

HOUSE OF ASSEMBLY
Wednesday 25 June 2008
ESTIMATES COMMITTEE B

Chair:

Mr T. Koutsantonis

Members:

Mr L.W. Bignell
Ms S.W. Key
Dr D. McFetridge
Mr D.G. Pisoni
Mr J.R. Rau
Mr I.H. Venning

The committee met at 09:00

DEPARTMENT FOR TRANSPORT, ENERGY AND INFRASTRUCTURE, \$552,881,000
ADMINISTERED ITEMS FOR THE DEPARTMENT FOR TRANSPORT, ENERGY AND
INFRASTRUCTURE, \$12,399,000
TRANSADELAIDE, \$2,009,000

Witness:

The Hon. Patrick Frederick Conlon, Minister for Transport, Minister for Infrastructure, Minister for Energy.

Departmental Advisers:

Mr R. Barry, Acting General Manager, TransAdelaide.

Mr J. Hallion, Chief Executive, Department for Transport, Energy and Infrastructure.

Ms H. Haselgrove, Acting Executive Director, Public Transport Division, Department for Transport, Energy and Infrastructure.

Mr R. Hook, Deputy Chief Executive, Department for Transport, Energy and Infrastructure.

Mr M. Palm, Acting Manager, Budget and Investment Strategy, Policy and Planning, Department for Transport, Energy and Infrastructure.

Mr S. Matters, Executive Manager Corporate Services, TransAdelaide.

Ms J. Tepohe, Acting Chief Finance Officer, Department for Transport, Energy and Infrastructure.

The CHAIR: Estimates are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an appropriate time for the consideration of proposed payments to facilitate the changeover of departmental advisers. I understand that the minister and the lead speaker for the opposition have agreed on a timetable for today's proceedings. Changes of committee membership will be notified as they occur, and 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 no later than Friday 18 July. I propose to allow both the minister and the lead speaker for the opposition to make an opening statement of about 10 minutes each if they choose. There will be a flexible approach to 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 and referenced. Members unable to complete their questions during the proceedings

may submit them as questions on notice for inclusion in the assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the chair for distribution to the committee.

The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not the minister's advisers. The minister may refer questions to advisers for a response. Advisers are not to reply to questions without the express notification of the minister. I also advise that, for the purposes of the committee, television coverage will be allowed from the northern and southern galleries. I now declare open the proposed payments for examination and refer members to the Budget Statement, in particular, pages 2.19 to 2.23, Appendix C, and the Portfolio Statement, Volume 2, part 6. I call on the lead speaker of the opposition to make a statement, if he chooses.

Dr McFETRIDGE: The budget this year has a huge emphasis on public transport. It will be interesting to see how this vision comes to fruition. Unfortunately, there are a lot of questions that need to be answered. It would have been nice to see the answers, or to see a clearer planning position laid out before us rather than just a vision, or, as was said on radio just recently, 'Some of it was done on a hunch'. I will go through each particular section very quickly.

The upgrading of the Noarlunga rail line and parts of the Belair line announced last year have not yet started, and resleepering the Noarlunga line will not start until early next year, I am told. The electrification of the Noarlunga line will not be completed until 2014, and, other than land acquisition in the Aldinga area, there is no mention of an extension to Seaford. Spending on electrification will not start on the Outer Harbor line, and then only to Port Adelaide, until 2011. Once again, the Gawler line comes last, with resleepering and rail track upgrades, which will not be finished until mid 2014, and there is an eight year wait for electrification in 2016.

There is no mention of the complete resleepering of the Belair line or electrification. There is no mention of getting freight off the metropolitan lines at this stage, only \$3 million from federal government money for a study, and we all look forward to the results of that.

The relocation of the Adelaide railyards is an integral part of the government's plan for the relocation of the hospital. That is still there; the \$157 million has been carried over. We now find that it will not be finished until 2011, 12 months later than anticipated. We will be interested to see the results of the soil testing and remediation plans.

We are keeping 58 of the old 3000 class trains, which will be converted to electric trains. These are being refurbished and, in some cases, seats are being moved. However, as one TransAdelaide employee told a constituent of mine, 'You buy a ticket, not a seat.' That is something TransAdelaide will have to take on board—no pun intended.

Although there are plans to buy 50 new electric trains, I cannot find any money to identify the particular types of trains, and there is no timeline there. It will be interesting to see what trains are being considered and when they will be ordered. Obviously, as with sleepers, you cannot order them off the shelf. The government was warned to expect a 30 per cent increase in passengers using the trams we now have. With increasing petrol prices there is an increasing demand for public transport all over Australia. Just last week we were told of demand for buses because of the public's increasing desire to not use cars.

The current old diesel trains are at or very nearly at their capacity and the end of their useful life. Waiting for another six years is not good news for users of already overcrowded trains. It will be interesting to see whether the 15 new tram/trains will be high floor or low floor and how they will fit in with the scheduling. Are they going to run all the way through to Glenelg? There will need to be a lot of changes made to the tramline there. If we combine the tramline with the heavy rail to Outer Harbor does that mean we are going to have trains, trams and buses going to Outer Harbor and the Port Adelaide area? The scheduling and timetabling will need to be explained, and we will be asking questions about that today.

The \$14 million for new Flexity trams is not funded until 2009-10 and then it is only \$7 million. It will be interesting to see when they can be delivered. The Flexity trams at this stage are not coping. Are they going to be used in the city loops later on, once the wide-bodied tram/trains arrive? The government has said that, in the short term, it is going to be buying or leasing 15 to 20 year old second-hand trams. We do not know where they are coming from. Why are these trams still not in service with the people who own them? Will they be DDA compliant? Will the spare parts be available? Will we need to train staff in the use of yet another set of rolling stock?

It will be interesting to see how the new ticketing system is going to work. There was \$400,000 last year and \$29 million this year. The Queensland government has spent \$134 million on its system; the New South Wales government has spent \$95 million and scrapped the rest of the system which was going to be \$370 million; and the Victorian government claimed \$500 million on its ticketing system, but the Auditor-General's report in February pointed to a \$1 billion cost for the new ticketing system. If the government follows form and copies a new ticketing system from interstate, let us hope it does not end up with a car registration system from Western Australia like TRUMPS. Yesterday, a delay with over 100,000 new car rego stickers was reported in the media.

Bus industry executives have told me we need 50 extra buses today. Reading media reports just recently about the extra demand, it may be that even more buses are needed. The government is leasing 20 buses, we are told, and will lease 20 more in the next three years, so that will be an extra 80 buses. Are these buses going to be diesel buses? Are they going to be CNG buses? It will be interesting to see where the greenhouse credits are coming from. There is no mention of any new buses for the O-Bahn.

The Treasurer says the government is investing in roads, with \$378 million for Auslink roads; \$253 million from the federal government. This \$253 million is an assumed amount, as the commonwealth has not provided an allocation to the states, and detailed funding submissions have not been made by the state government. The \$51 million for road/rail safety and shoulder sealing—

The Hon. P.F. CONLON: Could the opposition spokesperson either slow down or speak more clearly? I cannot follow what he is saying, and I would like to be able to respond. In particular, I would like to know what he just said about federal funding not being allocated.

Dr McFETRIDGE: I am happy to repeat it. There is \$378 million for Auslink roads and there is \$253 million from the federal government. The \$253 million is an assumed amount, as the commonwealth has not provided an allocation to the states, and detailed funding submissions have not been made by the state government, according to budget papers.

The \$51.4 million for road/rail safety and shoulder sealing is just ongoing expenditure. The \$12 million for the Victor Harbor/South Road intersection is partly funded by \$3.5 million from the federal government, and \$900,000 is being spent this year. The upgrade will not be finished for three years. The \$7 million promised by the federal government for work on the Victor Harbor road has been cut to \$500,000 for planning only. The \$12 million for the Morphett Road/Diagonal Road upgrade does not get spent until 2010-11, with the majority for 2012, four years away.

The Northern Expressway project, which started out as a \$300 million project, was \$550 million in last year's budget and has blown out again to \$579 million in this year's budget. Additional land acquisition will cost another \$15 million and will not be completed for two years. In the recent federal budget only \$60 million of the promised \$450 million was allocated. In the recent federal budget the \$500 million promised by the federal government for the north-south corridor seems to have vanished with only \$12.6 million for planning in this year's federal budget.

The Port Adelaide road and rail bridges project was, according to last year's budget, to be completed in late 2007. There is \$11 million in this year's budget for this overdue project, which is supposed to be opening in August. There is a road maintenance backlog of \$200 million, and there is only \$23 million in the budget for road resurfacing and rehabilitation. The shoulder sealing program is continuing. There is \$474,000 for Outback roads and, even then, that is federal funding.

The Black Spot program funded by the federal government has nearly doubled to \$4.1 million but the state Black Spot program stays at about \$4.8 million. The National Heavy Vehicle Driver Fatigue laws were passed by parliament this year, but there is no further funding for extra truck parking bays. There is over \$400,000 to police speed limits. We strongly support the continuing funding for rural road safety and rural freight networks but would support significant increases to the budgeted \$31 million over four years.

If you live in the eastern suburbs, the north-east or the north you have to wait for the next bus or the next train at least for another year. It is very disappointing that the emphasis is on the western suburbs upgrades, whereas the demand is from all over the metropolitan area, particularly down south and up north. That is not to say that the western suburbs are not important—they are very important—but there is a need to reprioritise what is happening in the planning process. Unfortunately, the challenge of having to fix it has not come to fruition. Rather than being a vision it is more like a mirage.

The CHAIR: I now call on members for questions.

Dr McFETRIDGE: Is it the omnibus questions first or last? I am happy to read them in.

The CHAIR: This is the opposition's day. If you want to read them first—

Dr McFETRIDGE: I will read them in, and they will be quick.

The CHAIR: I advise the member that, if he asks omnibus questions, the minister may begin to answer them. It is up to the member.

Dr McFETRIDGE: I will take your advice on that, Mr Chair. It will not take long to read them in later, so I will do that. I refer to Budget Paper 4, Volume 2, page 6.76, Investing Payments, employee benefits and costs. Now that TransAdelaide is responsible only for the operation of train and tram services, what are the estimated savings in wages and staffing numbers and what has been the TransAdelaide staff and salaries growth over the last two years?

The Hon. P.F. CONLON: Before I deal with the question, I will answer some of the points made by the opposition's spokesperson in his opening statement because some of them deserve an answer and some of them, as usual, are utterly and completely wrong. The opening statement was that we are undertaking all of this program on a hunch because we could not tell the opposition spokesperson which lane a particular tramline might use at some point in the future.

Just to help the spokesperson understand the process that is used, when we fund these projects we go out to the private sector, in most cases, to look for innovative ideas to deliver our program, and we use an early contracting model—I do not design it in my office and then go out and get a contractor to build what it is I have thought of. That was the approach used on the Bakewell underpass and the approach used on the South Road/Anzac Highway underpass. I point out that using that approach has resulted in both those projects winning awards. Most recently, in the case of the Bakewell underpass, an award was presented by the Leader of the Opposition, I think, just to show the bipartisanship in that regard. I am sure that the Leader of the Opposition himself would be more than happy to have been involved in a process leading to the South Australia government winning an award. The Anzac Highway project, while it has not won a similar award (it has not yet been completed), also won an award last year for the design.

So, it is important to understand that that is why we use that early contractor involvement, that is, to get the best possible outcome, and the proof of the pudding is in the eating. I think the underpass will come in, despite an argument with Leader of the Opposition, at less than the \$120 million we put in the budget. So, it is a good process, and we will continue to do that because that is a sensible thing to do, and we hope to keep building these things and winning awards for them.

The opposition spokesperson suggested that all we have done, in terms of an extension south, is to commit some money for land. Well, that 'some money for land' is around \$34 million, and that is very clear evidence of the seriousness of this government in delivering further rail extensions in the future. I need to make some response to the points that have been made. First, our investigation of the extension to Seaford, which is exactly the same thing as the Liberals promised in their election campaign in 2006, showed that, while the cost benefit analysis does not measure up now, there was no doubt that it would, at some point, measure up in the future and that it was a belief that resleepering itself would assist in making that measure up. Well, of course, this commitment to electrification makes that an inevitability. So, the commitment of \$34 million and a commitment to electrification of the resleepered line means that the people in the south will in the future get that extension—as I have said before, it is now an inevitability—but I cannot just let \$34 million be passed off as 'some money for land'.

Mr Bignell interjecting:

The Hon. P.F. CONLON: Well, I wouldn't mind 'some money for land' myself, if that were the case. The opposition spokesperson said that there will be electrification only to Port Adelaide, which was puzzling. He also said it in his budget reply speech, along with the fact that we would be running narrow-bodied trams in the city but wide-bodied trams down to Port Adelaide, which I thought was a rather peculiar thing. What I visualise is the amazing 'puffer fish' tram, as it goes down to the Marjorie Jackson-Nelson hospital, swelling from a narrow tram into a wide tram because, you see, the line is connected. It is kind of confused thinking to think that we are going to do some sort of 'Mr Gadget' conversion to the tram as it goes past the hospital. I do not know where the opposition spokesperson got the notion that we will electrify only to Port Adelaide. It is also rather puzzling: I guess the tram would then have to convert back into a diesel tram once it is required to go the rest of the way to Outer Harbor. These are silly notions and, if the opposition spokesperson spent a little time informing himself, that would assist him.

He has also said that we will not be moving out of the rail yards at North Terrace before 2011, which is something he has said before. It is our firm intention to be out of there by 2010; all things being equal, we believe we should achieve that. I do not know why he wants to keep repeating this, but that is what he keeps repeating.

The opposition spokesperson has repeatedly thrown up the suggestion that people do not buy a seat, they buy a ticket. I want to understand something clearly today. Is it the policy of the opposition, when it goes to the next election, that everyone who buys a ticket on public transport is guaranteed a seat? I wonder whether I could get some indication as to the opposition's policy, because that seems to be what is being suggested; that is, everyone who buys a ticket, under the opposition's policy, will be guaranteed a seat. I look forward with great interest to finding out how the spokesperson is going to do that. I notice that he has lowered his head and is studiously avoiding the point he raised. Is it your policy that everyone who buys a ticket will be guaranteed a seat?

Mr PISONI: I have a point of order, sir.

The Hon. P.F. CONLON: Well, you do not avoid it: you raised it.

Mr PISONI: The opposition asked a question—

The CHAIR: What is the standing order?

The Hon. P.F. CONLON: I just raise it, Mr Chairman. If you want to keep making cheap points then you have to stand by the things you say. That is not something that the opposition has a good track record of, but I look forward to the opposition explaining to this parliament how it will have a system where everyone who buys a ticket on public transport is guaranteed a seat. I look forward to seeing how it does that, because I do not think anyone in Australia does that. No one in Australia does it. We are going to have a first: the opposition is going to guarantee everyone a seat when they buy a ticket. I look forward to seeing how it pays for that.

It is true that we will be leasing older trams to fill in capacity. I think that is something that has been done in many places before. If the opposition is opposed to that then we will note the opposition, but we will be filling in some extra capacity, because of the great success of the tram extension that was, on and off, supported by the opposition spokesperson here today. Of course, his leader did not support it, but he did, and then he did not, and then he did not turn up for the vote on it—we remember that very well—when his leader opposed the extension.

The opposition spokesperson has had more than a few positions on the tram extension, as has the member for Schubert, who is with us today and who I know supported the extension in a resolution to the house. However, he did manage to turn up and vote against it later. As I think Oliver Wendell Holmes said, 'Foolish consistency is the hobgoblin of small minds'.

The opposition has accused us of a further blowout (their words) on the Northern Expressway, on land acquisition. I can tell the opposition that we will have more land than we need when it is completed; that is, we will need more land while building than we will need when it is completed, and that land will then be sold off. So, the net total will remain as we have said, and that is not an unusual step in transport projects. When you are talking about 23 kilometres of new road you have to use a lot of space simply to do that.

It was said that there is no funding, despite fatigue management laws, for road stops. That is just wrong. There is \$10 million over four years for new fatigue stops. It would be helpful if we could have some degree of honesty about this. That \$10 million is there, it is committed, and it is not a case of no money. It may not seem a lot of money to the opposition spokesperson on transport, but we think it is a significant investment.

It was also said that everyone will be waiting for new buses for over a year. I guess that is technically right, but the truth is that there is new money for new services, and the first of those new services should be available towards the end of July this year. That is because we are leasing new buses. The opposition spokesperson says we need 50 new buses. We are committing to get 80; not all this year, but we are committing to get 80. I think it is much better to get 80 over four years than just 50.

We can provide the opposition with the details of some of the rest stops. It is important to answer what has been put, and I will do some more of this later. It is hard to believe the either inaccuracy or, frankly, dishonesty of some of the opposition's statements on transport, and I will be dealing with more of those later. In terms of the question that was just answered, I will say at the outset that the movement of infrastructure out of TransAdelaide into the department was not done

with the purpose of saving money and employees; that was not the objective. It would have been a pretty shallow exercise.

What we have done, in anticipation, I must say, of the biggest spend in public transport the state has ever seen, is made sure that when we roll out this massive investment in public transport, much of it around the rail system, the focus of TransAdelaide is on the delivery of those services. There is a new chief executive coming in. I must place on the record that I think Randall Barry has done a terrific job while he stood in the job. It has been a very hard job, with much ill-informed criticism to bear.

There will also be a new operations manager, and there will actually be more employees. If you look at the budget you will find that there is an increase in funding for TransAdelaide, including for employees. Because we will be building something like a couple of billion dollars worth of infrastructure over a decade, what we want to do is to make sure that the focus of the people building and handling the infrastructure is on that, and that the focus of the people who are delivering services out of this infrastructure is on service delivery to the customer.

