, performance measures and regular reporting requirements. The expectation is that, in the future, the ICT Council's primary source of funding will be from the ICT industry themselves, so we are weaning them off government support, and the primary focus of the council's activities will continue to be industry development with increasing support from its branded marketing networking group, Solution City.

Mr HAMILTON-SMITH: Is the ICT Council happy with that arrangement? I suppose it does not really matter if it is or not, but the consultation process has indicated that that is an achievable milestone, I imagine.

The Hon. K.A. MAYWALD: We believe so. There has been a considerable amount of negotiation between the government and the ICT Council. Of course everyone would like to put their hand out for government funds, but the reality is that there is a decision of government that the ICT Council should be sourcing its funding from the ICT industry itself in the long term and we are happy to facilitate the progress from government-funded through to industry-funded.

Mr HAMILTON-SMITH: When I compare that budget reference to the annual report of the ICT Council, I note that the ICT Council has raised some concerns about how the government is responding to the ICT industry, and I will be interested in your feelings about its criticism in its annual report that the industry has found 'considerable difficulty in obtaining consistent and wholehearted support for the ICT industry from the political arms of government', and the industry expresses its concern that there are too many ministers with involvement in ICT matters and a loss of momentum, I think it describes it as, 'in developing several strategic policy initiatives as a consequence of ministerial reshuffles'. So there has been this frank criticism and

comment from the ICT Council. I am interested in your response to those criticisms.

The Hon. K.A. MAYWALD: The ICT's report refers to its view of the way in which the government is progressing ICT issues, and I will ask Craig to answer in more specific detail as to how the government is responding and how the government has a number of programs in place to address the issues that have been identified there.

Dr FOWLER: The government has provided in 2004-05 approximately \$250 000 to support the ICT Council, of which there was \$125 000 as a base and then \$125 000 based on projects which it submitted. We engaged in a constructive performance-based contract with the ICT Council in undertaking three projects, one of which related to matters of export performance, ICT skills and also an audit of the ICT industry, the reports of which are to be provided by 30 June this year. The circumstances are that there is a transition phase which has been agreed under negotiation with the ICT Council of the order of three to four years, where government funding is wound back from its current level of approximately \$250 000 this year to next year being \$125 000 in terms of base funding.

It is always open to the ICT Council to approach this department or any other department, as they do, in order to seek funds for specific projects that relate to ICT industry development, and that may occur. In recent times, the ICT Council has been required to find new accommodation and we are also providing financial assistance in its move. So given a very large industry with significant turnover and exports over time, it is intended to migrate the council to a circumstance of self-funding over a period of three to four years.

Mr HAMILTON-SMITH: I notice that the ICT Council also had a bit to say in its report about the closure of the centre for innovation, business and manufacturing, and it makes the point in its annual report that, in particular, all companies universally commented on the need for the continuation of CIBM's specific industry-support activities.

Concern has been expressed that there has been a drop-off in support available to small businesses in the ICT area since SIBM closed. It has also noted that the government needs to respond to major problems in the area of training, and IT graduates being poor at communication, both written and oral English. Training of existing mature aged staff on the job and in-house training courses in other seminar based training requires further support.

They talk about skills training organisations where they would no longer be able to continue their support and the training inputs without new government funding. This is training organisations saying they need more government support. I note the issue for the ICT Council's office arrangements at Playford being changed. Rather than being weaned off they are being strangled to death because they have had too much to say and may have ruffled a few feathers. Can the minister respond?

The Hon. K.A. MAYWALD: Certainly no feathers ruffled with this minister. I cannot speak for the previous minister, nor am I aware of any such situations occurring. As Craig Fowler mentioned, the ITC Council is quite within its rights to approach any government department to assist with specific projects they may like to introduce, and immediately jumping to mind is the other portfolio responsibilities of my colleague on my left through DFEEST and the skills and training programs offered there. There is the opportunity for

the ITC Council to apply for funding through all of those streams, as there is for any other industry organisation.

There is certainly no intention to cut the ITC Council adrift. It is a matter of its base funding being supplied by the industry itself over a period of three years to migrate to self-sufficiency in that respect. There is no intention to say that they cannot apply for funding across other government departmental areas for specific projects they see as relevant to their particular industry. We would certainly welcome and encourage that.

Mr CUNNINGHAM: It is worth remembering that there is other funding available, for example, the Electronics Industry Association, which we laud as a great industry initiative. It has a strategic plan going forward five years and has been funded through DFEEST for \$160 000 for 2005-06 and funded through the Department of Trade and Economic Development for another \$200 000. It is not all as you might imagine. We acknowledge decreased funding to the ITC Council, but there is other funding going to other areas within that information communication technology space.