We do not apologise for that model: we are quite proud of it. It is a model that makes sure that the former Liberal government's objective of privatising TransAdelaide will never happen. That is the only reason that we had that model. We know that from the debates in this parliament. We know that when TransAdelaide was formed the then opposition (us) sought to have provisions in there about the privatisation of TransAdelaide that were resisted by the then government, because its clear agenda was to roll this thing into a big parcel and sell it off.

What our changes mean is that the infrastructure comes back to the department, and to the taxpayer, to own and to manage, and that TransAdelaide will get on with being a service provider around a lot of money. So, there are no savings in employees; that was never the objective. In fact, I am quite happy to tell you that there is more money being spent on TransAdelaide, including for employees, because we are about to enter into the best period for public transport in this state's history. It will take some time and there will be some difficulties. Some things may be in different columns, but none of this is about cutting it.

Perhaps the opposition will now realise that what we have been working towards in public transport is a well planned program of massive investment, and we have been preparing ourselves for it in advance by making sure that governance structures are suited to the program we are rolling out. So, I am afraid we are not saving any money on employees, but that was never our ambition.

The CHAIR: Just to clear up a point of order moved by the member for Unley, all members of the committee are allowed to ask questions, not just the opposition.

Mr Pisoni interjecting:

The CHAIR: I understand, member for Unley. However, you said the opposition asks the questions; well, government members are entitled to ask questions as well.

Dr McFETRIDGE: Is it planned that TransAdelaide will maintain all the new infrastructure into the future? What will be the cost implications there?

The Hon. P.F. CONLON: The short answer is yes, but you have to understand that we have maintenance contracts with the private sector—Bombardier, in particular—and I would imagine, as decisions are made about the purchase of rolling stock, that there may be other contracts let for maintenance, and there may be roll-over of contracts with the private sector. However, the responsibility for letting those contracts will be with TransAdelaide.

Dr McFETRIDGE: I refer to Budget Paper 2, Volume 2, page 677: Performance Commentary. What are TransAdelaide's 'must meet' targets for the next 12 months?

The Hon. P.F. CONLON: You are talking about key performance indicators? I have some 'must meet' targets: I would like them to keep me out of the papers for a while, but I do not know whether I will write that into the budget. However, there is absolutely no doubt that the path we are setting out down is to make service standard improvements, and it should be recognised that amongst all the other money there is extra recurrent money for TransAdelaide to improve standards. Randall, would you like to run through your KPIs one last time before you flee the jurisdiction?

Mr BARRY: There are 12 major contractual KPIs established by the department with contractors, and we will endeavour to achieve the majority of those. The principal one—with which we have had some difficulty, and which is a feature of open rail networks—is that of fare compliance where people can openly come on and off the network. The passenger transport

division does regular monitoring of fare compliance levels and, relative to other states, it is considered that our fare compliance is quite good. In addition, TransAdelaide undertakes a number of revenue protection activities. I have seen at least two over the past week, where we have had station closures at the Adelaide Railway Station when all travellers needed to present their ticket and any valid concession entitlement. That has similarly taken place at other stations in the network, often in conjunction with transit police, who undertake station closures and make sure that all passengers are carrying valid travel tickets.

There are a couple of other specifics. Budget Paper 4, Volume 2, page 6.75 outlines the key targets for 2008-09, with patronage growth on trains and trams, the continuation of the 3000 class refurbishment (which has commenced), and further reduction of lost time injuries, in which we had success over the last few years. When we prepared this we were looking at the budget for last year, and the primary forecast at that stage was the resleepering of the Belair line. We will also continue to assist with that and the rest of the major works that will be undertaken.

Clearly, when major works are undertaken it is important that they are undertaken safely, and we will assist the department with technical rail safety and other inputs as well as implementation of the governance changes and continuing to ensure that the respective roles in our new role as an operator are achieved.

Mr BIGNELL: I refer to the 2008-09 Capital Investment Statement on pages 25 and 26 of Budget Paper 5, which contains some excellent news for commuters in and around Adelaide in this \$2 billion transport revolution. Looking at those pages, has the minister heard of any alternatives to, or criticisms of, the government's public transport announcements?

The Hon. P.F. CONLON: I thank the member for Mawson for his question. I have been quite astounded by some of the responses to the announcements in the budget. Of course, it was met with great praise by people such as the Property Council of Australia, which described what we are doing, along with planning changes, as the greatest economic reform in decades (I think that was one of the things said). It is important that we get through to people—ordinary people as well as opinion leaders—so that they can understand what is in it for them. However, there have also been some very misguided statements and criticisms of what we are seeking to do, and I guess I should start with the criticisms and what I believe are the misguided statements.

I have the opposition spokesperson's budget speech in reply. I suppose I should first thank the member for Morphett, because he said in his budget speech that he had been getting snippets of the plan for months. I think he said that this transport initiative has been out there for a little while, and he talked about knowing what was coming, so I want to thank him for not spoiling our day and for not telling anyone about it. It was very good of him not to take political advantage of that and lay it out there, and to let us deliver it. I think that shows a good heart, and we are grateful.

The other explanation, of course, is that maybe he really did not know what was in it, and that would explain why the Leader of the Opposition was flopping about like a fish on a bank on budget day, with his mouth gasping, opening and closing, with not a lot of sense coming out. Perhaps if the opposition spokesperson next time knows what is in the budget, he should tell his leader so he does not look quite so desperate on budget day.

The speech by the shadow spokesperson contains great peculiarities. Apparently our budget was not new because the Whitlam federal Labor government policy played a role and provided money for electrification. He said he had seen the docket but cannot remember the number, but thinks it was 1983. Maybe John Rau would like to point out when the federal Whitlam government was in power—I think it was 1972 to 1975—so I think we can dismiss the notion that Gough Whitlam was funding electrification in 1983. He said that the resleepering of the Noarlunga and Belair lines would not start until April next year. That is not correct, as we should be able to start it later this year.

I mentioned earlier that apparently we will not get out of the railyards until 2011. That is not right: it is 2010. The government's answer to increased demand: he said we will lease four more Flexity classics. We will not: we will purchase those. We are leasing some vehicles in between to add capacity in the run-up to the purchase. We will run more bus services later in July. They will be older buses, but we will run the extra services to people, so they will be run out. We will be getting 80 buses and not 50. The other criticism is that money being spent on roads currently is federal money. The north-south corridor, the South Road, is entirely state government money. We were the first people to put it on the agenda anywhere, and that project is nearing completion later next year. It has been a good project; it won a design award, and we now have a funding partner as a result of that.

The opposition has said that it will support the electrification of the rail as laid out in our budget plan, but that it will end any tram extensions. We found this a little peculiar, because just before the budget the spokesperson here today said the opposition would support a Port light rail plan subject to finer details. I think the finer details he was talking about was finding out what his boss thought, because I do not know what is lacking in the finer detail about the extension to Port Adelaide.

The extension to West Lakes has been opposed by the opposition, even though it was an election policy of John Olsen, back in the glorious years of 1997, I think it was, which again we find quite disconcerting.

The purpose of the tram extensions, along with the electrification, is not simply about getting people to and from work but about adding tremendous value to development potential within the urban area. The opposition criticises what we are doing for the south—calling '\$34 million 'some money set aside for land and they are not getting anything'', but I point out they are getting first cab off the rank in electrification. It is precisely these tram extensions that give an opportunity for people to do high quality urban infill development to take the pressure off sprawl south, the very thing these people have been complaining about.

Certainly the former Liberal member, now mayor of Noarlunga, complains about what we do in the south—unsurprisingly, I must say. One of her major complaints is the unrestrained urban sprawl south. The fact that we can put a tramline to Football Park gives us a tremendous opportunity for a really high quality big residential development. From memory, Footy Park holds about 60 acres of land. It is a big lump of land within an urban setting that you can use for a high quality development. Why on earth would anyone want to stop that?

Before it was announced, the extension to Port Adelaide was supported by the opposition spokesperson but is now opposed by the opposition. The shadow spokesperson supported a tram extension to North Terrace until we actually committed to it. He supported a tram extension to Port Adelaide until we actually committed to it. The finer detail he is looking at is who is doing it. If it is us doing it, he is opposed to it. It is shallow politics. That tram extension to Port Adelaide goes to the highest value land release the state has ever seen. It adds value to what is already the most valuable land release; it will revitalise the Port centre. They are all very good things, and I cannot imagine why any future government would not want to do them.

I have a message for the opposition on opposing these things: we have already had a series of talks with the commonwealth government, which has \$20 billion sitting in an infrastructure plan, and it thinks our plan is a very good one. Our plan in total, with its tram extensions, is a very good one and makes us confident that we can seek money from the federal government to support it, and that is what you want, is it not? The real problem with the opposition is that we are doing it—there is nothing else to it.

If we look at the opposition's comments on it, apart from some frankly quite misleading ones, the initial comments of the Leader of the Opposition were, 'They should thank me, it is my budget, they are all my ideas. However, what we see within a week, when he realises that you cannot make ground the way he wants to make ground by supporting a government project and what we now have, is the opposition saying they are bad ideas and it will cancel some of them.'

This is a position taken purely because the opposition cannot bring itself to support a program that has been identified by every opinion leader as a very good one. This is not about South Australia; this is about shallow opposition politics. When we were in government we managed to support projects if we thought they were good for the state. We managed to be a strong supporter of the Alice to Darwin rail extension, because the previous government placed a lot of hope in it, and we said, 'Well, if it is good for the state we will support it.'

This program has been overwhelmingly endorsed by every serious commentator around the place. Neil Smith from Torrens Transit (which runs some of our buses and also runs buses in Western Australia) said on budget day, 'If we do this our transport system will be better than that of Western Australia.' Western Australia has been seen to be the gold standard around the place, and this is the guy who does business in both places. So, I plead with members of the opposition to think of the state. If they have to be oppositional, be oppositional on things, but do not oppose something that is good for the state.

I can understand their arguing with me, but they cannot argue with the Property Council and all those leading opinion makers. Certainly, I would have thought they would back something that is likely to see the state gain support from the federal government out of a \$20 billion fund. I could at some length go through the endorsements we have had for this. I cannot think of a serious

criticism of it except from the opposition, cast my mind as I may. So, I would say, 'Come on, let's get with the program and let's just build the state'.

Mr RAU: I refer to the 2008-09 Capital Investment Statement, Budget Paper 5, page 26. Can the government please provide an update on the rail electrification initiatives announced in the 2008-09 budget?

The Hon. P.F. CONLON: I will be brief, because I have gone over some of it. I have been one to sometimes argue with *The Advertiser* and say that it does not always get things right. I thought that, with respect to today's tram story, it might have read the report a bit better and got it a bit better. But sometimes it does get it right on the money, because what was said by—

Mr Rau interjecting:

The Hon. P.F. CONLON: Hang on—Renato, he will get a Pulitzer Prize one day. Stop it now; don't pick on the *Sunday Mail*. I have to live with these guys. The editorial that appeared in *The Advertiser* of 6 June this year said that this is the most positive and constructive state budget in a quarter of a century, and it is a budget that spurs the rebuilding of South Australia. It just shows you that sometimes we all rise above ourselves. That is, I think, a completely accurate endorsement of what we are seeking to do.

I will not spend long on this because I have covered the ground. The rail revitalisation allows us to preserve what I believe is the best quality of living in Australia, while sustaining long periods of economic and population growth, and that is what it is all about. The state, through the resources sector and the defence contracts, has the brightest economic future it has ever seen. We want to underpin that by having all the people we need, and we have turned around immigration figures so that we are now growing instead of shrinking, as we did for so long. We have had improvements.

However, we have to give people a high quality of life in an affordable fashion, and the modern way to do that is around very high quality public transport corridors. The electrification of rail will drive that in an enormous way, and I have said before that I might even invite the opposition (although perhaps we should not sit together on the plane on the way over) to come and see Subiaco Square in Perth, which is a very good illustration of high quality transport-oriented development.

It is about that but it is also, of course, about higher frequency of service, fast services for people, quiet services for people who travel by train, more buses, integrating the buses with the trains and removing the cost of urban congestion, which is a huge cost on our economy. We have spent more money than has any previous government on the freight routes. We are building the Northern Expressway and we are doing the work on South Road. We have deepened our harbour to 14.2 metres. We have done all of this work, but you cannot just cure urban congestion and move freight by road: it is also about getting some people off the roads and onto high quality public transport.

So, what we have said about our electrification program is that it ticks every box. It is not simply about getting people to work: it is about how we live in this city. I believe it is the greatest place on earth in which to live, and we need to preserve that high quality of life. It is about the cost and getting urban congestion off our roads. Because it does all of these things, that is why we are very confident in our approach to the federal government on its Infrastructure Australia plan because, if ever a plan suited its far-seeing vision, it is this one.

I point out that the quality of the work that is now done out of our department is such that it has been recognised by the federal government, in that Jim Hallion (Chief Executive of the Department for Transport, Energy and Infrastructure) is the only transport public servant in Australia on the Infrastructure Australia board. That is a big feather in Jim's cap. I am happy to say that he could not possibly have done it without me, but it is a real credit to the work that is now being turned out through Jim and his team at the department (all those people with us today), because you cannot do this on your own. We are very proud of the quality of work now.

We will hear today about cost blow-outs and things like that. In the past couple of years I think we have put the right people in the right place: we have the government structures right; we have the infrastructure out; we have TransAdelaide service coordinated; we have new money for more public transport; and we have the right people doing it. Rod Hook is one of the 50 most powerful men in South Australia, and I was pretty happy to have him at my right hand, too. We reckon we have this going in the right direction. There are lots of challenges in front of us, but it is a very worthwhile thing to do. Thank you for the question: it was entirely unexpected.

The Hon. S.W. KEY: Minister, I think that you have covered some of my question in your response to the shadow minister. I refer to our favourite page, namely, page 26 of the Capital Investment Statement, Budget Paper 5. Will you outline in more detail the proposed extension of the tramline to the Entertainment Centre?

The Hon. P.F. CONLON: Yes; I will, because I note that this is another extension that has been opposed by the opposition, and I find that really quite surprising. I think that most people here know Adelaide. This extension will take the tramline past the marvellous new hospital, down Port Road, past what is now the Coca-Cola bottlers and one of those places that sells cheap auto-parts, and to the Entertainment Centre. Of course, on one side is the Entertainment Centre, which is up for a \$50 million upgrade and, if you listen to the opposition, apparently that is either too much or too little, depending on what day it is. My children love to see the Wiggles at the Entertainment Centre, so it is a very good investment. The centre has an 800-space car park that is used during the day only five days a year.

On the opposite road is the former Clipsal site, which borders the parklands. That site is on the market as we speak. Charles Sturt council has indicated an intention to see it redeveloped not as an industrial site but, quite rightly, given its location, as a residential area. Our Outer Harbor line cuts through it, and some very fast electric trains will run on that line. What we are doing with the tram extension is taking it to what is likely to be one of the absolutely no-brainer most attractive residential developments this state has seen.

Who does not want to live bordering the parklands? How much does it cost at present to get a house that borders the parklands, where you can walk across the street and onto the parklands? If you cannot see the value in that, I think there is something fundamentally wrong with you. If you cannot see the value in taking an 800-space car park that is used only five days a year and turning it into a big park-and-ride to get cars out of the city, you are probably not thinking about it.

Just think about the value of the corridor along Port Road, where the Coca-Cola bottlers and the other things are now. I do not think that, in a few years, when all this is done, you will see guys running spare parts yards or car yards there, because they will be doing it somewhere else, having sold the land for great value, which increased because of this.

Again, this is the first step. We hope to have this done by 2010. We now have an urgent need to get it done as quickly as possible because the opposition wants to stop it, and I think that is a very bad idea. We want to make sure that it is done by 2010. I do not want to labour this point too much, but we are very excited about it, that is, the Clipsal land, behind which is the old gas company land, and getting the planning right.

What used to happen in the past is that people had very little regard for what they did with land. It is very heavily contaminated and, at the moment, has no use, because you simply cannot get the value out of it to pay for rehabilitation. However, if we can add value to that whole region with the Clipsal land, perhaps we can get it redeveloped in a valuable way and get rid of a load of old gasworks land that is just sitting there, locked up and lost to all South Australians. We think that the Entertainment Centre extension has a whole list of benefits and, despite what the opposition says, we will do it as soon as we can.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 2, page 6.78, Program 1: Operate and Maintain Metropolitan Passenger Transport Services, and Expenses. Are the Bombardier trams being maintained and serviced as recommended by Bombardier? What further modifications are needed to the air conditioning system, and what is the cost of that upgrade?

The Hon. P.F. CONLON: Is Bombardier maintaining them to its specifications? They are being maintained to Bombardier's specifications. In terms of the air conditioning (and I will go through this again), changes are being made to the air conditioning in drivers' cabs and saloons, not as a result of their failing to meet spec but in order to increase comfort.

Very few vehicles' houses are designed for a 15-day heatwave such as we saw in March this year. No-one has ever experienced a heatwave like that before. I bet that if you went around the state you would find plenty of people whose ordinary way of dealing with a heatwave was not sufficient in those circumstances. We figure that, in our climate, we can improve the air conditioning for drivers and passengers—but not because we have to; it is a decision we have taken to improve the comfort for drivers and passengers, and I think it is a good decision.

In fact, there are a few other things we would like to see that are not necessarily part of any arrangement. One of the things I have spoken to the new chief executive and the acting chief

executive about is the fact that we would like to get a return to some sort of better washing mechanism for the trams so that they are a bit cleaner. That is not something we have to do, but it is something that we believe makes a better impression, and we are talking about it.

We now have an organisation that has a service focus: it is the about the customer. There is no doubt that we will have a lot of problems in the next few years as we build capacity. There is nothing wrong with doing something that makes people more comfortable, even if you do not have to do it. We are going to clean all those bloody windows, too.

Dr McFETRIDGE: Will TransAdelaide staff be multiskilled in the operation of different types of trams—the H-Class, the Flexities, the second-hand ones that we are trying to get—and tram trains? What discussions have been had with the unions over the proposed operation of trains and tram trains on the same networks?

The Hon. P.F. CONLON: Plainly, we do not think it is a good idea to drive a tram train as a tram and then stop and change driver when it is on a rail network. We must have those discussions at some time before that happens. The secretary of the union is extremely excited about the funding investment proposals that we have rolled out, and we expect to be able to do that. I think the people at TransAdelaide are good people. They want a better job, they want a more interesting and exciting job, and they would like to be paid more, but everyone likes to be paid more. I am quite certain that we will have fruitful discussions with them about the operation of new stock. I expect them to be as they have been in the past—entirely reasonable. There have been informal discussions already, I am told.

Dr McFETRIDGE: I refer to Budget Paper 5, page 27: Disability and Discrimination Act compliance. What percentage of available public transport and infrastructure does not comply with the Disability Discrimination Act, and how much more infrastructure is yet to be improved in order to comply? Will the second-hand trams, which Mr Hook talked about on 891 last Friday, for the Glenelg line be Disability Discrimination Act compliant?

The Hon. P.F. CONLON: I can guarantee the opposition spokesperson that second-hand trams will be more DDA compliant than the H class that we run at present. If you had had your way, and we refused to buy the trams we bought, they would still be running. The final compliance date is 31 December 2032, so we have a little breathing space. As we replace buses, they will all become DDA compliant. As a rolling replacement we would hope that the trams at least will be very close to that spec.

We are going out next week to the whole world to see what is available. We have some notions of what is available. At the end of the day, what we put on the line is something that relieves the short-term pressure, and that is what it is about, and that is what we should do. It is far more welcoming for somebody who suffers a disability than the H-class trams, which, as I said, would still be running if you had your way about not purchasing the Flexity trams.

While I cannot give an ironclad guarantee that they will be 100 per cent DDA compliant, because different jurisdictions will have different standards in any event, I am absolutely confident that they will offer a better service than the H-class trams that are currently running. DDA compliance is an expensive business. There will be \$21.6 million spent on DDA compliant buses in the 2008-09 financial year—that is a big investment. All railcars, of course, are accessible. Currently, 66 per cent of the metro ticket bus fleet is accessible, and every time a bus turns over, that percentage gets better; and, of course, the new Flexity trams will be.

We are quite confident of getting DDA compliant trams. Some platforms around the country are not DDA compliant. It is a very expensive business fixing them all up, but we have a long lead time to meet the final compliance date. I do not think you can question the investment that we are making to do it.

Mr BIGNELL: I refer to Budget Paper 4, Volume 2, page 6.23. Can the minister outline the works that are being undertaken on the Marion-Oaklands transport interchange?

The Hon. P.F. CONLON: You will know that I was down there in a quiet ceremony opening the interchange recently.

Dr McFETRIDGE: We didn't get invited.

The Hon. P.F. CONLON: You did not get invited Duncan? I am really sorry, because I am sure that your local community would love to have seen you there; they are the only people who were there. I think your leader managed to get an invitation, and he did not turn up. If he did not pass it on to you, then I regret that. Again, it does not appear to me that you have very good

communications between you and your leader, and you are out supporting things that he opposes. I do know that your leader was upset because he did not get enough notice of it. I am sure that, since Monday was a public holiday, had you known about it you would have been there, knowing that there was no media coming, because, of course, that is what your interest would have been. Talk to your leader.

The interchange was commissioned for use in early June, as I said, and all works on site will be completed by mid-July. It has upgraded security lighting and CCTV cameras. I have seen it, and it is very attractive, and I cannot wait for those lovely, silent electric trains to be sliding in and out of the place. There will be a ticket sales kiosk with improved security during working hours. There will be automatic gated pedestrian crossings across the tracks. From memory, this was an initiative of the Minister for Road Safety, who has a budget for improved level crossing safety. I will not take too long, because I would like to give the opposition more chance to ask questions.

What we have seen there I hope will be the shape of things to come. There will be park-and-ride facilities. What we really want to see in the future is people coming to stations like this which are park-and-ride, taking a bus to stations or parking at stations, and getting off and clearing cars from the roads and improving the environment. So, we are pleased with the project. I will make sure that the opposition spokesperson is kept well informed of any future events.

The Hon. S.W. KEY: I seem to be stuck on page 26 of Budget Paper 5. You have just outlined what is happening with the trams. Could you give the committee more information regarding the electric trains and the electrification of the rail network?

The Hon. P.F. CONLON: There has been some question about the tram/trains. People believe that there might be something new about them. They are relatively new but we are not a first mover. A tram/train is also called a dual-voltage tram. The significant difference is the voltage on which it runs.

They were pioneered in Karlsruhe in Germany. The principle has since been adopted in the Netherlands; in Kassel and Saarbrücken—both in Germany; France is now introducing dual-voltage trams both in Paris and regional areas; and there is currently a proposal to introduce dual-voltage trams in the UK city of York. We are not first movers. Being first movers is always a bit of a risk. There was a question about ticketing systems earlier. We are very glad that we were not the first mover on ticketing systems, because it has been a very difficult process for some other jurisdictions.

What they offer is the capacity to have a tram run as a tram, for example, down to the Entertainment Centre, rejoin with the Outer Harbor line (which we envisage using trains as well—high-speed express trains which will take a lot of time off travel to the city at peak hour), run down the rail and then depart that for an extension through Port Adelaide and, ultimately, down Semaphore Road to Semaphore.

So what we have out of that (again, something opposed by the opposition) is not only a coast-to-coast service for trams but, if you like, a square to square one where the square at the end of Semaphore Road will be like Moseley Square at the other end. What we hope that will do for Semaphore Road is very much as we see along Jetty Road. There is no doubt that it will add tremendous value. The mayor of Port Adelaide Enfield council has been over the moon in his enthusiasm for this project. Given that he is a member of the Liberal Party, I am not sure that he has been over the moon in enthusiasm for the opposition's response to it. However, it is about making use of an existing piece of infrastructure.

If the government did not to use train/trams then it would have a few other options, all of which are more expensive, like running a separate tram line all the way down Port Road to the Port of Adelaide or running trams only on the Outer Harbor Line, which means not being able to run those fast express services to the city. We think this is the very best way to use infrastructure. It is cutting edge but we are not the first mover, which gives us some reassurance. We think it will be a very popular addition to the Adelaide landscape but not necessarily, of course, should the opposition win the next election.

The Hon. S.W. KEY: This is a question that refers to the Portfolio Statement, Budget Paper 4, Volume 2, page 6.33, program 4. The question about the additional capacity of public transport being delivered in the budget probably affects all of us in the House of Assembly. This is a question that everyone asks, so it would be good to get an outline of it.

The Hon. P.F. CONLON: And a very important issue for us because there is no doubt that the cost of fuel is putting great pressure on public transport systems. For those who think that

South Australia has a difficulty that no-one else has, I urge them to read the Melbourne newspaper *The Age* on a regular basis. Poor old Lynne Kosky (who I know well and who is a very good minister) has struggled with a huge surge in demand in that state, and it is illustrative of the issues we all face.

In the budget the government is funding new buses and providing funding for additional bus services—both new buses and the funding for the kilometres. The budget cycle provides for 20 extra rigid buses coming into service each year. In order to use the money as quickly as we can to deliver it, we are going to keep some older buses in service while we run new kilometres. The first of those should be available mid to late July. We are doing that in conjunction with the service providers so that they can tell us where new services are needed most.

The opposition has said that we need 50 new buses, but there will actually be 80 new buses with funding for new kilometres in addition to what we have at present, so we are running ahead of the opposition's call, at least. The extra capacity will add up to an additional 900,000 boardings on buses in a full year; by 2012 it will enable an extra 9 million boardings on public transport. All of that will go where we believe there is the greatest need.

Mr Bignell interjecting:

The Hon. P.F. CONLON: I cannot guarantee that, the member for Mawson. The routes that will get additional services immediately are the O-Bahn, of course, because it is a very heavily patronised service; services operating on Main North Road and Main South Road; and services operating on the South-Eastern Freeway. Some of the South Road services, I assume, would be of particular interest to you.

What we also want to do with this program, because we have so much for investment, is to do some things better. We are looking at some bus stations (and perhaps the O-Bahn will be done first) that can be enclosed. What that means is that people can validate to get into the enclosed station so that when a bus stops it can open all its doors and the bus fills much more quickly.

I will not go into it, but we have discussed some innovations with the service provider in the city. One of the big issues in the city is that, during peak hour, people queuing up to get on the bus have to enter through one door to pass the one ticket validating system. So, we have the new buses coming. The fact that we are putting out this level of investment allows us to have some new ideas about infrastructure that will allow us to use those buses better. We think it is an exciting time.

I point out that, all around Australia, there is no quick fix for surging demand. I know that Lynne Kosky in Victoria has laid out a big program of investment. There is no quick fix, and I ask people to be patient. The money is there; it is a matter of rolling it out and doing it properly and making sure that we maximise the return. I point out that all public transport is heavily subsidised by the taxpayer and that, while we want to help the carrier, we have to make the best possible use of the investment we roll out.

Mr RAU: I refer to 2008-09 Portfolio Statement, Budget Paper 4, Volume 2, page 6.21: Investing Payments Summary. Can the government please outline the new electric trains to be purchased as part of the electrification of the rail network?

The Hon. P.F. CONLON: I can, and if you think I am excited about all this, I am. It is a very exciting time to be the minister. The recent budget announcement on public transport investment includes 50 new electric railcars and the conversion of 58 existing railcars from diesel to electric. I note that the conversion of those rail cars has been criticised by the opposition, which, again, I find quite astonishing, because these are the last railcars bought by our government—a Labor government, of course, because for all the bull and blather you hear in here, the Liberals never invest in public transport, with the exception of Tonkin and his O-Bahn.

The last cars were purchased by a Labor government, and the far-sighted Labor government purchased cars that could be converted to electric use. I think that is entirely sensible, and it shows that it had a little more vision than some of the people around it. The fact is that the opposition has criticised this conversion, which is astonishing because I think these cars are halfway through their lifetime. The Liberal's idea is to chuck them all out—chuck them out halfway through their lifetime—and buy new ones. We will be buying 50 new electric railcars and converting 58 existing railcars from diesel to electric, as was originally—

Mr Pisoni interjecting:

The Hon. P.F. CONLON: If the member for Unley had been paying attention, I was saying that we are cleaning the windows now, although it is not a matter of cleaning but of replacing.

Mr Pisoni interjecting:

The CHAIR: Order! You were doing so well, member for Unley.

The Hon. P.F. CONLON: I think he was asleep earlier, sir, and that is why he was done well. In answer to the member for Unley's interjection, I go back to what I said before: we do have a \$1.8 billion investment rolling out. One of the things we are doing is replacing all of those windows. The problem with those windows is that they are perspex, and they have been vandalised, burnt and all sorts, and they cannot be cleaned. Those windows will be replaced with glass, and glass will have a higher cost replacement, but we want people to be able to look out of the windows and be a little happier with their public transport experience.

I assure the member for Unley that replacing those windows is not quite as expensive as the main subject matter of the question, that is, buying 50 new electric trains and converting 58 of the diesel trains. So, I say to the honourable member: do not worry, we are doing it. If the honourable member had been listening, he would have heard me say earlier that one of the things we have also spoken about with the new chief executive (who will be here soon) and to Randall is the washing of trams.

I think we lost a washing facility after a diesel spill some years ago. I think we should make our nice trams look even nicer by keeping them a bit cleaner. That is not to disparage the people who do the job: it is the facilities available; I understand that but, when you are spending \$1.8 billion, you want public transport to be a good experience.

The 50 electric railcars will be based on a standard European design. I have no doubt that, once they are purchased, the opposition will tell us that they are the wrong ones. Of course, opposition members will not have an idea beforehand about what we should purchase but, once they are purchased, they will, according to the opposition, be the wrong the ones. That, of course, was entirely the experience with the trams.

The member for Morphett took himself off on an overseas jaunt to see all the trams in Europe, rode them all and sent back a report with pictures of all the trams and, boy, the old Bombardier tram got a terrific write-up until we bought them, and then they were apparently not so good any more.

Mr Pisoni interjecting:

The Hon. P.F. CONLON: No; that is not true, Fonc, so stop interrupting.

Mr Pisoni interjecting:

The Hon. P.F. CONLON: Good on you. I have seen his report, and I recommend it to you.

The CHAIR: Order! The member for Unley will stop interjecting. He will get a question next.

Mr Venning interjecting:

The Hon. P.F. CONLON: I love you, Ivan. I put on the record that the member for Schubert is a good bloke. He is the baron of the Barossa, and he is a good bloke. He does not behave like the member for Unley. I recommend the member for Morphett's report on trams to anyone. If anyone wants to get a different view from the one he currently has on the quality of the Bombardier trams, it is certainly a good read.

The trams will operate under 25,000 volt AC electrification system, which is what is used in Perth and Brisbane. The specification tender award will take 12 months, with delivery three years later. The trams will be delivered progressively over a four-year period, and they will be capable of conversion from broad to standard gauge. The estimated in 2008 dollars is \$3.5 million each.

We are, of course, captive of the tendering process, but what we do have on our side this time is a bigger order than the last time we went out. It is much easier to get competitive tenders for a larger order. I have to say that I look forward to taking the kids on the first ride through my electorate, to go down to the Woodlands or Edwardstown station and catch the first electric train down to Noarlunga and, who knows, maybe beyond Noarlunga down to Seaford, or even Aldinga one day. I am very excited about the program. If you think we are excited about our public transport program, we are.

Mr VENNING: I hope that we are flexible with the time. We have until 10.40am, but I hope the minister is flexible and we can sort of flow over because some of these questions are probably not quite on this area. My question relates to Budget Paper 4, Volume 2, page 6.35, Sub-program 4.2: Passenger Rail Services. Will the minister advise what plans the government has to undertake a feasibility study into extending the passenger rail service from Gawler to the Barossa Valley?

In support of the question, I would bring to the attention of the minister, who probably knows that it exists, a report under TransAdelaide's letterhead that surfaced in the parliament last week, titled 'Tanunda metro train service'. The report is quite good; it is not very long, it is to the point and it raises pertinent matters in supporting the project.

The Hon. P.F. CONLON: The bad news I have for you, Ivan—and I think this is the one that Dennis Hood had—is that we do not believe it was made at TransAdelaide. No-one has any record of it and it is not the sort of language that is used. It may have a TransAdelaide letterhead—they are pretty easy to get—but no-one at TransAdelaide has any knowledge of it. What I have been told by the acting chief executive is that the language in it is not the usual language that would be used by the people who would be writing about this.

Certainly, there are senior people at TransAdelaide who would have had to be involved if it were to be done by them, who were not. I have never seen it, to be honest, and nor has Randall, but you have heard the language used in questions in parliament. I am not quite sure where it came from but I do not think it came from us. That does not mean that we do not take seriously views about extensions to the Barossa.

If I had my way, I would love to ride a train to the Barossa, but we have to make investment according to our capacity and for the best use of it. In the past, a Barossa extension has not stacked up. We do know there was a private venture, but you would not rely on the private venture track record to say it is a good idea. That does not mean that in the future it will not become a doable thing. I would urge you not to rely any further on that report because we have no idea where it came from: we do not think it was made at TransAdelaide.

Mr VENNING: I have a supplementary question on that. Would there ever be an opportunity to provide a bus service connecting from Gawler to the Barossa: first, that connected with the train timetable; and, secondly, under the metro ticket service? It is more expensive to catch the bus from Gawler to the Barossa, when it does run (and that is only occasional) than travel all day on the railway service.

The Hon. P.F. CONLON: I would not sit here and rule anything out in the future. We do not have a plan for that. We have a very big investment rolling out. I would say that not everyone agrees. I have a letter from the people who operate the private company that runs bus services to the Barossa. They are very concerned about some of the talk in recent days and want to meet with me urgently to make sure that they are not going to get put out of business.

We do not have a plan at present. It would be misleading to say there is any plan on the drawing board for metro ticket services there. Despite what Jimmy Barnes might think, the north is an area which has experienced massive growth, and massive employment growth as well. Who knows what will be the case in the future? I am not sure that the Barossa in itself, or the councils there, have always been switched on to growth, to be perfectly frank with you. I think some of them would prefer that they get metro services but do not want growth, but who knows what will happen in the future? You are a baron of the Barossa, and in ordinary times I am very fond of the engine room of Australian wine, which is the Barossa Valley.

Mr Bignell interjecting:

The Hon. P.F. CONLON: Of course, McLaren Vale does make a nice-ish red, but it is not the engine room, really. I should not say that, because some big American mate of yours is going to give me a belting now. But it is not on our drawing board.

Mr Venning interjecting:

The Hon. P.F. CONLON: You know the point I am making. There is not always an encouragement for growth out there either, and people are entitled to make those decisions, but it cuts both ways.

Mr PISONI: I refer you to Budget Paper 4, Volume 2, program 2 on page 6.27: Efficient and effective maintenance. The Public Works Committee was told, at the revitalisation project of the Glenelg tramline, that existing tracks had 15 years of use in them and only the sleepers and the ballast were going to be replaced, and some of the ballast was going to be cleaned and reused;

and yet a tender was let earlier this year to replace all the tracks between South Terrace and Jetty Road. Can the minister explain why that was done and indicate how much that tender was?