Mr HAMILTON-SMITH: Moving on to the ITC industry's concerns—and a number of stakeholders have raised this with me (and the minister may say that it is not within her area)—I refer to government IT contracts. At the moment you have to go to a tendering process for contracts worth \$20 000, and there is quite an expense involved in preparing a tender as it can be a detailed and convoluted process which costs money. They are saying that the government ought to look at lifting the level to \$100 000 for tendering and go with direct contracting below that to save those costs to small businesses in the IT-bio area and to reduce the costs of tendering relative to the value of the contract. Have you put forward a view on that?

The Hon. K.A. MAYWALD: There is no hiding from the fact that the tendering process can be expensive, and for smaller companies it is often more difficult to find the funds to pull together an effective tender. However, it is one of the banes of our open and transparent democracy that we require tendering to be open and to provide opportunities for all to participate, which avoids the instance where the government may be seen to be favouring some above others. I have just been advised that minister Conlon's new CIO will be looking at that to see whether the threshold is set correctly, but it is important that we maintain an open and transparent process for the expenditure of government funding. Whilst the tendering process can be cumbersome, it provides that transparency and avoids what might otherwise be seen as favouritism.

Mr HAMILTON-SMITH: With regard to the head office of this area, your Public Service support (not Bio Innovation or Playford but the head office), how is it structured and what portion of your budget goes into supporting this head of the science and information economy operation compared to projects? How many people do you have in that head office and how much does it cost to run it?

The Hon. K.A. MAYWALD: The science, technology and innovation directorate has a total of 38 people. The estimated end of year total actual expenditure is \$3 526 000, which is 16 per cent of the total budget.

Mr HAMILTON-SMITH: Is the head to tail ratio about right in this organisation? If those people and some of that money was down at the programs' end of your portfolios' operation, would we deliver a better outcome for South Australia? What do those 38 people do with regard to directly delivering services to South Australians?

The Hon. K.A. MAYWALD: I will break up the total employees as follows: 14 are working in science and innovation; four in legal services and social policy; 13 are working in information economy and ICT; and seven are working in executive direction and administration. The 38 comprise four at executive level, 11 at ASO8, five at ASO7, two at ASO6, three at ASO5, two at ASO4, seven at ASO3, one at ASO2, plus one contract executive equivalent and two positions held as right of return.

Mr HAMILTON-SMITH: Are these people delivering services and administering programs for stakeholders in the science and information economy area, such as Playford, Bio Innovation SA and the council; or are they mainly head office people who do not venture out? I am wondering what they do.

The Hon. K.A. MAYWALD: No, we certainly do not have 38 people sitting locked up in an ivory tower not producing any results. I will ask Dr Craig Fowler to give you the detail of the programs in which people are working and how they are contributing to the outcomes.

Dr FOWLER: The group consists of approximately 38 full-time equivalents. Broadly, the directorate is divided into three areas: first, science and innovation of which Dr Rachel Lucas is the director; secondly, ICT of which James Tizard is the director; and, thirdly, legal services and social policy of which Carolyn Anderson is the director. Unlike Playford and Bio Innovation SA, we are not an independent entity; we are actually part of the government department and part of DFEEST. The nature of the services is that the directorate has a budget globally of around \$23 million, less the moneys paid to Bio Innovation and Playford. Those projects in the science and innovation areas are related to all the investments associated with the Premier's science research fund. All are what we refer to as innovation awareness programs under the innovate banner, and the minister gave the expenditures in her opening address.

A large body of work is associated with the ICT space, particularly in relation to the state's broadband fund, which is a fund of some \$7 million over four years; and there are long, complex negotiations of funding in that arena with regional development boards and various service providers. There are activities associated with E-Business SA, and also significant work in the legal services and social policy area around the digital bridge social inclusion aspects—for example, outback connect, which will take us to remote and regional parts of South Australia.

I would say that the group of 38 people spend considerable time outside the directorate because the great benefit of this relatively small group is the way in which we are able to connect with other government agencies, in particular trade and economic development, primary industries and health, and work effectively with the universities, the DSTO and the CSIRO. In terms of running our business, we run a number of councils, committees, subcommittees and working parties, etc., as a way of engaging across government and into the community. It is a very busy and effective group.

Mr HAMILTON-SMITH: Will any of those people move to the new City Central development? The government is committed to moving quite a number of public servants to the new green city development on the old Advertiser site. If so, what will be the relocation costs and what will be the difference in rental?

The Hon. K.A. MAYWALD: We will obtain the detail on the difference in rental and the transition costs for the

honourable member, but the entire 38 FTEs will be moving across to the new site.

Mr HAMILTON-SMITH: Will Bio Innovation or Playford be moving?

The Hon. K.A. MAYWALD: No.

Mr HAMILTON-SMITH: Will the minister come back to me on the relocation costs?

The Hon. K.A. MAYWALD: We will indeed.