The Hon. P.F. CONLON: I did not actually expect it here, because this is pretty old news. We have been over this at some length in the past. The consultants' advice on the upgrade was that there was a lifetime left in the rail. We did not ignore that advice, because I am sure that if we had you would have been in here asking questions why I threw out rail that had 15 years of life in it. The decision was taken, as I recall, on the basis of ride comfort more than for any other reason, to upgrade it. It is not a question of having done something wrong or wasted money; there was a view that you would get longer life out of it, so it was not replaced. I would say that view was probably incorrect, certainly in terms of ride comfort, so it was replaced later. Frankly, so what?

Mr PISONI: What guarantee is there that the same advice has not been given to the Public Works Committee about the resleepering of the Noarlunga and Belair lines, that the tracks can be reused? Can you assure this committee that the advice is better than what you received for the tram line, and can you guarantee that those tracks will not need to be replaced with the new trains?

The Hon. P.F. CONLON: Absolutely. Any track that needs to be replaced will be. You do not roll out \$1.8 billion worth of investment and not check and double-check. I can assure you—

Mr Pisoni interjecting:

The Hon. P.F. CONLON: I point out to the member for Unley that there are two parts to a conversation: one is talking, and one is listening. I reckon you could brush up on the listening bit. The truth is that we may well have got more life out of that rail, but it was replaced for ride comfort. An assessment will be made of rail, on those tracks, at the time. They will be checked and double-checked, and if they are not good for our massive investment they will not be used. That is the understanding at present: they will not be used. It is a computer-based analysis too, which gives me great confidence.

The member complains about what he was told in the Public Works Committee. He was told the truth in that committee. Let me complain about what I have been told by the people in parliament. We have two people sitting here who came into the parliament and moved, seconded, and voted for a resolution to extend the tram north of Victoria Square. They spoke on it at great length, they called on us to do it, and they supported it all the way—until we actually did it. So, member for Unley, do not come to me. We tell you the truth and you tell us stories. We will keep that relationship going.

Mr Pisoni interjecting:

The Hon. P.F. CONLON: I am sorry that the member for Unley feels hard done by and does not feel that he received a full answer. We will get you the details.

The Hon. S.W. KEY: I refer to the Capital Investment Statement, Budget Paper 5. Will the minister advise the committee on greenhouse emissions—

Members interjecting:

The CHAIR: Order! Members will show a bit of respect for the member for Ashford, who is trying to read out a question on which she has done a lot of research.

The Hon. S.W. KEY: This is in regard to greenhouse emissions from public transport vehicles. Can the minister update the committee on where the program is at the moment? I know the government has a strong view about trying to eliminate greenhouse gas emissions wherever possible.

The Hon. P.F. CONLON: In terms of the big picture, in terms of electricity, the Rudd government has adopted a greenhouse policy—something for which the energy industry itself has called for years—so that we have a more certain future. It will be the emissions trading scheme and cost of carbon that will see the progressive change in our electricity generation to lower emissions.

Of course, in South Australia we have the lowest carbon footprint for electricity generation of any mainland state, which is a tremendous achievement given the absence of hydro (which is usually the simplest way to do that). We do that with a very high stock of wind generation, and I note today that the Premier, on the infrastructure audit, has requested the commonwealth to consider, under Infrastructure Australia, transmission investment to get geothermal to market—which is a very exciting thing.

So, whenever people talk about electrification not offering a benefit—because, while local emissions are much lower, someone has to generate electricity—they need to keep in mind the bigger picture in terms of cleaning up electricity and the way our system works in South Australia.

In terms of buses, which run on diesel, we do have a biodiesel mix. I am aware of what has been said, today in particular, about biodiesel, and I think it is important that the world starts to note that there is biodiesel and then there is biodiesel. Biodiesel that sees rainforest being cleared and food crops substituted is not necessarily a good thing, but if you speak to our people in South Australia—and Flinders University has a lot of people doing a lot of work on biodiesel—there is talk about creating biodiesel from things like algae. I know that SARDI is doing some research on the growing of algae to become a biodiesel fuel; the algae grows in saline and high-nutrient water, and it is a pretty good way of finding a fuel stock.

Of course, we use CNG buses; the fleet has 216 CNG buses in it. Now, there are some issues with CNG—as I understand it, the performance going up hills is not as good—but I spoke with the head of Iluka and, interestingly, he believes that LNG may become a fuel for the vehicles used to transport mineral sands out in the far west. We are very interested in that because, of course, LNG is a fuel stock closer to diesel in terms of its energy performance.

We take very seriously our responsibility to lower emissions and believe that South Australia is well-placed by having acted early, now that there is to be a carbon cost nationally. We have better placed ourselves for a carbon-constrained future; however, there are a lot of challenges in it. We will continue to work to deliver a service that moves more people but also lowers the impact on the planet. I point out that Adelaide City Council is using a solar-powered bus on its Adelaide connector services, and some people would have seen it rolling around the city. It is pretty quiet too, so I hope they do not run down anyone with it. That would be most unfortunate. However, we take the issue very seriously.

Mr BIGNELL: I refer to Budget Paper 4, Volume 2, and ask the minister to explain how patronage is increasing on the Adelaide Metro system.

The Hon. P.F. CONLON: One of the things we like to talk about the most is the tramline extension, because it was referred to by, among others, the Leader of the Opposition as a tram extension to nowhere. I note that the opposition has referred now to the Entertainment Centre as the tram extension to nowhere. If a line does not work, try it again. Since the opening, fare-paying passengers have increased on average by a base figure of about 11 per cent—probably higher than that—and free travel between City West is estimated to have increased by a minimum of about 29 per cent. We think that is pretty good, given the criticisms that have been levied. We estimate the actual increase will level out at about 15 per cent.

That has put pressure on patronage on the Glenelg line. It would be helpful if we could get some honesty in the debate. The Leader of the Opposition has said persistently that the increase in patronage is because we took away buses. The bus we took away was the Beeline, the free service, and not the service from Glenelg.

The service from Glenelg has had an increase in patronage that flattens out at about 15 per cent. That has put pressure, and we are going to the market on buses. It indicates the attraction of trams to people and underpins our confidence about the multiple benefits of tram extensions. There have been increases again in peak hour. I will cut short my answer so the opposition can ask more questions, as it is feeling left out. There have been increases across the system.

The member for Unley has a fellow in Duthy Street with a website recording the increases in patronage. We have never treated those increases in patronage as a bad thing but as a good thing. We have a strategic plan target to increase patronage. It would be nice if we could get people to stagger working hours so the peak was not all at the same time, but no-one has done that before. The investment we have rolled out is a very real commitment to ensure we transform that rise in peak patronage into a more comfortable ride for people and to allow us to continue to increase that to meet strategic plan targets in future.

The CHAIR: The time allocated for discussion on the Office of Public Transport and TransAdelaide has concluded; we are now on Transport Planning Services.

Departmental Advisers:

Ms T. Meakins, Executive Director, Transport and Planning, Department for Transport, Energy and Infrastructure.

Mr A. Milazzo, Executive Director, Transport Services.

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

Dr McFETRIDGE: No; I will go straight into questions. Why is the minister planning to run tram-trains, trains and buses down to Port Adelaide and Outer Harbor? There seems to be no consideration of scheduling, and the combination of tram-trains and express is one that does not seem to have any planning behind it.

The Hon. P.F. CONLON: I would have thought we had talked about this a bit. The question proceeds on an incorrect premise. The tram/trains, as I thought I explained, will run to the Entertainment Centre, rejoin the line and then go from Port Adelaide through to Semaphore. The electric trains and not the tram-trains will run on the line all the way to Outer Harbor.

Dr McFetridge interjecting:

The Hon. P.F. CONLON: You said the tram/trains will run to Outer Harbor: they are not running to Outer Harbor; okay. It shows the lack of flexibility in opposition questions, because we have already answered this at some length. However, the truth is that we want to have trains running and the express services delivering people very quickly to the city at peak times. The trams are not slow (they can do 100 km/h, I think), and it is likely to be a service that does not run express to get the bulk of the people into the city. It will run a coast-to-coast route from Moseley Square in the south to Semaphore Square (as it will probably be called) in the north.

The tram is an extremely attractive form of public transport. That has been conclusively proved around the world, and also now in Adelaide, with the increase in patronage on the Glenelg line. If we wanted to run a tram without utilising the existing corridor we would build two separate corridors, one for the tram and one for the train. If we had announced that, as night follows day, I would have been in here answering questions from the opposition about why we did not use the existing infrastructure. I reckon there would have been a fair chance of that.

So, it is about giving a maximum return on infrastructure investment to the taxpayer. Instead of our running a tramline all the way down the middle of Port Road, for example, to Port Adelaide and Semaphore, we run a train/tram onto the existing line. The member asked about scheduling: we will schedule it so that we can run both. That is the plan; that is what we will do. We will not schedule them so that they run into each other: we will schedule them so we can run both and they are operationally compatible.

Dr McFETRIDGE: How would you run it at peak periods?

The Hon. P.F. CONLON: We will schedule it to run at peak periods—

Dr McFETRIDGE: Every eight to 10 minutes?

Mr PISONI: Get a switching box that works.

The CHAIR: If the member for Unley keeps interjecting like this, I will count it as a question. I want to be very clear about this.

The Hon. P.F. CONLON: The member for Unley said, 'Get a switching box that works.' The truth is that the opposition has made up outrageous lies about matters associated with tram infrastructure from the day we announced it. The then leader of the opposition in the upper house (now backbencher), Rob Lucas, said that the cost of a new substation would be \$10 million, or something like that. We have heard all this rubbish from the very first, and we will hear it about all of this stuff too.

The tram/trains and trams are designed operationally to be integrated on the same line. We can schedule that. In London there is a subway and they can schedule lots and lots of electric trains or trams close together. If you stand in a subway station one whooshes up, they pile them all in and it takes off—and I point out to the member for Morphett that I do not think they all get a seat. They all pile in and it whooshes off; then you stand there for about two minutes and another one whooshes in.

This is the 21st century: I think we can manage to schedule trams and trains together on that line, and I am absolutely certain that there are lines around the world that have a much higher frequency than the targets we are setting. I note that underlying the question is that the member does not agree with tram/trains; he does not think we should be using them.

Dr McFETRIDGE: No.

The Hon. P.F. CONLON: Oh, we should be using them! It was a good idea, then, was it not?

Dr McFetridge interjecting:

The Hon. P.F. CONLON: Oh, it is how we are doing it. There is absolutely no doubt that the tram/train gives us a flexibility to maximise a return from investment that we would not get with just trams and just trains; that is the point of it. The public transport system is massively subsidised by the taxpayer: it is something like \$4 to \$1. We believe that it is incumbent upon us to maximise return from investment.

I look forward to catching a tram/train from Moseley Square to Semaphore Square. I point out that I grew up in Semaphore and I was a child when the Semaphore rail line was torn up. It was a mistake, which we are undoing, and I look forward to being on there. The question that is raised by the opposition is: how are we going to do it, because it is hard?

Would we not be a pretty ordinary mob if we only set out to do things that were easy and comfortable? We are setting out a very ambitious program, the biggest program of investment in public transport that the state has ever seen. There will be a lot of issues while we are building and replacing infrastructure on existing services, and there will be people who are not happy during that time. But would we not be an ordinary mob if we only sought to do the easy thing every time? We would be like the previous government.

We are prepared to take some risks to deliver a really good outcome to taxpayers. I have no doubt that I and my successors (I do not expect I will be the Minister for Transport for another decade—you do not get that long for murder, do you?) will be hearing small-minded whingers at every step along the way complaining about this and that. It is an ambitious program that has been welcomed by opinion leaders, and it will be as good as it gets anywhere in Australia. However, it will have some problems along the way. I am proud of the fact that we are not taking the easy solution: we are doing something that is ambitious and hard.

Dr McFETRIDGE: How many trams will be required to run a peak hour service from Semaphore Square to Moseley Square? Previously the government budgeted to buy 15 tram/trains: what timetable investigations and data were used to come up with 15?

The Hon. P.F. CONLON: We have forecast 30 on the whole service; that is what we are planning and investing for. If the opposition introduces its policy of guaranteeing everyone a seat, they will need at least twice that number. So, I suspect they will not have their policy of guaranteeing everyone a seat. We are investing in 30. How many trams are required, of course, depends on the response from patrons.

I am very confident that the response will be at the upper end and full use will be made of every tram. We have 11 at present, four new Flexity, plus 15. By the completion of all the works, there will be 30 in operation, which is 19 more than we have at present. So, there will be 19 more trams in operation than we have at present, and I am certain that they will be very popular. However, as I say, if your policy is that, if you buy a ticket, you are guaranteed a seat, you will need a few more than that.

Mr BIGNELL: I refer to the Capital Investment Statement, Budget Paper 5, page 30. Will the minister provide an update on the rural freight improvement program, which was announced in the 2008-09 budget?

Mr Venning interjecting:

The Hon. P.F. CONLON: The bridges are going very nicely. I note that the opening bridges were initially supported very strongly by your government; in fact, they were originally a proposal of your government. The former premier, Rob Kerin (who is a good bloke), is on the record as saying that Treasurer Kevin Foley should resign if he could not deliver opening bridges. That is how serious it was. I am sure that Rob is very happy that the bridges are opening and that the rail bridge is in operation as we speak, connecting up the deepened port to your new grain terminal, which will make you an even wealthier man than you are at present, Ivan.

Mr Venning: I'll buy you a drink, Patrick.

The Hon. P.F. CONLON: You'll buy me a drink! It is all going very well in that regard. What we have said about freight improvement is that it relies on three components, including infrastructure investment from the government. Of course, this government has laid out more infrastructure investment than any other in the past, and we have the Northern Expressway.

We keep getting criticised for the Northern Expressway because it cost more than the original estimate a long time ago. One of the things that has gone quietly unnoticed is the fact that, even though it cost a lot more, that is not necessarily a bad outcome for the state (even though we would have preferred the estimate to be correct), because 80 per cent of it is paid by the commonwealth.

So, instead of 80 per cent of 300, we are getting 80 per cent of 650 spent in South Australia and on South Australians building roads, being employed and those sorts of things. There is some small upside for us. I would prefer that the estimates were correct in the first place but, if they had been correct, it would have been the same amount of money, so it is all a bit of a silly argument.

The second component is, of course, the regulation, and this is the other big-ticket item. We have been working very hard to make sure that the regulation is as efficient as it can be. The transport industry is promoting the gazetting of road train and B-double routes and making the network open and transparent.

It is true that one of the things we have done since the election of the new government is look at how we can speed up regulatory approval where it should happen. What I mean is that, if a road should be suitable for a new and more efficient type of truck, we should have a process that allows that to happen quickly. If a new and more efficient truck should be allowed, we should do it more quickly than we are, and the federal government and the other states have picked up on that.

It is tremendously important, because the history of road freight in the past few decades has been continuing efficiency improvements, and they have been passed onto users. If you look in real terms at the cost of moving freight by road, it has fallen in the past two decades because efficiencies have been passed onto users. I recognise the road freight industry for that, as it is very important.

We are now facing a very difficult time. In fact, I met with the head of SARTA and people from Business SA. It is a very difficult time with the cost of diesel. Again, I place this on the record: what I say to the users of road transport is that it is important that they accept that these are real costs the freight industry is facing and that, when they are passed on, to accept that in the past they have had the benefit of a lot of efficiencies that have been passed on. They should realise that, if they want a road freight industry to remain in existence, they should accept that there are costs that are to be passed on.

The third item is, of course, people. A major issue is looming in the provision of heavy freight drivers. There is an enormous demand across industry for truck drivers, heavy vehicle operators and those sorts of things. You would know, Ivan, that there is a lot of pressure to take people off the land who are very good at operating heavy vehicles.

What we have done is establish an interdepartmental task force to examine how we can accelerate the provision of new truck drivers for the industry. We are examining training and even licensing provisions: everything is up for grabs.

Mr Venning: I've got a licence.

The Hon. P.F. CONLON: At the moment, you would probably make more money driving a heavy vehicle than sitting on these benches—but I have to tell you that you don't get to drink a lot of wine in that job! We take very seriously the improvement in rural freight.

You would know, Ivan, about the Barossa Valley-Seppeltsfield Road intersection upgrade. There will be more overtaking lanes on the Victor Harbor Road and Main North Road, and we spent our money on the Millicent bypass, even though we have not had as much success on the Penola bypass. We take the issue very seriously, and we think it is important for all freight users.

Mr RAU: I refer to the Capital Investment Statement, Budget Paper 5, page 26. Will the government provide an outline of the marine initiatives announced in the 2008-09 budget?

Mr Venning interjecting:

The Hon. P.F. CONLON: I will have you know, Ivan, that this government has care, control and management of 79 commercial and recreational jetties, 650 aids to navigation, three commercial fishing marinas, two boat yards, five boat ramps, two slipways, harvest break waters and other marine facilities across 3,816 kilometres. It is a big job. The department will spend about \$5.2 million on the maintenance of these marine assets and \$0.6 million for Port Bonython in 2008-09.

We have allocated \$7.9 million over four years for marine safety. This is in addition to the \$14.2 million over four years for marine infrastructure in the 2007-08 budget. If you are talking about high fees, there is only one reason there is a higher fee anywhere: it is to provide more safety equipment for people involved in marine. It is not well-known, but the chief executive of the Department of Marine and Harbours has a passionate interest in marine safety, because in the very bad Sydney to Hobart he was the skipper of a yacht that went to the bottom of Bass Strait, and he was taken off in a helicopter, so he has a very keen interest in marine safety. We are all glad that he is still with us. If you ever want a good dinnertime story, it is worth hearing it. We could not have a better person for the job.

We have also allocated \$3.9 million for the construction of a new jetty at Rapid Bay—a real boon for the area. There is an extra \$0.7 million per year in funding for refurbishment works on state aids to navigation. The works scheduled include restoration works on the commercial fishing section of the Beachport jetty, pile strengthening on the Granite Island causeway and Kingscote jetty, deck restoration works on the Southend and Streaky Bay jetties (most of these, I point out, are in electorates not held by the Labor Party), the strengthening of walkway trusses at Port Bonython (that is one of ours), as well as ongoing maintenance.

There will be replacement of defective timber beams and decking on the first 400 metres of the Beachport jetty. The Beachport jetty is heritage listed. Built in 1882, it is a very significant jetty at 779 metres long. We will spend \$416,000 over four years on a patrol vessel replacement program. We have allocated \$939,000 over four years to enhance the emergency VHF marine radio system, which is an incredibly important item for those who venture out to sea. The system will satisfy the national standard for the national coast radio network. Ongoing maintenance operational costs will be funded from the increased registration fees to which you refer.

It is a comprehensive program. It attracts criticism for increasing fees, but the fees have been, in my view, spent extremely wisely. I know that the member for Enfield has a very keen interest in marine safety, and I am glad to have been able to provide the information.

Mr RAU: I refer to Budget Paper 4, Volume 2, page 6.28, sub-program 2.1. Will the government provide an update on the traffic signal optimisation initiative announced within the 2008-09 budget?

The Hon. P.F. CONLON: Traffic signals is a subject that gets a lot of people worked up.

Mr Venning interjecting:

The Hon. P.F. CONLON: Give us a few more of your car parks, Ivan, and we will fix up a few things around there.

Dr McFetridge interjecting:

The Hon. P.F. CONLON: I notice that the member for Morphett is very opposed to losing any car parks for MPs because of all the heavy documents that he has to carry.

Mr Bignell interjecting:

The Hon. P.F. CONLON: I am not with the member for Morphett. I am not sure that we need all those car parks at the front of Parliament House; they all have car parks underneath as well. I point out that the media certainly need them. Let us face it: there is no greater safeguard to democracy than the media. We are in a symbiotic relationship in the delivery of democracy. I will take away MPs' car parks but defend to the death those of the media, because they are much more effective at complaining than are MPs.

DTEI's travel time surveys show that there has been a marked increase in delays in peak hour. This is not all bad, because it is all about growth and more activity in South Australia, and we are seeing the greatest levels of growth that the state has ever seen. We are very pleased about that. Of course, our public transport initiatives are very important in addressing that.

Intersections on Adelaide's arterial road network are a major factor governing the performance. Those traffic signals are controlled and coordinated via DTEI's computerised traffic control system. If any MPs want to have a look at that, please feel free to organise a trip to see how it all works, because it is an interesting experience which helps people understand just how we do those things. We have to make ongoing adjustments to optimise the system to reflect changes in travel patterns and road infrastructure modifications.

We know that our major works on South Road are seeing a lot more people being funnelled through Goodwood Road at present, and that is causing delays. It is important that we have a system that is able to respond to changing patterns, even if they are temporary.

An amount of \$1 million has been made available to increase the effort in optimising traffic signal operations. The reason I talk about it today is that it is something that will largely go unnoticed by people but it is very important that we do optimise a return on our arterial road network. It will provide additional staff and contracted resources to undertake ongoing adjustments to Adelaide's traffic signal coordination system and enable an additional 60 to 70 kilometres per year of the network to be optimised. It is expected to result in an estimated reduction of at least 2 per cent on average travel times on these parts of the network during peak and off-peak periods.

So, along with the infrastructure projects we are doing and the public transport, with the road infrastructure projects like South Road/Anzac Highway—which, of course, is the worst bottleneck—I think that work is going very well. I know that there are a few property owners there who remain unconvinced but, in the circumstances, to have been able to keep two lanes open with just a 40km/h speed restriction through that whole period has been a very good outcome. With our public transport initiatives, along with optimisation of signals, it brings the package together to make sure that we improve traffic flow around the city.

There are a couple of things I did not point out earlier, which I should have. Did I mention that the tram extension won the Adelaide prize for infrastructure? Rod was here earlier and I should have mentioned that. Earlier there was a question about land costs for the Northern Expressway. For the full picture I should have said that occasionally we do buy more land than we need for our works, because some owners approach us and want us to buy all the land and not part of it. What happens is that, after completion, we get rid of the part we do not want. We think that is a good thing. If the owner does not want a bit of land bought but wants it all bought, we try to accommodate that if we can. If you see a number that is higher for land acquisition, it will be netted out when that land is disposed of later.

Dr McFETRIDGE: What planning has been put in place for the maintenance of what could be up to seven different types of rolling stock; where will it be done; and where will the various types of rolling stock be stabled? I am referring to the seven different types that could be on the system at any one time. They are: the H-class, the Flexities, the tram/trains, the 20 year old second-hand trams, the new electric trains, the converted electric 3000 and 3001-class and the 12 diesel 3000-class which are being maintained for the Belair line.

The Hon. P.F. CONLON: It is important to know the process: we prepare to go to the market; we go to the market with our specs; the market comes back; and then we decide on a purchase upon the basis of tenders. We are not going to plan a maintenance program for a train until we know what we have bought. However, we will make sure that we maintain our rolling stock through proper processes internally and any external contracts that need to be let in that regard.

I would be struggling to give you the detail of maintenance ahead of purchase of vehicles. Of course, if any of the maintenance does go to a contract then we certainly are going to struggle to give you the details of that ahead of a contract being let because there will be a tender process. I can point out that there are four types of rail vehicle in the fleet at the moment: the 2000-class diesel; the 3000-class diesel; the Flexity trams; and the H-class trams.

However, variations in fleet are not unique; in fact, they are not even unusual. There are six different types of electric train operating in the Brisbane city train services. I would not like to guess how many different types and different manufacturers of trams there are in Melbourne, but I do know (because I have seen them) that they use very different manufacturers of trams. I do not see that having a lot of different rolling stock creates any difficulties that are not part of the ordinary experience of running a modern public transport system. I do not think there is anything to be frightened about.

Dr McFETRIDGE: I refer to budget paper, capital investment, page 26: light rail extension and the rail vision. What has happened to the city tram loop that was proposed by the Premier and is shown on the sales brochures of some city apartment developers?

The Hon. P.F. CONLON: Shown on sales brochures? We do not have any sales brochures with city loops on them.

Mr Pisoni interjecting:

The CHAIR: Order, member for Unley!

The Hon. P.F. CONLON: He is awake again!

The CHAIR: May I remind members on both sides that all questions are to be referenced to the budget papers. Any questions regarding what outside bodies or private companies are doing in relation to government projects are not necessarily in the purview of this committee.

The Hon. P.F. CONLON: What was the question again? The member for Unley distracted me.

Dr McFETRIDGE: The Capital Investment Statement, page 26.

The Hon. P.F. CONLON: The city loop, all right. We have heard some nonsense about this, too. The timing for city tram extensions was never announced by any member of the government. It is just a nonsense. I have said that I believe that loops through the city are inevitable and I look forward to them being done, because they add such value. You can place one interpretation on that. However, when I said many years ago that electrification of our main lines was inevitable, too, that did not mean that we were ever going to do it—because it was all Marty's idea, apparently. I just point out to the member for Morphett that I have said exactly the same thing about loops through the city as I said previously about electrification, that is, electrification is inevitable.

One of the small responsibilities of government is that we do not get to do what the opposition does, and that is to run around and promise everything to everyone and change it the next day and promise everything else to everyone. The process we use is to balance the books—and I know that is a unique experience for you people, never having done it yourself. We have put ourselves in a financial position where we can make investments. We make the priority investments first, and you would know that we have invested heavily in new schools and a new hospital, and we are building a new prison.

We are the first ever government to lay investment down on the north-south corridor on South Road, and we now have a federal funding partner. We have laid down investment on a tram extension, which you opposed after some significant degree of vacillation and position shifting, and I have to say that that tram extension has been an outstanding success and has proved that the money was well spent.

Having done all that, we have looked at our needs into the future and our first priorities, and we have set out what are our priorities. As I said many years ago, there is the inevitability of electrification of the system. You have to buy new rollingstock at some point, and you have to make those decision. You have to sit down and work out the best way to do it, and that is what we did, and that is the \$1.8 billion. What we have been told about this by opposition members, apart from it being their idea, is that it is too little too late, but it is also too much because we are borrowing too much money—remember the comment, 'You're running out of money, and you're awash with cash,' in one sentence.

One of the other comments that has been made by opposition members about this is that they would have done it all five or six years ago. I picked up the opposition's election campaign material from 2006, and I am just wondering whether you remember it. You told us that we should have done this five or six years ago; is that still your view? I have looked at your election material, and it says that you would continue our investigation of the business case for electrification, that is, that you would continue to do what we were doing. Your total new investment, promised in your election campaign in 2006, was a trial of 10 new community buses.

Opposition members say things like, 'This was all our idea; we are setting the agenda'. Incidentally, how much do those page 3 ads setting the agenda cost? Does the Leader of the Opposition know that the election is in 2010? I know you had a post-budget fundraiser the other day, where you told everyone how poor you were and how desperately you needed money. So, I am a bit puzzled as to how you can spend money on page 3 ads in *The Advertiser*. Perhaps you are campaigning for a leadership poll rather than an election, but I will leave that.

The truth is that, unlike the opposition, we simply cannot make it up as we go along. We cannot have a position one day and not the next. That is why neither I nor anyone else announced a time frame for city loops. What I did was what I have said about electrification, that is, that, in my view, it is an inevitability, and my earlier predication on the inevitability of electrification is coming about.

The program that we have set out looks at what are our needs, with our biggest needs first, and it does it on a very 'large plan' basis within the South Australian Strategic Plan. So, we know that we have ambitious targets on public transport, but we have more than that: we have economic

and population targets. What we have set out first in this investment as a priority is to meet as many of those objectives as we can, and the extension of the tramline (that you want to knock off and you are opposed to) is about those other Strategic Plan targets and growing the economy but keeping an urban growth boundary, and having a high quality of life while growing the population.

I am absolutely committed to that, and I think we have made absolutely the right decision—and the opinion leaders do, too. That does not mean that there will not be further city tram extensions. I say again: I think they are inevitable because they add such value. I point out again, as I pointed out earlier: we have shown this work to the federal government in a very encouraging meeting with Anthony Albanese, the federal minister, who is very excited about what we are doing.

There is a capacity to do more in the future if we have a funding partner. Of course, I will be very disappointed if we do not have a funding partner, because we believe this fits in with what Infrastructure Australia is going to do. Maybe Infrastructure Australia will undertake a tram extension in the city or maybe it will not, or maybe it will not do anything; but maybe it will support the work we are doing to extend to Seaford or somewhere else. The bottom line is that nothing we have done in this program makes a city loop less likely. I would say that the success of this program makes it more likely; in fact, it makes it inevitable, just as what we are doing makes an extension to Seaford inevitable. We have purchased \$34 million worth of land because it is inevitable.

As I have said, we are not the opposition, and we do not get to promise things and then change it one week to the next. We have to promise things on a funded basis. We have seen members of the opposition and members of the Liberal Party in federal seats saying that we promised to build a rail extension to Seaford and then we broke that promise, because that is the sort of shallow politics they practise, and that is why you have to be very careful about what you say when you are the government. What we did promise was a feasibility study, and we delivered it—and I point out that that is exactly what they promised, too.

When you are the government you have to make sure that, before you go out and commit to a project, you are committed to fund it and to put that funding down in the budget, and that is what we have done. I will say it again: tram extensions in the city are an inevitability because they add such value and because people love them.

One day you will be able to hop on a tram at any corner of this fair city of ours and get off at any other corner of the city. We will get a lot of cars out of the city and there will be a lot of very happy campers travelling there. What I will not be able to guarantee—like you—is that everyone who buys a ticket will get a seat, because our trams are very popular, but I look forward to your promise of that at the next election campaign.

Dr McFETRIDGE: Budget Paper 4, Volume 2, page 6.34, regarding the ticketing system. There is \$29 million over three years for a new ticketing system. When you compare with what has happened interstate, why are you able to offer such an optimistic figure to implement a new ticketing system in South Australia: it costs \$134 million in Queensland, \$350 million in New South Wales and, for the myki system in Victoria, which has been scrapped, the estimated cost was \$1 billion.

The Hon. P.F. CONLON: I mentioned earlier, when we were talking about the tram/trains, that while it is good to be at the cutting edge it is important not to be a first mover. So, we do have the benefit of seeing what has been done interstate. I would point out that the \$29 million as talked about is not the total: that is the amount for the forward estimates period. I do not think there is any harm in telling you that we believe the total is around \$42 million, but that is the money in the forward estimates period. We do forward estimates only for four years, and that is where it is.

We have the very significant advantage of already having—for those who do not know—a fully integrated ticketing system. A lot of those jurisdictions have not. In fact, the presentation given to the Property Council by the fellow from WA stressed the importance of the integrated ticketing system for public transport in making it attractive. My understanding is that a lot of those jurisdictions have sought to go from their old system to an integrated system. We have a fully integrated ticketing system: your bus ticket is your train ticket is your tram ticket.

We also have a flat fare structure, which makes it much simpler. I am told that other states have added (too) many other functions to their ticketing system. We have the benefit, as I said, of not being a first mover. We have a flat fare structure, which makes it much simpler than many other states' new ticketing systems. I guess we could look at what other states have done instead of learning from it, and we could do what they have done, but we thought the better path was, in fact, not to do what they have done but to learn from their mistakes and keep it as simple as possible:

keep the ticketing system simple, as we do at the moment, with a flat fare structure, and go for a system that we believe suits our needs.

We believe it will cost that. If the member for Morphet is still around in a few years' time he can say, 'Well, it did cost more. I told you so.' Maybe he will be right, or maybe we will be right, but the one thing I do know from past experience is that, if that is the case, in a few years' time he will not be going around saying, 'I apologise; you were right and I was wrong.' We have never seen that happen.

Mr VENNING: I refer to the same budget lines, Budget Paper 4, Volume 2, page 6.28, sub-program: Operating and Maintaining Roads. I have a question on ferries. Can the minister advise what the government is doing to ensure ferry access across the River Murray? The minister may be aware that last night there was a public meeting down there, and two of his officers, Craig Eckermann and John Whelan, attended that meeting. It was a large meeting, and the concern was: as the river falls even further, how are the ferries going to be maintained (I think there are five ferries concerned), and particularly the second ferry at Mannum?

The Hon. P.F. CONLON: The member for Schubert is certainly aware of what the fundamental problem is. The fundamental problem is river levels. I think every one of us, with every fibre of our being, would like that not to be the case, because those river levels are delivering terrible hardship to a lot of people, but we have to deal with that environment. I understand that the upstream Mannum service was the first one to be impacted: a 12-tonne weight restriction was put on in April 2007, followed by a complete suspension of the service in December 2007.

At present we have got a 12-tonne weight restriction on the Swan Reach, Walker Flat, Purnong and Taillem Bend ferry services, and a 15-tonne weight restriction on Narrung. We do not believe that there is a need to restrict the Mannum downstream service at present or in the foreseeable future. The current disruption is directly linked to the length of the concrete approach ramp, which varies in length at each crossing, but I will not go into those technical details.

I am trying to find something more particular for you. It has been pointed out to me that modified landings have been installed at all ferry locations from Lock 1, excluding Mannum upstream and Narrung. Installation of modified landings will not assist the Mannum upstream and Narrung services due to the length of the existing ramps. We are looking at some alternative treatments, and perhaps we could give you a briefing on those and the technical issues. It is a bit boring, but extending concrete ramps is certainly not as simple a solution as many people think: it is very difficult to do.

Mr VENNING: I appreciate that, but when that one ferry goes out for an accident or a malfunction there is no alternative.

The Hon. P.F. CONLON: Yes; I understand that. The lengthening of concrete ramps not only requires extensive design work, but we would have to make applications for environmental and Aboriginal clearances.

Members interjecting:

The Hon. P.F. CONLON: I am just telling you that that is the world; that is the modern world, and that is what we do. You cannot just override people's rights.

The CHAIR: I declare Transport Planning Services closed. I now call on the Minister for Energy.

Membership:

Mr Goldsworthy substituted for Mr Pisoni.

Mr Williams substituted for Dr McFetridge.

Departmental Advisers:

Mr V. Duffy, Director, Markets and Sustainability, Department for Transport, Energy and Infrastructure.

Mr S. Kelly, Executive Director.

Mr R. Faunt, Technical Regulator.

Mr M. Palm, Acting Manager, Budget and Investment Strategy.

Mr K. Jervois, Director Retail and Demand Management.

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

The Hon. P.F. CONLON: No.

The CHAIR: Does the member for MacKillop have an opening statement?

Mr WILLIAMS: I will make a few short comments, and indicate how much things have changed since we were here last year and how much things are the same. Last year the minister spoke at length about the problems of delivering energy at a price, and about delivering a sound investment environmentally, when there was such uncertainty about how we were to move into a carbon-restrained future. Here we are 12 months later, with wall-to-wall Labor governments across Australia, and there is just as much confusion. So, it will be interesting to hear the minister's comments this time, because I suspect the current federal government, in concert with the states, is moving no more quickly towards some sort of emissions trading scheme than we have experienced previously.