Mr HAMILTON-SMITH: I refer to Budget Paper 3, page 2.38. What is the aim and scope of the Mawson Institute of Advanced Manufacturing? Is this money to be spent on people or buildings? Is that one of the minister's?

The Hon. K.A. MAYWALD: The Mawson Institute for Advanced Manufacturing is a joint venture proposal between the University of South Australia and the CSIRO division of manufacturing and infrastructure technology to collocate the manufacturing technology research teams at the University of South Australia's Mawson Lakes campus. The joint venture partners have sought significant financial assistance from the state government. The details of how the project will roll out will be announced later this week. I inform the member that there is much excitement about the project, and the prospect and the details will be revealed.

Mr HAMILTON-SMITH: Is that later this week?

The Hon. K.A. MAYWALD: Later this week, yes.

Mr HAMILTON-SMITH: Will that include the total funding details and whether it is to be spent on buildings or people?

The Hon. K.A. MAYWALD: We can provide the honourable member with that detail.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.13 again, but more specifically the STI10 document and the precincts promulgated on pages 18 and 19. I am interested in how this rebranding which is set out in STI10 will work and whether the new precincts will compete with existing brands such as the University of Adelaide. I know that the Waite is one of the precincts that is mentioned. By introducing this new constellation and injecting new brands, new names and new identities in the global marketplace, are we clouding the message we are trying to send to the world about our brand and what we stand for?

The Hon. K.A. MAYWALD: On the contrary, it is about providing the state with a sound basis with respect to collaboration; that is the message that we are sending out across to the global marketplace. The idea is that we want people around the world to see South Australia as the place where collaboration is the norm rather than the exception. SABRENet is also a project that intends to link all those precincts and, rather than blurring the lines, it is working, I believe, to ensure that we can build on the partnerships that we are developing through the collaborative approach.

Mr HAMILTON-SMITH: I note that one of the KPIs on page 10.13 of Budget Paper 4 Volume 3 talks about the whole-of-government IP policy regime. Can the minister explain where the government is going with this whole-of-government intellectual property regime? Will we see a major announcement on this at some stage in the near future?

The Hon. K.A. MAYWALD: I will ask Dr Jurgen Michaelis to comment and then perhaps follow up with some comments from Mr Brian Cunningham.

Dr MICHAELIS: We have been working on establishing a whole of government intellectual property policy. The government has an intellectual property policy that covers the public service, government departments, hospitals and administrative units. I have been chairing a whole-of-

government committee, which represents about 13 or 14 various government agencies, to provide an internationally competitive intellectual property policy. We are in the very final stages of wording that policy.

Mr HAMILTON-SMITH: I note in Budget Paper 4 Volume 3, page 10.12, program 2, 'Science, technology and innovation', that grants and subsidies had been cut by \$1.579 million, it seems to me—or, certainly, the amount being spent in 2005-06 was to decrease by that amount. Can the minister inform the committee what the impact of those grants is? Is that just a cash flow issue, or are some grants and subsidies to be cut?

The Hon. K.A. MAYWALD: The decrease of \$1.6 million in grants and subsidies from the 2004-05 estimated result to the 2005-06 budget for program 2, 'Science, technology and innovation', that can be seen on page 10.12 is the result of additional funding for 2005-06 of \$3.6 million. CSIRO, UniSA, the Centre for Advanced Manufacturing, Research and Development and Innovation is \$2 million; Bio Innovation SA base budget is \$0.5 million; the Cooperative Research Centre is \$0.6 million; the IT Council of SA is \$0.1 million; the Bioscience Incubator Initiative is \$0.2 million; and the Digital Bridge project is \$0.2 million. There is removal of the 2004-05 funding related to carryovers and other adjustments. So, we take off \$5.15 million, which includes the high performance computing approved carryover of \$1.4 million (minus \$1.4 million); the Premier's Science and Research Fund approved carryover, which is \$300 000; the Cooperative Research Centre's approved carryover, which is \$200 000; internal carryovers for E-Business and other items, which is \$750 000; plant functional genomics, which is \$1.5 million (reduced from \$2 million in 2004-05 to \$0.5 million in 2005-06); and a post-budget one-off initiative for Bio Innovation totalling minus \$1 million.

Mr HAMILTON-SMITH: It sounded as though we were spending more money in the minister's explanation, but the quantum has gone down. I am a bit lost in the detail there. Did I hear the minister say that there was a special one-off increase of \$5 million?

The Hon. K.A. MAYWALD: To further clarify the answer I gave a moment ago, regarding the removal of the 2004-05 funding related to carryovers and other adjustments of \$5.15 million that were carried over from the previous year, those projects have now been completely expended, and that is \$5.15 million. So, the base funding is reduced by that \$5.15 million, as those projects have been completed, and additional funding has been approved in 2005-06 of \$3.6 million for the projects that I mentioned in the body of my answer.