It is worth noting that the latest draft report of the Energy Industry Planning Council states that there is still considerable uncertainty within the energy sector. I guess its comments could be taken generically, but it is obviously talking about the South Australian scene, and it notes that there is incredible uncertainty. This is not just because of the emissions trading scene and lack of knowledge regarding where we are heading and what costs might be imposed upon the energy-generating sector, but also because of the demand side—which may or may not occur in South Australia because of a number of significant projects (which will be energy-hungry and which are still being considered by various investors). There is still some lack of surety about if and when those projects will come on stream and what impact they will have on the demand side of energy in South Australia.

Having said that, I have a series of questions, and I hope the minister will be able to satisfy my curiosity. I refer to Budget Paper 4, Volume 3, page 6.37. In fact, I suspect basically all my questions will refer to pages 6.36, 6.37 or 6.38 of Budget Paper 4, Volume 2, unless otherwise indicated.

My first question to the minister is this. Last year you were asked a question about load management, and we were talking about a direct load control trial, where certain appliances were automatically switched off for certain periods during high-load events. I guess we are talking about air conditioning. You stated at the time:

My understanding is that people who participated did not notice any difference in their comfort through it.

Is that still your information or did the minister, like the opposition, receive representation from participants during the March heat wave earlier this year who did notice considerable discomfort and were desirous of being exempted from the trial?

The Hon. P.F. CONLON: No, I did not receive any. I do not recall having received anything from any participant in the trial of any kind. I do not doubt that what you say is correct, but I have not received anything from any participant in the trial. No doubt a few people struggled through the 15-day heat wave, regardless of what system they were on, because it broke all records and many buildings and pieces of infrastructure would have struggled during that period. In terms of the trial, I do not for a moment advocate any compulsory use of load management, and I never have done. Given that it is voluntary, if people do not think it works they should not participate—that would be my strong view. We have never suggested that there should be a compulsory load control program. If people found that it worked for them, all well and good, but if people do not like it they should not purchase it as a product.

In my home I have decent insulation and a modern evaporative air conditioning system, which is highly energy efficient and I wish everyone used them; it coped very well with the 15-day heat wave. I would love it if people would use more evaporative than refrigerated air conditioning, but I will certainly not mandate it because that is not the way we do business.

Mr WILLIAMS: On the same subject, referring to last year's estimates committee and with regard to direct load control, the minister made the following statement:

I think it is much more worthwhile than rolling out smart meters [referring to direct load control] for everyone at a cost of \$150 million for no return, which some ideologues around the country want to do. We will resist that for as long as we can.

I note in the communiqué from the Ministerial Council for Energy of 13 June this year that the first dot point under 'Key outcomes' is that 'ministers committed to development for a consistent national framework for smart meters in the national electricity market.' The decision paper tabled at that meeting suggests that substantial benefits would be gained by a national roll out of smart meters. In fact, the paper states:

In April 2007 COAG committed to a national mandated roll out of electricity smart meters to areas where benefits outweigh costs.

The paper noted that, while all jurisdictions demonstrated potential net benefits in the best possible outcome, variations and uncertainty in benefit and costs have resulted in some jurisdictions having the potential for costs to outweigh benefits. The paper then supports the undertaking of further trials in some jurisdictions. Does the minister continue to hold the view expressed to the committee 12 months ago regarding smart meters, and what empirical evidence does he have to support his current view, whatever it is, and has any cost benefit analysis been undertaken to compare potential costs and benefits of direct load control measures versus smart meter technology?

The Hon. P.F. CONLON: I do not know who said it, but someone once said that a little bit of knowledge is a dangerous thing, and it is very true. The shadow minister, to be fair, is probably relying on a communiqué and not the actual decision and background information to it, which may be some basis for the question.

The MCE produced the outcomes of the cost benefit analysis on smart meters. That cost benefit analysis came about as a result of an insistence from South Australia that there should not be any roll out without a proper cost benefit analysis. The federal officers responsible for that congratulated us on having the foresight to insist upon that, because the final cost benefit analysis identified a range of potential net benefits—and I am on the record as saying that these are far too rubbery for me—of between \$146 million and \$4.6 billion nationally. If somebody offered me a job and said that my annual salary would be somewhere between \$146 and \$4,600, I would probably want to know with a little more accuracy which part of the range I was in. Further, the cost benefit analysis proved how farsighted I was in insisting upon it in the case of South Australia.

Mr Bignell: Visionary.

The Hon. P.F. CONLON: Yes, visionary; prophetic almost. The range of net benefits for South Australia varied from a best case of \$146 million to a significant net present value of minus \$108 million, leading everyone to the conclusion that it would be a bad investment to roll out smart meters in South Australia, which was precisely the position I had taken. The end result was that we will not roll out smart meters in South Australia but that the Victorians will roll out smart meters and are already committed to a program. Every other jurisdiction there—I do not want to verbal them—has become very nervous about the benefit of a smart meter roll out. I know that the New South Wales minister had voiced some concerns about putting the cost of meters on a system unless people were receiving the benefit.

The upshot of it all was that, having come from a position where there was great enthusiasm for a smart meter rollout among some officials nationally and around the country, there was a recognition that we had, at the insistence of South Australia through COAG and the MCE, done exactly the right thing by insisting upon a cost benefit analysis. That cost benefit analysis, certainly, in terms of our experience in here in South Australia, supported entirely all my reservations about the rollout of smart meters.

Mr WILLIAMS: Is that analysis publicly available?

The Hon. P.F. CONLON: I do not know; it is not mine. There is an old CRA (Charles River Associates) one that shows the same thing in South Australia that the member can have. If anything, I think it exaggerates the benefits.

Mr WILLIAMS: Is that available on your website?

The Hon. P.F. CONLON: Not mine. It is not my report: it is a report to the MCE. We do not have it on a website. Someone will tell you whether it is available. It is not our report: it is a report to us. The federal government commissioned it.

Mr WILLIAMS: What about the earlier report that you received?

The Hon. P.F. CONLON: The CRA report is an old one from five or six years ago. We can find that. ESCOSA did the Charles River Associates report. It is probably on the ESCOSA website. I was right and they were wrong; there you go. It is nice, is it not?

Mr WILLIAMS: We still have a way to go. Demand side management is something that I think we have to tackle wherever we can. I am still being told that smart meters potentially have a significant—

The Hon. P.F. CONLON: Is that by people who sell them or by distribution companies that would have them on their networks?

Mr WILLIAMS: Not necessarily. Anyway, we will see. None of us has a crystal ball.

The Hon. P.F. CONLON: If you got members of the Energy Retailers Association and put them in a room and quietly asked them to say something that would not be reported in the media, I do not think you would get encouraging feedback on smart meters. That would be my tip.

Mr WILLIAMS: Is it the case that smart meters will not be available to purchasers of electricity if they decide to install one?

The Hon. P.F. CONLON: No; we are talking about a mandated rollout. People are quite free to pay for anything they want. A mandated rollout in South Australia would cost literally hundreds of millions of dollars. If there was no benefit from it, it would go straight on the asset base of the distribution company. It would have to go through the distribution company and it would be a flow-through in the cost of the network. It would go straight to electricity users, and for no good reason.

I could go through at great length why I do not believe that smart meters per se are the right answer. The fact is that a smarter system of control of use of electricity point to point might well have benefits in demand management schemes, but I think something has to be proven before you put it in. You cannot use *Field of Dreams* reasoning when you are mucking around with other people's money. You cannot put something in on the basis that if you build it they will come.

Mr WILLIAMS: I now refer to the solar feed-in legislation that was recently passed. Have you been provided with any advice with respect to the impacts of the federal government's recent changes to the solar rebate for the installation of photovoltaic cells? Media reports have suggested that there has been an 80 per cent loss of orders with respect to insulation of solar PV cells. Do you agree that the changes to the federal rebate scheme have virtually scuttled the South Australian feed-in scheme?

The Hon. P.F. CONLON: No, not at all. I do not agree with that last comment. Frankly, it was a bit silly. With respect to the first question, I cannot recall any correspondence from any of the solar manufacturers. I am sure they would probably prefer that it was not means-tested, but I have not received any correspondence from them.

Mr WILLIAMS: You have not sought any advice?

The Hon. P.F. CONLON: Sought any advice on what?

Mr WILLIAMS: From the industry about the impacts of the changes with respect to the federal government rebate scheme?

The Hon. P.F. CONLON: No. We do not go out and seek consultation on policies that are not ours. We seek consultation on our policies. If the opposition has issues with the federal government, I am sure your people are taking up those issues with it. Far from scuttling, it is my understanding that the feed-in laws are now being introduced by Queensland on the South Australian model, and I think Victoria and the ACT are now considering doing it as well. In terms of our policy initiative, I have no reason to doubt that the feed-in scheme has been a success, which is being emulated by other jurisdictions. BP Solar thanked us for the legislation. That is the feedback from the industry that we have received.

Mr WILLIAMS: It thanked me for standing up for the amendments that were moved in the other place, too.

The Hon. P.F. CONLON: Yes, I am sure it did. The executive summary will be available with respect to the smart meters in three weeks on the website www.mce.gov.au, but I am sure the member has been to that website a lot.

Mr WILLIAMS: I have the website on my Favourites. It is not necessarily one of my favourites, but that is where it resides on my computer. Given your answer to a previous question, minister, in answer to a position put by Leon Byner why did you indicate on radio FIVEaa that you would take up the issue of the—

The Hon. P.F. CONLON: It is important—

The CHAIR: Order! I understand that the minister is prepared and happy to answer the question. However, this is about the budget and the budget papers. There is plenty of opportunity in question time, questions on notice and questions without notice for these answers. If the minister wants to answer the question, that is fine, but I think that we owe it to the parliament to do the job we are here to do, that is, examine the budget papers.

The Hon. P.F. CONLON: I want to make sure that I am not verbaled, and that is the only reason I want to respond. I do not want the member for MacKillop on the *Hansard* record with something that is entirely incorrect. If he goes back and looks at the record of the interview with Leon Byner, he will see that I told him I would pass on his views to the federal minister. When he asked me whether I would support them, I said that I would listen to what he had to say first.

Before the member for MacKillop asks questions out of order, he wants to be careful about verballing people. If he goes back and reads the record of interview, he will see that I said very clearly that I was passing on someone else's views and not supporting them. When pressed, I told Leon Byner that I would prefer to hear what the federal minister had to say first.

Mr WILLIAMS: Will you inform the committee of what he had to say?

The Hon. P.F. CONLON: No. I am not talking to you about discussions between—

The CHAIR: I point out to the member for MacKillop that this is budget estimates. It is not about conversations the minister may or may not have had with the federal minister. It is questions relating to the budget. I am happy for him to ask whatever he likes about the budget.

Mr WILLIAMS: On a point of clarification, Mr Chairman, are you suggesting that I must make the connection for every question I ask as to how—

The CHAIR: That has been the practice of this parliament for the past 150 years.

Mr WILLIAMS: It is to do with energy policy. We passed legislation, which I can only assume—

The CHAIR: No.

The Hon. P.F. CONLON: I am happy to answer questions on broad energy policy that are the responsibilities of this government.

The CHAIR: I know that you are, minister.

The Hon. P.F. CONLON: However, I will not tell the member about who said what to whom and when. I really am enjoying the questions of the member for MacKillop. I know, sir, that you have duties to undertake, but I do enjoy his questions; they are unusually kind to me.

Mr Venning interjecting:

Mr WILLIAMS: I do. I must say, minister, that I never expected these estimates to be taken any more seriously than they were in my previous experience of estimates. Given the completion of the legislative program that introduced the National Electricity Law last year and, more recently, the national gas law, the opposition understands that work has now been undertaken to provide for the national regulation of energy retailing and energy technical and safety matters. Will the minister apprise the committee of the time frame for this further legislative work and of the benefits it is proposed it will bring to South Australia?

The Hon. P.F. CONLON: I would not be so brave as to give you a deadline on the safety stuff, because I can tell you that every single timetable that has ever been set in the national reform of energy has failed to be met. That is the nature of doing things federally. The retail stuff is the result of earlier reform: it is aimed at the retail regulation, and it will be with this parliament by September 2009.

There are a number of different aspects to the retail stuff. There is a package for our parliament in September 2009, and we believe that we will meet that. If I am to be taken to task for failing to meet electricity reform deadlines, I will be taken to task on a regular basis because none of them has ever been met. They rely on a lot of technical stuff being done in a lot of different jurisdictions.

The important thing is that what is being aimed at, in goodwill, is a seamless transfer of those matters that are regulated so that the regulatory approach does not change dramatically and so that people in industry can have a degree of certainty about how they will be treated in future.

In terms of safety regulation, it may take some considerable time, because I guess that there are probably more departures in safety regulation than there are in economic regulation. I am advised by the Technical Regulator, Rob Faunt, that that is accurate. Even where the regulatory approach is similar, it is hard to make a transfer to a national body; where there are differences, it will take some considerable time. What I mean by that is that there are things like how far an eave has to be from a high powerline when you construct a building and so on. I would not get too excited about the time frame being met.

Mr WILLIAMS: I move onto the residential energy efficiency scheme. Is it about energy policy or social policy? The reason I ask is that, at a public information forum held on 18 March, it was stated that a primary objective was 'to reduce total energy costs for households, particularly low income households'.

The Hon. P.F. CONLON: In terms of whether it is a social policy or an energy policy, we do not believe that energy is of any use except to people. If we did not have a social policy about energy, of course, we would not have a regulator on prices, and people would charge whatever they want. The nature of policy is how it impacts on people, I would have thought. I do not know what the point would be otherwise. The truth is that there are a number of policy objectives which can be met with a residential energy efficiency scheme. As was evidenced by a very successful trial program on energy audits that we ran for a few years, it can save money for low income people.

Mr Williams interjecting:

The Hon. P.F. CONLON: I know that the project was ridiculed by you until such time as we ended it, and then you criticised us for ending it. The opposition has absolutely no credibility whatever on this stuff. The other thing that you will find, if you shake out the cobwebs from your mind and think about it, is that some of the residential efficiency benefits will be found in low income households because those people have had less incentive to invest in things that improve energy efficiency, such as a new fridge and whitegoods instead of old ones, and things such as insulation.

Low income households are less likely to be able to make a lump sum payment for things that have a benefit for energy efficiency. If you want to address what you call a social policy, obviously you would address it in low income households. If you want to address lowering energy use through inefficiencies in households, in my view you would probably want to start with lower income households as well.

I do not apologise at all for what you call a social element to the policy. If we can achieve desirable objectives while helping those who require assistance through the energy system we will certainly do so. I do not imagine that anyone could be critical of that, but feel free if you want to do so.

Mr WILLIAMS: You might say that I am being critical, but I am trying to get my head around the drivers behind the policy and what we are trying to achieve here. It is my understanding that greenhouse gas reduction targets have not yet been set by the scheme and that they will be set towards the end of this year. I understand that originally they were to be set in June. The latest information is that they will be set later this year. Given that a target has not been set, how does the government assess the cost benefit of the scheme and, consequently, how does it determine that this is a scheme more worthwhile than some other approach?

The Hon. P.F. CONLON: I mentioned the low energy audit scheme that we ran earlier, which had very positive and demonstrative benefits despite the ridicule of the opposition. We have a strategic 10-point plan target to increase energy efficiency in dwellings by 10 per cent. Of course, there are lots of measures for new houses in terms of planning that address that. The low income energy audit that we ran had demonstrable benefits, and if you can get to these households and do some work you can have a big return. We have had residential energy efficiency schemes in other states, so we are not entirely inventing the wheel.

One of the things that I have done—and I have discussed this with retailers—is to ask them to use their expertise in identifying the best way to get an outcome for the scheme. I think that is the right approach. We want to make it as light-handed in a regulatory way on the people administering it, but I will certainly not shy away from imposing on the industry—the people who make the profits from electricity after privatisation—an obligation to improve the efficient use of energy.

I will put this test to the opposition spokesperson: if he believes there is a better way to get a return than the scheme that we have set out, I am more than happy for him to put that proposal and, if he is right, I will introduce it. We believe that there is a good deal of ground to show that this is the right approach. I look forward to seeing the opposition spokesperson's proposal.

Mr WILLIAMS: I note from the REES website that a stakeholder's forum was scheduled to be held last Friday. Updates on the website indicate that the forum was held. It states:

It is intended to release material prior to the forum regarding the above matters to enable informed and interactive feedback on the day. This is currently being finalised and will be available on this website in the near future.

To the best of my ability, I could not find any other information about that forum on your website prior to the Friday meeting.

The Hon. P.F. CONLON: I will get the energy division to give the shadow minister a full briefing on it. I am advised that the people who indicated that they were attending the forum had the information sent to them directly, and it was put up on the website yesterday. If you want to know more we will get you a briefing.

Mr WILLIAMS: I note, as I acknowledged in my question, that the information on the website was updated yesterday.

The Hon. P.F. CONLON: The people who sent the information have indicated—

Mr WILLIAMS: The question was not asked because of my wanting to have the knowledge: it was asked so that those people who do monitor your web site—and I am sure there are people out there, whom you refer to as stakeholders—

The Hon. P.F. CONLON: They will be very happy today, won't they?

Mr WILLIAMS: We were told that the information would be there and, apparently, you have just confirmed that it was not there.

The Hon. P.F. CONLON: Can I assure the member for Millicent, or whatever it is called—

Mr WILLIAMS: It is MacKillop.

The Hon. P.F. CONLON: MacKillop—it has Millicent in it, has it not?

Mr WILLIAMS: Yes.