Mr HAMILTON-SMITH: I will wade through that later with my calculator and try to add it all up.

The Hon. K.A. MAYWALD: We have a base funding; that is what it amounts to. Projects carry over from one year to the next if they are not completed, and once they are completed they drop off the books and we invest further in new additional programs.

Mr HAMILTON-SMITH: I would like to ask a few questions about Playford Capital and I will come back to Bio Innovation SA later. I refer to page 10.13 of the budget papers, which talks about the commonwealth ICTP (which was formerly the BITS program) funds invested in SA at Playford. Back in 2004-05 we had a target of \$3.37 million of BITS funding. We achieved only a \$2.03 million estimated result. The target for 2005-06 is down to \$1.86 million. I am curious as to why Playford has received such a small amount

in 2004 in its allocation of commonwealth BITS funding while most other state incubators, as I understand it, achieved about \$4.6 million. I think ours was closer to \$2.1 million.

That points me to the issue of how much BITS funding from previous years has remain uninvested. I am not sure what the issue is and I am concerned that we seem to have been getting a certain amount of BITS funding from the commonwealth for investment but we are not actually investing it. Have we received less of an allocation of BITS funding in 2005-06 because we have not yet invested the money that they have already given us?

The Hon. K.A. MAYWALD: I will ask Amanda Heyworth to respond.

Ms HEYWORTH: Playford signed a new contract with the commonwealth this year and that called for funding of \$7 million over four years. The other incubators received, as I understand it, around \$4 million over the four years. We have more money to invest and the reason for that is the uninvested funds which we previously spoke about. It is worth pointing out that we did invest more funds than the commonwealth provided us with this year and we have more money than the other incubators over the next four years to invest.

Mr HAMILTON-SMITH: If I understand that correctly, did you say \$7 million?

Ms HEYWORTH: It is \$1.86 million per year for four years.

Mr HAMILTON-SMITH: Does about \$5 million of unspent BITS funding from previous years comprise part of that total that you mentioned?

Ms HEYWORTH: That is correct. At 1 July 2004, there was approximately \$5 million of unspent BITS funding.

Mr HAMILTON-SMITH: So our allocation for this coming year of new funding on top of that \$5 million is how much?

Ms HEYWORTH: The contract spreads all the money over the next four years and does not distinguish between the two.

Mr HAMILTON-SMITH: Excuse me for asking you to repeat yourself, but I just want to understand it. \$5 million is funds carried forward. How much new money is there over the four years?

Ms HEYWORTH: \$2.1 million or \$2.2 million.

Mr HAMILTON-SMITH: Bringing it to \$7 million. My understanding is that other incubators have received a greater amount of new money because they have spent the BITS funding they have received in previous years. In other words, there is no \$5 million carry-forward in many cases, they have spent the money, and therefore the federal government has been a little more generous in allocating new money. I understand that many of those state incubators have received \$4.6 million of new money. Is that correct?

The Hon. K.A. MAYWALD: It is \$4.6 million over four years.

Mr HAMILTON-SMITH: We have received \$2.1 million over four years and they have received \$4.6 million over four years.

Ms HEYWORTH: The first point to make is that they are not state incubators, they are all private companies. The second point is that many of those companies received less funding than us to start off with, so if you look at the overall result for the total of the BITS ICT/IP program, I would have to go away to find out the actual result.

Mr HAMILTON-SMITH: My concern as a diligent member of the opposition trying to look after taxpayers'

money is the stories that are appearing in the weekend press, like those about ARRM, saying there is not enough support, we need more money, we need more assistance, we need more guidance; yet we find that we have \$5 million in the Playford kitty, if you like, from previous years' BITS funding that we have not yet spent. I am just a bit curious as to what is wrong. Is it that there are not enough suitable companies in which to invest, is it that we have set the hurdles too high, or is there some other explanation? I would have thought that, if the federal government is giving us this money and if companies are screaming for it, we would find a way to get it on the street, we would find a way and develop processes to get it out to help people and to stimulate the IT industry. Why do we still have \$5 million in the kitty?

The Hon. K.A. MAYWALD: The important issue here about taxpayers' money is that, whilst Playford Capital is in the high risk area of investment, we still have to make decisions on the basis of what is in the best interests of the fund that is available to Playford Capital. In Playford Capital's defence, it proactively approached ARRM on 19 April 2005 in response to media reports about the company's financial distress. Once again, ARRM did not approach Playford Capital: Playford Capital approached ARRM. Playford spoke to Mr Kraguljac and the administrator and subsequently received an information memorandum on 22 April seeking an offer to purchase the business assets by 27 April. After consideration, Playford declined to make an offer on the basis that Playford's mandate is to invest equity rather than acquire businesses and Playford had insufficient information to assess the business opportunity in the very short time frame provided by the administrator.

I would also like to talk about how successful Playford has been in leveraging funds. In 2004-05, Playford expects to invest \$2.13 million of commonwealth funds into 11 early stage technology companies. During the same period, seven companies that Playford has backed have raised a further \$8.6 million in private investment, that is, a multiplier on the funds invested in 2004-05, and this brings the total amount of public and private co-investment raised by companies in which Playford Capital has invested to over \$36 million. Whilst in the scheme of things the investments are not huge, what they have managed to leverage on behalf of companies has been significant, and Playford holds its head high as an incubator fund that certainly has the runs on the board and is showing great promise in the companies that it is investing in.

The amount of money Playford can invest in early stage ventures is generally not enough to get them to the point where they can successfully sell into overseas markets, but Playford will continue its money magnet role and work with local early stage technology companies to attract capital. The commonwealth has agreed a relatively modest co-investment target for 2005-06 of \$1 million.

Mr CAICA: I move:

That the sitting of the committee be extended beyond 6 p.m.

Motion carried.

Mr HAMILTON-SMITH: The opposition certainly acknowledges the points that you have just made, minister, and we are great supporters of Playford. We think it is terrific. I guess the issue we have is that we would like to see even more of that success. It seems to us that there has been the \$5 million that has been un-invested. I used to be in Army Special Forces, and once we ran an officer's selection course, and nobody passed it. We had something like 32 candidates,

and there was not a single successful candidate. The chief of the army said to the SAS, 'What's going on? What are you guys running here?' He raised a very good point—we set the bar so high that nobody could pass it. I just make that point in regard to Playford.

As you know, I visited Playford. I have had a chat to the board and I am not sure what the issues are, but it seems that you can set up processes that are so difficult to find a way through that, sure, you will not allocate \$5 million. Or, you can set the bar at a different point. We had the Treasurer earlier on saying that he is uncomfortable with the government playing this role of investing in companies. I just wonder whether the government has got some sort of go slow, or whether the atmosphere has somehow changed in such a way that Playford feels the need to be unduly cautious. If we are so worried about getting it wrong, we are not actually making investments anymore and we are building up a stash of cash that we are not investing. Could you help me with that?

The Hon. K.A. MAYWALD: I can assure you that, first and foremost from the government's perspective, that is not the case. The government is fully supportive of Playford Centre. It is established as an independent incorporated body for the purpose of maintaining independence, and being able to assess on the basis of the best projects that are presented to Playford Capital. As I mentioned before, Playford committed \$2 million into 11 early-stage technology ventures this financial year. That met the target set by the commonwealth. In supporting those 11 companies, it leveraged a further \$36 million in co-investment attracted since 2001. It is a very good record, and those 11 companies are companies that Playford Capital feels very confident in supporting.

It is a high-risk area, the area in which Playford capital operates, and, as a consequence, it does have to be cautious but, at the same time, there are certainly no brakes on from the government's perspective. Each application that comes forward is assessed on its merits by the board for the purpose of determining funding. It is certainly not a directive or any influence coming from government that determines where those investments go. Playford Capital is well and truly aware of what funding allocations are available to it and will assess projects on the basis of the merits of the project, and not on the basis of extended funding for the sake of it.

Mr HAMILTON-SMITH: That is great. I will get a briefing from the commonwealth on its side of it. If you have a commonwealth government that wants to throw money at you, do not spend it. In all likelihood it might pack up its bat and ball and go home and not give you anymore. I make that point.

The Hon. K.A. MAYWALD: Just on that, I would like to make a comment in defence of Playford Capital. In actual fact, the Playford Centre is the only government owned entity that the commonwealth does support in this incubator role. The fact that it has committed to another four years indicates that it is confident that the Playford Centre is actually operating according to the guidelines. I can assure you that the commonwealth would not be reinvesting if we were not capable of making the assessments in a professional manner and meeting the targets of the commonwealth.

I think the Playford Centre should be recognised for the excellent work that it does, and we certainly hope that the 11 early-stage technology ventures that have been invested in this year will prove to be wise investments. There have been two reviews, and it has come top of the class in each review that has been undertaken by the commonwealth, so I think

Playford Centre should be congratulated and commended for its efforts. It is a good initiative; and it is an initiative that is well and truly supported by this government. As you said in your opening remarks, it is a baby of the former government, and it is a good idea. It is working particularly well, and we hope that the 11 early-stage technology ventures that have been invested in in this financial year will bear fruit.

Mr HAMILTON-SMITH: The opposition agrees with all that. We think that Playford is great. We recognise what a good job it is doing. But, you and I have both given birth to babies since we have been members of parliament, minister—well, you have.

The Hon. K.A. MAYWALD: I would have to question whether or not you have. You have something you are not telling us, Martin.