The Hon. P.F. CONLON: I can assure the member that I am told that those who were going to send the information have sent it, and the web site is updated. For those people who may have fallen through the gaps—I will check all the hits on the web site to see—I do apologise. I think probably you are more concerned about it than anyone else is.

Mr WILLIAMS: I am just trying to help you, minister, to be open and accountable. It is something that I know does not come naturally.

The CHAIR: Order!

Mr WILLIAMS: I noticed in this morning's *Advertiser* a story about the increases for gas and electricity prices. Mark Henley suggests that the market was deregulated in 2003-04. It surprised me to read that, because my understanding is that—

The Hon. P.F. CONLON: Do you have a question for Mark Henley or me, mate?

Mr WILLIAMS: No; my question is to you, and I am assuming the answer will be yes. Do you continue to support the retention of retail price regulation in South Australia? If so, is it your opinion that we still do not have sufficient competition in the South Australian marketplace?

The Hon. P.F. CONLON: I believe that we have the most competitive market in the world, and I still intend to keep regulation.

Mr WILLIAMS: How do you reconcile those two statements?

The Hon. P.F. CONLON: Because it is only you and your strange mates who believe that everything in the world can be done through competition. There are some people in the world who believe that competition works like gravity: that it works inexorably on every occasion for everything. It does not. Therefore, yes, I believe that, through the good policy work of this government, we went from having the least competitive market in Australia of privatisation with one retailer to as good as it gets in the world in terms of competition. However, I still intend to keep

price regulation, because I think there are those who are not benefitted by competition and who want the certainty that the regulator keeps people honest. The answer is simple: yes, it is a very competitive market and, yes, I am going to be keeping price regulation if the decision is up to me. Of course, you are in the parliament, too, and you and your mates might want to try and get rid of it.

The CHAIR: Another question would be nice, member for MacKillop—just one.

Mr WILLIAMS: Just one? I refer to Budget Paper 4, Volume 2, page 6.37 regarding energy policy. I am trying to get my head around the minister's answer that through the good work of this government we have the most competitive market in the world, yet we are going to maintain price regulation in the retail sector. What was the point of going to the effort and cost of establishing the best or most competitive market in the world if we are then going to set regulation for it?

The Hon. P.F. CONLON: Because I do not believe that competition protects everyone in the electricity retail sector. I do not believe that competition is a sufficient protection for everyone who buys electricity—I never have done. When the MCE decided, under the urging of the previous Liberal federal government (again, your conservative mates), that it should review the operation of markets to see whether they were competitive and see whether energy pricing regulation should be lifted, I said it was a waste of time and money. I still believe that is the case. I do not understand what you do not understand. I will say it as simply and clearly as possible: I do not believe that competition is sufficient protection for everyone who has to buy electricity. There is a parliament here, and you can bring your own private member's bill to seek to end that, but I believe that most South Australians think like I do.

Mr WILLIAMS: What percentage of South Australian electricity consumers rely on the regulated price and what percentage actually—

The Hon. P.F. CONLON: About 40 per cent.

Mr WILLIAMS: About 40 per cent?

The Hon. P.F. CONLON: That is as good as it gets anywhere around the world. This is the most competitive market we have seen. The rates have churned, and the number of retailers is very high. I could give you an accurate figure but about 40 per cent remain on the standing tariff.

Mr WILLIAMS: Potentially, what savings would that 40 per cent of people make if they—

The Hon. P.F. CONLON: In the past there have been savings of up to 12 per cent, and they have not taken it. The truth is that people do not have to take savings. You can lead a horse to water and all that. It may well be that the argument is that competition solves everything and because we have got good competition we should not have regulation. Maybe some of those people should look at the fact that we created, from a bleak start, a very competitive market with the regulated cap. Perhaps some of these competition gurus, who believe the world works on whiteboards rather than in the real world, could look at the fact that that is what happened under that policy. If you do like competition maybe there is nothing wrong with a bit of price capping—if you get it right—because there has been price regulation since we went from the one retailer to which you sold electricity to a multiplicity of them out in the market. I am waiting to hear one of these gurus tell me why price capping is such an enemy of competition now. Am I right, John?

Mr RAU: Absolutely right.

The Hon. P.F. CONLON: There you go! You see, John is a very smart bloke.

Mr WILLIAMS: Minister, your government has a penchant for claiming credit for South Australia's proportion of the nation's wind power generation. What drivers do you believe have been responsible for the investment in wind generation in South Australia, and what specifically has your government done to enhance any of those drivers?

The Hon. P.F. CONLON: There is no doubt that the planning system in South Australia is recognised by those in the industry as being of great benefit in encouraging wind operators to come to this state. They have to go where the wind is as well, and we have wind here. Of course, the early market intervention of MRETs was a major driver in investment in wind. I note that there were some investments after MRETs had, to all intents and purposes, dried up. There is no doubt that the government's planning and regulatory regime for wind farms has been a great boon to those seeking to set up here. We have never had an orange-bellied parrot, much loved by old Mr Campbell, stop a wind farm. I hope that is enough of an answer for you.

Mr WILLIAMS: I understand that their habitat is actually closer to the ground, minister.

The Hon. P.F. CONLON: The orange-bellied parrot? It was probably an orange-bellied marginal seat holder that stopped that wind farm.

An honourable member interjecting:

The Hon. P.F. CONLON: A yellow-bellied marginal seat holder more than an orange-bellied parrot.

Members interjecting:

The CHAIR: Order! The committee has descended into a private conversation between members. Can we get some formality back into the proceedings, please?

Mr WILLIAMS: Minister, you have just said that you believed that wind farm investment continued to be made in South Australia after the MRET obligations were fulfilled. I presume that you are referring to the federal government's MRET scheme.

The Hon. P.F. CONLON: Yes.

Mr WILLIAMS: Since then, both the New South Wales and Victorian governments have introduced their own MRET scheme. I do not think there is any doubt that these sorts of incentive have driven the renewable sector. The federal government \$8,000 subsidy to the photovoltaic industry graphically illustrates the importance of those sorts of incentive to get the renewables industry off the ground. Of the total electricity generated by wind farms in South Australia, do you have an understanding of what proportion of that is actually sold within the South Australian market?

The Hon. P.F. CONLON: I wish the system was quite as simple as that. Where to start? The energy is not marketed on the basis that the energy you are supplying, which was brought from a generator, happens to have been brought from that generator at that time, if you follow what I mean. I am not quite sure of the best way to answer this. All of that energy generated by wind farms is probably used in South Australia; it is probably sold to other people but it is probably used here, if you know what I mean. I hope that helps you.

The fact is that, in a notional sense, whoever signs a green contract—a renewable contract—buys renewable energy. So, in a sense, this government's major contracting for green energy makes us a major user, but the energy is not necessarily used by the people to whom it is sold. I note that we are doing a little exporting at the same time. You have to understand the nature of the electricity market and the nature of electricity itself. It has to be made as it is used, and it has to be contracted for in advance. Most green energy, while it might be sold in another jurisdiction, is used here. It is all a bit sort of Zen, I think. This government has signed up—

Mr WILLIAMS: You are missing the point entirely, minister.

The Hon. P.F. CONLON: I certainly am; maybe you can clarify it for me. Maybe you can tell me this: if, as you pointed out earlier, MRETS is why we have all these wind farms in South Australia—more than the rest of the country put together—why are they all here, Mitch? Why did MRETS not work everywhere else?

Mr WILLIAMS: You want me to answer questions now?

The Hon. P.F. CONLON: The point is that you say that it is not us who got the wind farms here: it was someone else. But MRETS applied all around Australia, so why are there not wind farms everywhere, not just here?

Mr WILLIAMS: That is the beauty of the national market, minister, and I would have thought you would understand that; that there—

The CHAIR: Order! I am getting fed up with members thinking they can respond to the minister without asking a question. The minister makes a statement answering questions. That is the role of the minister and has been for the past 150 years. The role of the members of the committee is to ask questions. If members want to debate, there are grievances, adjournment debates, bills and question time. This is estimates. If the minister asks a rhetorical question, it is not the place of the member for MacKillop to then make a policy speech or to have a debate with the minister.

The Hon. P.F. CONLON: I apologise. I will try to minimise rhetorical questions.

The CHAIR: No, minister, you have done nothing wrong. It has been the purview of all ministers to do this. Members will ask questions: it is that simple. Let's get on with it.

Mr WILLIAMS: Thank you, Mr Chairman. I am delighted that the committee does not want to know the answer to what the considerable driver is. I am fully aware of the disconnect between the electrons that are generated by a generator and the piece of paper and the exchange of money to buy those electrons. That is what the national electricity market is about. The question I am asking goes to the nub of the way the national electricity market works and that you do not need to have the generator, particularly a generator that is producing renewable energy, next door to where the electrons are consumed: there is that disconnect.

That is why I asked the question, because I think one of the drivers for renewables is the MRET scheme where people choose to pay more for renewable energy. I asked the question: of the renewable energy produced by the wind farms in South Australia—presumably a lot of them are in South Australia because of the wind resource—where is that energy sold? Who is purchasing green energy? Of the green energy that is produced by the wind farms in South Australia, how much of it is actually being consumed by purchasers of green energy in South Australia, and how much is being purchased by consumers of green energy in other states?

The Hon. P.F. CONLON: I understood what you said. The answer is that the South Australian government is a major purchaser, but I do not have information as to what contract every South Australian has signed. I know that I have a green contract; how about you? No; sorry, I should not ask questions. I have a green contract and I know a number of people in cabinet have green contracts, but we do not keep a record of every green contract signed in South Australia: I do not think we could.

Whether you choose to pay a little more for green electricity is a choice for every household and is between them and their retailer. I can honestly tell you that I do not know where all of the green energy is sold, and I do not think there is anyone who could tell you. I can tell you that the South Australian government is a major purchaser of green power, and I think we lead the nation in that, so a great deal of that would be sold to the South Australian government, a great deal would be sold to South Australians and a great deal would be sold to Victorians or someone else. I do not see that there is a problem with that.

It seems to me that the premise you keep coming back to is that somehow we have been lucky that all the wind farms came here and not somewhere else, because apparently the wind does not blow in other states; it only blows in South Australia, and so they put all the wind farms here. The truth is that there were a whole lot of proponents seeking to build wind farms in places around Australia and they found that the best place to build them, for a whole parcel of reasons, was here.

They tried in Victoria and failed; they tried in other places and failed; and they came here and found a government that was prepared to be supportive of the industry, that had a switched on premier and had a planning system that supported them. We do not apologise for the fact that we scooped a lot of the wind farms out of the MRET scheme, because we had a target to do that.

I point out that the MRET scheme has been around a long time. When we came to government there was not a single wind turbine operating in South Australia; there was not a single one built. The total of our installed wind capacity was an old one at Coober Pedy that had not worked from the day it was built, which I must say is a bit of a recurring feature in Coober Pedy—that some things do not work—but that is another story for another time.

When we came to government I remember that, in the very first week of being a minister, we sat down some warring departments—the Department of Trade and Economic Development, and I cannot remember the other one, although it might have been planning—because we could not finalise approvals for the wind farm now operating at Cape Jervis. My approach was to put them into a room and tell them that they were not leaving until they had come to an agreement that would allow approvals to proceed. That is the attitude you need if you want people to build wind farms. That wind farm was built, and many others after it.

There is governance in respect of how many wind farms you can put in one place, and we are going to be leading the world, by any standard in the world, in terms of installed capacity versus domestic use. The fact that green energy may be purchased elsewhere is a long way from being a concern to me; in fact, I would have thought it was rather a good thing.

The member for MacKillop hates the fact that we have been incredibly successful at wind generation. He hates the fact that when the opposition was in government it could not build one, while this government has broken all records. He just hates it and would love to say that it was nothing to do with the government. The truth is that the government does not claim that it was only

it, because the major economic driver was the MRET scheme. The government has always acknowledged that.

Mr WILLIAMS: That is the first time I have heard you acknowledge that, minister.

The Hon. P.F. CONLON: That is not the case. That is the argument: the member for MacKillop says it is the first time that I have acknowledged it. The first answer I gave referred to the market intervention of the MRET scheme. He then asked me which MRET scheme I was talking about, so I am sure he heard it.

Mr Williams interjecting:

The Hon. P.F. CONLON: Now, Mitch, I listen to all your waffle, so you just listen to my good sense. The truth is that I am prepared to recognise that there are contributions to this, including the MRET scheme as the major economic driver, for the introduction of wind power. I have to say that another economic driver for renewables is a preparedness by users to pay more for it. There is no obligation whatsoever on users to pay more just because it is an MRET scheme. The fact that there are people like myself, John Hill and the South Australian government who want to sign a green contract also drives that. There has to be green energy available.

What the member cannot accept is that this government ever gets anything right. It just rankles right at the centre of the member's being when the government does something right. What I would say to the member for MacKillop is: get over it, because we are going to be doing things right for many years to come, with the help of the two Independents who became ministers. The member would have an easier life and a quieter cup of tea in the evening if he just accepted that the Labor government can do things right occasionally.

Mr WILLIAMS: That was most enlightening. My next question is about one of the impacts of wind farms, and I ask the question partially because of my interest in my own electorate, which has probably the biggest wind farms in the state just south of Millicent—wind farms that were well planned before the change of government in 2002.

The Hon. P.F. CONLON: I think you would have to talk to Don Ferguson about that.

Mr WILLIAMS: Well, I can remember public meetings being held in Millicent—which Don Ferguson chaired—before you were a minister. The Electricity Supply Industry Planning Council, in its recently published draft planning report, states:

...South Australia will, however, require significant investment in networks that, at times, already struggle to cope with the transfer of high levels of wind energy, particularly in the mid north and south-east of the state. The process to determine whether such investment is justified, and who should fund such work, will need to be considered as part of the wider greenhouse debate.

What are the cost implications as expressed there, with the need to strengthen our networks to deliver wind-generated energy from those far flung places to our major load centres?

The Hon. P.F. CONLON: This has been a matter of debate for some time. I point out that it was me who put on the agenda for the MCE (and, ultimately, the AEMC) a rule change about treating renewable energy in the NEM—in particular, the fact that it is energy not capable of being scheduled for despatch—and there was a semi-despatch model for a rule change devised out of that. We recognised that some years ago. More recently we discussed the issues about congestion and new wind capacity at the MCE (I do not know if they put it in a communiqué, to be honest, because I had to leave a little early) because, with the major influx of renewables—whether wind or geothermal—we will have these issues about transmission that will have to be solved. In particular, if there has to be new transmission investment, who will pay for it?

The AEMC was commissioned to prepare some work on the impact of emissions trading, and I am on the record as saying that this will require a rule change in the way transmission is treated. I said that at the MCE. We are quite happy to have people continue to build wind farms, and we have a system that supports and encourages that building, but if there are significant transmission upgrades required then that cost will not be borne by South Australians alone. There is no conclusive decision but, in principle, it is accepted by people that, if the scheme required more renewables and we encouraged them to be situated in South Australia, we would do so on the basis that South Australians would not be the ones paying for transmission upgrades on the TUOS.

So, it is something of which we are aware and it is something on which the AEMC is working, but it is more of a challenge than it is a problem, and I believe there will be the necessary change to the way infrastructure investment is dealt with. There will have to be that change for a

program delivering that much renewable to occur. Whether that change favours one jurisdiction over another in terms of location of wind farms we will have to see, but my view is that people have a great deal of confidence in building wind farms in South Australia, and they would like to do it here if the transmission congestion is resolved. However, we will have to see how that work unfolds; it will require a change to the way we deal with transmission charges in the NEM. I have made it clear that we will do two things in South Australia: we will continue to encourage the development of the renewable industry, but we will not do that on the basis that South Australians carry the full burden of TUOS.

For those who do not understand, the ordinary rule requires that any transmission built within a state be paid for by that state (other than interconnects, and I will not go into the incredible complexity of how you determine who pays on an interconnector). However, the ordinary transmission system is paid for by the users within that state. Now, if we are to make a bigger contribution to the national targets for renewables, then we believe that transmission needs to be paid for in a fairer way than that. I believe that is the right approach; certainly, everyone at the MCE is aware of our position.

I think most people accept that we are in changing times in emissions trading, and the renewable energy targets will require some change in the net. We have stressed our view to the federal minister, Martin Ferguson—who is, I think, a very good minister—that all these policies need to be designed with a view to implementation through the existing energy or electricity markets, whether that is the NEM for us or the Western Australian market. They need to be designed to have the easiest operability within existing rules. Having said that, I think there will need to be real changes in some areas to deal with new policies. Those new policies are very important, and we will all work to ensure that they can be implemented in a sensible fashion.

Mr WILLIAMS: The answer goes to the question I asked earlier that the minister was unable to answer. How does the minister make the case that persons in other states may need to share some of the costs of the backbone infrastructure to deliver electricity from wind farms without being able to apportion the percentage of the driver that causes that wind farm to be built in the first place? The argument is that, if half the power generated by our wind farms is sold interstate, you have a case to suggest that other people should be contributing towards the cost of the interconnectors or the backbone infrastructure, but the minister said that he does not know how much of it is sold interstate.

The Hon. P.F. CONLON: I want you to listen carefully so you understand, because at present that additional cost to TUOS has not occurred. Listen carefully. The ordinary system for a generator getting on is that the generator pays for additional infrastructure to get on to the grid, and that is what has happened to date. They use the existing transmission system to get to market—they have not required an upgrade. Every five years ElectraNet in South Australia, the transmission company, goes off to what was then the ACCC, now the AER, and says, 'This is the amount of infrastructure we need to run the transmission system', and the ACCC has a big argument about what it needs and says it will make a decision on that basis. It has not gone off and said that it needs to build this new piece of infrastructure for the MRET scheme or for renewable energy. The guys connecting have been paying for the connection. You are following? Your question is a nonsense: there is no burden South Australians are carrying. It is benefit, not burden.