Mr HAMILTON-SMITH: So did the member for Taylor. One of the things about giving birth to babies is that you like to see them grow. I think that the point that I am making is that we would like to see Playford grow, and we would like to see that money invested. A lot of companies have come to me and said, 'Look, it is really hard to get money'. Going through the whole process with Playford is pretty demanding. Maybe it is necessarily so, and maybe there is no way around it. I take the point you are making that some of the applicants are a bit cavalier and have been put to the side. There will always be an army of people who have applied for funding and who are not suitable to get it.

It just seems that, somehow, when you look at the grants system for the Bio Innovation SA model, it is slightly different. There are a number of ways you can inject money into small business and the ICT to generate growth and activity. Maybe, if we have this money there, we need to rethink the model and find a way to get on the ground. It just seems a shame that we have money there that is available and it is not out there generating growth. Maybe we need to rethink the way we are doing things. I am happy to move on. I am not trying to be—

The Hon. K.A. MAYWALD: I would like to make some comments on that. Yes, it is important to have appropriate criteria in place. We meet the targets and work through with the commonwealth to actually achieve the funding. Of course, the reviews that have been undertaken by the commonwealth give it confidence to invest in this and another agreement over four years. In that regard, there is no issue as far as Playford Capital setting the bar too high. It sits in a different place in the market to Bio Innovation.

The RND area is somewhat different to the EBC capital with its proof of concept, so it is important to recognise the differences between the two organisations. If we did not have those differences in place, we would have one organisation. They are two very different bodies, and they have different objectives and different charters in the way in which they operate their business. Both do what they do very well in their own areas, and Playford Capital sits in the proof of concept area where it is hard to get venture capital funds.

The idea of Playford Capital is to help companies and nurture them through to the stage where they can be self-sufficient with venture capital funding. I believe that the investment is certainly wisely placed and that the board does a terrific job in assessing applications. There will always be those who are not be happy with a decision that goes against them.

Mr HAMILTON-SMITH: I refer to Budget Paper 4, Volume 3, page 10.13. Will the minister tell us how much

funding will be provided for Playford Capital's administration costs each year until June 2008?

The Hon. K.A. MAYWALD: The state government appropriation for the administration of Playford Centre in 2004-05 was \$1 435 000; in 2005-06, it was \$1 579 000; in 2006-07, it will be \$1 677 000; and, in 2007-08, it will be \$1 728 000.

Mr HAMILTON-SMITH: I again make the point that the opposition is a little uncomfortable with the amount being spent in administration compared with the amount put on the ground as investment. You struggle to look for a ratio that works. However, I am happy to move on from that issue.

The Hon. K.A. MAYWALD: I am happy to elaborate on that point, as I think it is important. We need to demonstrate Playford's frugal administrative costs in relation to what it leverages. For the year ending 2005, for every dollar contributed by the state government to administration costs, Playford invested \$1.48 of commonwealth funds and raised \$6.68 of co-investment. So, it is a significant contributor for the dollar in administrative costs in overall investment. Of course, that comes back to the point I raised earlier, namely, that the total amount of private and public co-investment raised by companies in which Playford Capital has invested is over \$36 million. It is a significant return for the administrative costs, and the government is quite comfortable with the associated costs and what the Playford Centre is able to leverage as a consequence.

Mr HAMILTON-SMITH: As it is getting such a good return on its investment, perhaps the government would like to put some more money in. I refer to Budget Paper 4, Volume 3, page 10.13. Given that the company Agrilink received a substantial investment from Playford in 2003-04, why is it not listed in Playford's annual report?

The Hon. K.A. MAYWALD: I will have to take that question on notice.

Mr HAMILTON-SMITH: I refer to the same budget reference. Was the large decrease of 46 per cent in Playford's sales growth by current investees a result of a significant decline in the company Agrilink?

The Hon. K.A. MAYWALD: What is the member referring to?

Mr HAMILTON-SMITH: There was a large decrease of approximately 46 per cent in the sales growth reported by companies in which Playford had invested. This information is drawn from the annual report. Was the sales growth decline, which was reported in those investee companies, significantly attributed to this one company, Agrilink?

The Hon. K.A. MAYWALD: We have had sales increases this year. I think that the member is referring to the year before, so I will have to take that question on notice.

Mr HAMILTON-SMITH: I will ask some more questions relating to Bio Innovation SA, because the opposition is very supportive of Playford Capital and Bio Innovation SA. Our job is to try to get as much smoke out of the engine as possible.

The Hon. K.A. MAYWALD: We hope that it is a well-oiled engine and does not have any smoke. We do not want any smoke. It might be an opposition objective, but it is certainly not ours.

Mr HAMILTON-SMITH: We want to make sure that the government has its foot on the accelerator at all times. I refer to Budget Paper 4, Volume 3, page 10.13, Bio Innovation SA. I raised this issue last year. I am curious as to why Bio Innovation SA is not an administered item in the budget papers. What is Bio Innovation SA's relationship with its

department? Does it report directly to the minister as an independent agency, or has it been swallowed up by the department and become an arm of the department, where it has to put everything in through DFEEST? To what extent is Bio Innovation SA free to manage its own finances, reporting directly to you, minister, or must the investment committee of the board report through the department to you?

The Hon. K.A. MAYWALD: Bio Innovation SA reports directly to me, as the Minister for Science and Information Economy. DFEEST acts only in the capacity of providing payroll. Bio Innovation SA reports directly to me, as the minister, via the board, so it is certainly not encumbered in any way by having to work through the department.

Mr HAMILTON-SMITH: If it is an independent administered item, should Bio Innovation SA, therefore, be listed in the budget papers as an administered item? Should it have its own page and section in the budget? I raised this last year with your predecessor, who indicated you were looking at listing it separately.

The Hon. K.A. MAYWALD: Trevor Beeching can answer that question for you. As I was not the minister at the last estimates period, and given that it was not included this year, I am sure there is a reason.

Mr BEECHING: The matter was considered at some length following last year's hearing.

Mr HAMILTON-SMITH: You listened to what I had to say last year.

Mr BEECHING: We did; yes. While the answer I am about to give may sound a little technical, nevertheless, it is the position. Bio Innovation SA was subsumed into DFEEST from the outset when DFEEST was established, in so far as the payments that go from the government to Bio Innovation SA for its operating budget. Therefore, it is not an administered item of the minister, which would be the requirement before there was a separate presentation. That decision has been reviewed and endorsed. As a result of that, the correct treatment in the papers is as it is now. It is a payment from the program, 'Science and innovation'. It is the statutory authority Bio Innovation SA, and it then has its own books of accounts, as do other statutory authorities. The treatment of this statutory authority Bio Innovation SA is consistent with a number of other statutory authorities, for example, Playford.

Mr HAMILTON-SMITH: What is Bio Innovation SA's level of funding? I notice you mentioned something about this in your opening remarks. Could you elaborate further? What is the base level of funding for 2004-05 and over the next four years? How is this base level of funding to be spent? In relation to the other components of funding that will be given to Bio Innovation SA over the next four years for projects and other purposes, could you spell out that breakdown, as well?

The Hon. K.A. MAYWALD: First, the baseline funding from 2003-04 was \$3.826 million; 2004-05, \$3.977 million; an increase in 2005-06, as I outlined in my opening remarks, \$4.489 million; 2006-07, \$4.630 million; 2007-08, \$4.719 million; and 2008-09, \$4.838 million.

Mr HAMILTON-SMITH: What funding on top of that will be managed by Bio Innovation SA?

The Hon. K.A. MAYWALD: Some is provided to the Australian Centre for Plant Functional Genomics of \$1 million in 2003-04; \$3 million, 2004-05; and \$1.5 million in both 2005-06 and 2006-07. The Thebarton Bioscience Precinct will receive a contribution of \$340 000 in 2004-05; \$250 000, 2005-06; and \$265 000, 2006-07. There is a bit of the

emergency services levy on the Thebarton Bioscience Precinct, which contributes a bit more than eight in 2004-05 and eight in 2005-06 and four in 2006-07. The bioscience business incubator will receive \$150 000 in 2005-06; \$1.140 million, 2006-07; \$1.080 million, 2007-08; \$1.107 million, 2008-09. The total capital and project funds for bioinnovation are \$1 million in 2003-04; \$3.348 million, 2004-05; \$1.908 million, 2005-06; \$2.909 million, 2006-07; \$1.084 million, 2007-08; and \$1.111 million in 2008-09.

Mr HAMILTON-SMITH: Going back to grants funding, you gave information earlier in relation to page 10.13 on bioinnovation grants. I happened to be reading the Auditor-General's Report, as I sometimes do before going to bed. I noticed that 38 organisations were paid \$2.6 million in 2003-04. Have you read into the *Hansard* today all the grants that will be paid out by Bio Innovation SA, or are there any other grant programs that we need to canvass? Have we covered the lot? In relation to those listed on page 10.13, is that the complete list of grants? Is any other grants program operating out there of which I am not aware but of which I would like to be aware?

The Hon. K.A. MAYWALD: It is just under \$1.7 million for the grants, and they are the awards that I read into the *Hansard*. I am wondering from where you get the other figure?

Mr HAMILTON-SMITH: In the Auditor-General's Report, actually.

The Hon. K.A. MAYWALD: Are you talking about 2003-04?

Mr HAMILTON-SMITH: Yes; 2003-04.

The Hon. K.A. MAYWALD: That is the previous year. That is not this year. What I have read to you is the 2004-05 grants, not the previous year. I will take the question on notice.

Mr HAMILTON-SMITH: You mentioned a figure of \$1.7 million, but the figure in financial year 2003-04 was \$2.6 million, which is a significantly larger sum.

The Hon. K.A. MAYWALD: On top of this comes the Australian Centre for Plant Functional Genomics, which is \$3 million 2004-05; so you can add \$3 million onto the \$1.7 million. In 2005-06 there is \$1.5 million and in 2006-07 another \$1.5 million for the Australian Centre for Plant Functional Genomics.

Mr HAMILTON-SMITH: Would you like to tell me what good ideas were put forward during the budget bilaterals for funding by Bio Innovation SA that, perhaps, were not funded? What sort of projects were requested for funding?

The Hon. K.A. MAYWALD: I am sure lots of projects are put forward from all departments which are the wish list of each department but which do not get up, but we are very pleased with the initiatives that did get up for Bio Innovation SA.

Mr HAMILTON-SMITH: How is Bio Innovation SA currently organised, and how is the money spent in regard to the business development team in Bio Innovation SA, IP funding and any other major activities? How many people do you have at the moment? How are they organised and what are the major things going on in Bio Innovation SA, apart from the grants program?

The Hon. K.A. MAYWALD: I will answer the questions in relation to staffing numbers and then ask Dr Michaelis to speak to you in more detail in relation to what they are employed doing. The total number of people employed is 14, and the 14 employees are employed doing various functions.

Mr HAMILTON-SMITH: I am sure they are a hard-working team.

The Hon. K.A. MAYWALD: They certainly are a very hard-working team. I will ask Dr Michaelis to elaborate.

Dr MICHAELIS: In addition to providing grants to the research sector and the companies, Bio Innovation SA is a service organisation that provides high-level biotechnology business advice to the local community. I have been very privileged to be able to hire an experienced senior management team into my organisation. Two of them are working in what we call business development assistance, providing business development assistance, providing assistance to those out there who want to grow their business or want to start a business.

For example, we have now appointed a person to particularly provide more assistance in the agricultural biotechnology area. The person is based at the Waite campus, Dr Martin Miller, and Martin is a former CEO of Novartis in Japan. He is a very senior international businessman and is now driving the agricultural business development. In the biomedical business development area, we have been able to engage Dr Stephen Thompson, and Stephen has been for many years a partner in Apex Partners in London, one of the world's leading venture capital funds, and he was responsible for significantly funding a big share of the European biotechnologies industry as venture capital. So the theme that we are trying to provide is that Bio Innovation SA employs internationally very experienced managers and provides that expertise to the local bioscience community, both the research community and industry, to provide the necessary advice to grow with the industry.

The Hon. K.A. MAYWALD: To give you some details on the outcomes of 2004-05, Bio Innovation SA facilitated the establishment of five companies, bringing the total number of companies created to 31. They provided high-level commercial and business development assistance to more than 75 research projects and/or start-up companies, supported the local bioscience research commercialisation industry through competitive grant projects, provided co-funding commercialisation managers at the University of Adelaide and the Queen Elizabeth Hospital Research Foundation, providing support and awarding grants to research organisations and companies of approximately \$1.3 million plus

\$400 000 for Adelaide Integrated Bioscience Laboratories (AIB Labs) infrastructure.

They conducted the second statewide industry survey confirming that the SA bioscience industry is growing. Revenues now exceed \$150 million per annum, a 30 per cent increase since 2002, and \$30 million in business R&D, and they have also supported the Waite Agricultural Biotechnology precinct with the full-time senior staff, as Dr Michaelis mentioned before. They have commenced the site-clearing remediation on the construction of essential infrastructure at the Thebarton Bioscience Precinct. They have actually held five networking functions for the bioscience community as well, attracting a total of 1 074 attendees. They have conducted commercialisation workshops for 100 local scientists, and they co-partnered the second Science Thinker in Residence, Baroness Professor Susan Greenfield, so they have been very busy.

Mr HAMILTON-SMITH: I think I will let everyone go home.

The Hon. K.A. MAYWALD: I think that is an excellent idea.

Mr HAMILTON-SMITH: The omnibus questions that I read into *Hansard* on small business this morning, seven of them, would you be kind enough to include those?

The Hon. K.A. MAYWALD: I will accommodate that with no problems.

Mr HAMILTON-SMITH: Could the opposition just again thank all the staff, and we love you all, for doing a great job. Thanks for all the effort you have put in, and this is an important part of the openness and accountability and it lets people know what is going on. Thanks, minister.

The Hon. K.A. MAYWALD: Thank you. I thank all members of the committee for their attendance today and also to the support staff, and thank you, Madam Chair. I would also like to compliment the management of DFEEST, the STI Directorate, Bio Innovation and Playford for the excellent support they give me in this portfolio.

The CHAIR: Thank you, minister. There being no further questions, I declare the examination completed.

ADJOURNMENT

At 6.29 p.m. the committee adjourned until Tuesday 21 June at 11 a.m.