Now, if you put more wind farms on there are forecast congestion issues that would require a transmission upgrade beyond that, which is necessary to connect the generator to the system. These generators are in the same position as any other generator connecting—they all have to pay their costs of getting on. I do not remember the regulatory principle, but it is that. If you go from a world record level of wind farms connected to the system to more, it will trigger someone like ElectraNet going off and saying, 'We have to build this or that piece of additional transmission', and traditionally that would be paid for TUOS. I stress that that has not happened to date as no South Australians are paying extra for the wind farms: they are just getting the benefit of having them. If the next stage in the development of renewables required significant upgrades to transmission to resolve congestion issues, we are saying that you cannot apply the traditional rules; we will not pay the TUOS. Our position has been completely sound and has protected South Australians from day one. So that is spot on. Again, you are a better informed person for having asked me a question.

Mr WILLIAMS: I assure the minister that he has not satisfied my curiosity, and he leads me to another question on the same matter. In the Electricity Supply Industry Planning Council's latest report it talks about the interconnector and states:

Despite the fact that South Australia is relying less on the interconnect, the planning council in conjunction with ElectraNet is investigating the restoration or augmentation of the interconnector capacity to secure future export

and import opportunities, particularly if wind energy increases in the state market competitiveness and improves system security.

The planning council not only is suggesting that we need to upgrade our transmission infrastructure to cope with wind farms, but also recognises the impact they are having on the interconnect between Victoria and South Australia, having all those wind farms down in the South-East hooked on to that interconnector.

The Hon. P.F. CONLON: The issues for interconnect are different from transmission in terms of how you allocate the cost. It is possible to allocate costs of an interconnect between jurisdictions more heavily under existing rules for one jurisdiction than another. There are different issues from the ones we were talking about before. The Heywood interconnector's history has been very much a flow from Victoria to South Australia. With respect to the degree of operation of wind farms—whether they operate on high capacity or low capacity, and things like that—it is now the case that there are exports over the interconnect. My understanding of what has been said about the interconnector is that it is constrained both ways. There are constraints coming this way that we would like to be lifted, which means our taking more energy from Victoria.

The rules that we are talking about with respect to the interconnectors are not the rules that we are talking about with respect to TUOS and transmission lines. I would have thought that what one would have to do when making a regulatory proposal for an upgrade would be to resolve who is getting what benefit out of it. The regulatory test determines who is paying the most. I would have thought that the current regulatory test requires us to pay a good deal for the interconnect.

Mr HALLION: The balance of that is changing.

The Hon. P.F. CONLON: The current regulatory test, because South Australia has been such a big importer, would require us to pay most of the benefit of the interconnect. It may well be that, if we were exporting, the Victorians would have to pay more of the benefits. So, it is a different issue from the upgrade of the transmission system. You do not get it?

Mr WILLIAMS: I get it, and it goes back to two of my earlier questions.

The Hon. P.F. CONLON: But here is the thing. It is precisely the point: it does not apply to the TUOS; that is, the Victorians are getting more of the benefit. We pay more for the interconnect at present, I would imagine. I will check that, but I am certain that would be the case, because it is for our benefit. So, with respect to the member's question about more wind going through it, if that is the case and it is upgraded for that, the Victorians pay more for that upgrade than we do.

What we are saying about transmission to the MCE is that, if it is going to require upgrades not to interconnectors but to a transmission system in South Australia, we do not want South Australians to be paying that. That is a pretty simple proposition. That is why I say that the rules for interconnectors are different and far more complex. If the member wants a simple explanation of the regulatory rules around interconnectors, he will die wanting that, because there is not one.

Mr WILLIAMS: The principles are not difficult.

The Hon. P.F. CONLON: I do not think the member should make brave claims like that.

Mr WILLIAMS: I am not suggesting that the detail is not complicated. That is why I asked my earlier question. I think we need to be cognisant of where the green power that has been coming out of our wind generators is being sold, because that way you can apportion the cost—

The Hon. P.F. CONLON: You need to be cognisant of where all power is coming from. It is not just green; it is all power. We have the interconnect, and we have been net importers over it for years and years.

Mr WILLIAMS: I will give the minister an easier question.

The Hon. P.F. CONLON: Believe me, Mitch: I have not struggled with any of your questions.

Mr WILLIAMS: The minister might not have struggled, but I am struggling to connect his answers to the questions that I am asking.

The Hon. P.F. CONLON: As a great athletics coach said: I can't put in what God left out.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 2, page 6.36. The figures between the budgeted figure of \$8.173 million for the 2007-08 budget under 'Grants and subsidies' have blown out to \$10.146 million. I am sure there is a good news story here, but because of the way in which

the budget is formulated it is very hard for those of us reading the budget to understand exactly what the extra \$2 million was spent on. Can the minister detail that?

The Hon. P.F. CONLON: I will check it, but the short answer is likely to be diesel costs in the remote area scheme. Certainly, one of our big cost pressures is diesel. A lot of the remote area schemes involve diesel. There is a \$500,000 increase in fuel subsidy costs for remote areas and contributions made to REMCo and Envestra, which were contributions set out in earlier budgets for the introduction of gas FRC, from memory. They were both for the gas, but one to Investra for the cost of systems and the other to REMCo for setting up the market company.

Mr WILLIAMS: So, they were unexpected at the time of the formulation of the previous budget?

The Hon. P.F. CONLON: I do not think that is the case. I believe it has just been shifted around from Treasury and Finance's columns to our columns this year. If the member wants to know why accountants do that, again, it is probably the same as the regulatory test for interconnectors. I have just been advised that the reason why they would want to change it from Treasury's column to our column is for GST purposes. But please do not ask me to explain.

Mr WILLIAMS: How does the diesel fuel subsidy work? Is it set so that the price paid for electricity in remote communities is commensurate with what is paid in the rest of South Australia?

The Hon. P.F. CONLON: It is not all remote communities; it is only those on the scheme, and there are criteria. It requires us to keep those residential users within roughly 10 per cent of the tariff. People complain about the price when they are on it but, as the member well knows, if you are not on it and you are up the road on a farm running your own diesel generator the price difference is extraordinary. It certainly has been a hard scheme to operate with diesel cost. It is costing us a lot more. I think the opposition started the scheme when it was in government.

Mr WILLIAMS: I think we did.

The Hon. P.F. CONLON: We have not changed it. It can slide, and business customers can pay, but it is keeping people within roughly 10 per cent of the grid price.

Mr WILLIAMS: So, it is based on some sort of parity with general electricity prices.

The Hon. P.F. CONLON: It is really hard, because you get people saying, 'We would like to go onto the scheme. We know that we are too small, but we will pay more.' It is very hard, because you cannot have some people paying more than others, and it all ends in tears. Think of those poor farmers with a diesel generator—

Mr WILLIAMS: I think of them often.

The Hon. P.F. CONLON: —out there at night, when the diesel goes off, it goes quiet, the lights go out, you go to sleep and there is nothing but the stars—and then I start snoring!

Mr WILLIAMS: I refer to page 6.37 and the solar hot water heater rebates. The target is 3,600, which is up considerably from the estimated result for this year. Given the changes to the way that rebates will now be paid, and the narrowing of the eligibility criteria, how did you arrive at the number of 3,600? On what data is that based, and how do you expect to achieve that? I guess it begs this question: if the number falls significantly below that, will you review the eligibility criteria?

The Hon. P.F. CONLON: We do not expect the number to fall below that for very good reasons; one is that the commonwealth is in the mix now, too. If you meet our eligibility criteria and those of the commonwealth (and lots of people in South Australia do), you have a very substantial cost contribution towards hot water. In addition, down the track there will be an element of compulsion in the replacement of hot water systems, so we do not expect it to fall below 3,600. If you want to know how they added it up, ask these guys, because they added it up. We do not believe that it will fall below 3,600.

Mr WILLIAMS: Minister, do you expect to be able to maintain that number in the out years as well as in the next 12 months?

The Hon. P.F. CONLON: I think so. You have to remember that, in the out years, we have a mandatory replacement scheme coming up. I do not know how long it will go for, but that is what we are expecting.

Mr WILLIAMS: Minister, I refer briefly to some comments you made last year, when you complained about the fact that we did not have a national greenhouse policy. You said:

...it is about how we make a path to a carbon constrained future that saves the planet for our children but also preserves an economic way of life to which we have all been accustomed,—and that is by doing everything we should do.

One obvious missing piece of the picture, and one of the reasons why you can get schemes that may not be the most cost-efficient way of rebating emissions, is because there is no national greenhouse policy.

You went on to say:

...it is imperative that we have a market-based mechanism to allow the private sector to find the cheapest way of reducing emission costs.

Given those statements, and given that even though at the time Australia was moving and continues to move towards an emissions trading scheme, do you think that we are best served by having a single emissions trading scheme to work as a market-based scheme to give incentives for people to reduce emissions, or do you think we still need to have a plethora of schemes giving incentives all over the place?

The Hon. P.F. CONLON: 'Plethora' means an unhealthy surfeit, an unhealthy excess. I think that the *Concise Oxford* calls it a surfeit—

Mr WILLIAMS: It is a pretty apt word.

The Hon. P.F. CONLON: It is a very nice word. I have to say that had I heard that comment made by someone else I would have thought 'God, that's a smart bloke.' I am very pleased to hear that it was me who said that, because it does make very good sense.

The emissions trading scheme has to be at the heart, and we said that as interstate energy ministers some years ago—that this was the best mechanism, the mechanism most chosen around the world, and that it should be at the heart of a carbon-constrained future. The uncertainty around that future will be resolved soon. I understand that there will be a green paper from the commonwealth at the end of July.

As energy ministers, we have made clear to the federal minister what we think needs to be done, but there will be a green paper on that at the end of July. I think it will be a good step towards industry and everyone knowing how to deal with a carbon-constrained future. I have no doubt that we will say more about the green paper when it is released. We will put our views strongly, because I think it is one of the biggest issues facing the country, and I will do everything I can within my limited capacity to make sure that it is done as well as I think it can be done. I make no apology for that, and I will do it without fear or favour.

I think it remains to be seen whether there is a plethora, in terms of an unhealthy excess, of schemes. What I would say is that the emissions trading scheme has to be at the heart of a response but that there are other areas where governments may need to make interventions through market failure or for other very good reasons; and one, off the top of my head, is the geothermal area, which may well be an enormous resource for the future but which market-based solutions may not assist in the short term.

It may well be that we look at other schemes that help things like that. The renewable energy scheme sitting alongside the MRET scheme may or may not be necessary into the future. Do I accept that emissions trading is the only answer? No; I think that it is a better answer than some schemes around the place that may well need to be changed.

It is pretty ironic that the opposition asks this question because, when we introduced the feed-in laws, which had a time for review in the future, it voted with the Greens to extend out to 20 years. What we said was that an emissions trading scheme, that lots of other things were coming and that there may be changes in that period of time. But the opposition said, 'No, you have to do it for 20 years.' It is a slightly different attitude one day to the next, but you do get used to that with this opposition.

In short, a market mechanism, in my view, must be at the heart of it. It must take into account the benefit that we have from cheaper energy prices than the rest of the world. It will increase the cost of energy, and it is important that we are completely honest about that. But, if it is well designed, it should do that in a way that is staged and able to be managed by both small customers and the economy. It will start on the basis that all those generators that are operating at the moment will keep generating afterwards, because it cannot start any other way. I will certainly be making my submissions to the commonwealth that it will start on the basis of delivering a flight path to a carbon constrained future that allows everyone to manage it.

This was the original creation of the state energy ministers. I know that John Howard claimed that he discovered emissions trading when he worked out that every punter in Australia was telling him that he was not doing anything about it. It was not discovered by John Howard: the first work was done by state energy's Vince Duffy, who is sitting on my left. He did the very early work on emissions trading, so we know a bit about it.

It will be the primary answer for a carbon constrained future, but I certainly reject the notion that it means that there are not other policies or other things that the government should be doing. I think that energy efficiency will be driven by a market scheme, but it will also be driven by other interventions such as some of the things we have done which you will question later, including energy efficiency schemes. My view is that you do everything that gives good bang for your buck to achieve results. Certainly, I am very keen to see whether it is possible to get geothermal resources to market. In the short term, it may not be suited to a market scheme entirely on its own. It is a long answer but it is an important subject.

Mr WILLIAMS: The use of the word 'plethora' is interesting. There are a number of schemes such as carbon neutral cabinets, and those sorts of things, which I think very well fit the use of that word. Regarding your point about things such as geothermal, the previous federal government invested substantially into geothermal. In his paper, Garnaut talks about the revenue stream and indicates that there are still plenty of decisions to be made about where the revenues will be made as a result of an emissions trading scheme. Do you see subsidies to things such as geothermal as an appropriate place to spend some of those revenues?

The Hon. P.F. CONLON: I have read Garnaut, and I do not agree with all the analysis; I will say that at the outset. I think that Garnaut is one view on this, and it is only one view for the commonwealth. Those who expect the commonwealth to implement Garnaut as it stands might not get what they expect. I certainly do not agree with everything that has been said in the Garnaut report. On an issue of this size for the nation, I would be surprised if we did.

I am not talking about revenues from the sale of emissions permits. There are many sources of revenue in the commonwealth. Infrastructure Australia has a fund of \$20 billion. Sometimes, revenues for something like transmission lines for geothermal might come from a change in a regulatory approach. If you change the regulatory approach on transmission, as we talked about earlier for wind farms, you might change the one that allows them to share the cost of getting to market across the whole energy system. There are many approaches for doing that. Today, the Premier raised the idea of Infrastructure Australia as being available for this sort of infrastructure. I think that it is worth while, but in terms of how it is done I think that there are many options.

Mr WILLIAMS: Again, I am using the references to the Garnaut paper on climate change and his idea of emissions trading. It is interesting to see that the current federal government, in conjunction with the MCE, is taking a careful approach to this—

The Hon. P.F. CONLON: Can I say that it is not being promoted federally. Energy is one of the areas that has an input, but policy is being made out of the climate change office, or something like that.

Mr WILLIAMS: Thank you for that insight, minister. I refer—and I will be specific in a moment—to the potential impact on our industry and economies, and that was the point that John Howard was at pains to make for a significant period. Garnaut specifically notes that the agriculture sector might be brought into an emissions trading scheme at a slightly later date than the rest of the sectors in the economy. Given that the South Australian economy relies more heavily on the agriculture sector than other states, do you see any specific risks to the South Australian economy, and do you think that we need to be particularly aware of the potential impacts on that particular sector? I have asked this question specifically for the member for Schubert.

The CHAIR: I will rule it out of order. It is a legitimate question that the member for MacKillop has plenty of reasons to ask, and I am sure that the minister is very keen to answer it; however, I bring people back to the substance of what estimates are about. It has to relate to a line on budget expenditure. You referred to the Garnaut report as your reference for the question. I cannot sit back and watch you reference the Garnaut report and ask the minister a question in estimates.

The Hon. P.F. CONLON: We are getting away from—

The CHAIR: We have moved very far. The minister has been happy to answer these questions and that is why I have been allowing it to continue. I am sure he is happy to answer this

question also, but now we are getting into the realms of question time in the house. This is estimates. I am sorry, member for MacKillop, but I am ruling it out of order. If you have an issue with that you can move dissent and we will bring the house back.

Mr WILLIAMS: I must admit that I would have thought that some of these things go to the heart of energy policy and planning but—

The CHAIR: That might true, member for MacKillop.

Mr WILLIAMS: That is what the budget is spending the money on.

The Hon. P.F. Conlon interjecting:

Mr WILLIAMS: I am delighted that the minister does not have an understanding of the importance of the—

The CHAIR: Order! I warn the member for MacKillop.

Mr WILLIAMS: I note the involvement of the Ministerial Council on Energy in the National Oil Supplies Emergency Committee and its liquid fuel vulnerability assessment. Is it the case that South Australia still relies upon limited storage of liquid fuels? Can you tell the committee of any actions taken by your government to reduce the risk to South Australian businesses and motorists, due to our limited fuel storage?

The Hon. P.F. CONLON: It is true that the oil companies build the oil storage that they choose to build. I have to say that I would like to see a bit of work done on security of supply since the refinery closed. I would say that there were more interruptions to security of supply, at a guess, when we relied on the refinery for the amount of storage. I do remember a few of the oil guys from the old Storeman and Packers Union. They could stick you up for a while. I am prepared to guess that there were probably more interruptions to reliability of supply back then.

The fuel companies build their own storage; we do not build it. I have had meetings with fuel companies and oil majors about how they do their business. It is one of those rare occasions where I can say that I am not sure that they took a lot of notice of me. The oil majors are very large companies and I do not think the South Australian energy minister's influence can sway them.

I have struggled to understand why the oil industry believes that going up the river to M berth is a good idea, when it could go to a deepwater berth and put oil in a pipeline. However, it continues to do that. I cannot make it choose wise investment decisions. I can put my point of view. I can regulate the industry if things go wrong, but someone pays for regulation.

As it is, there have been times of tightness. We continue to talk to the majors and Flinders Ports about another offloading point. I do not understand the logistics chain or the supply chain coming in ships, but I would have thought bigger ships would be a better idea. I do get very nervous, not about storage, but about ships being able to get to M berth if there was some sort of blockage in the harbour. We talk to them but we cannot make them do it. If you have an idea about how we could make them do it, we are happy to listen to you.

I would have thought that, while we have had tightness out of oil storage, we had more supply problems back when we relied heavily on the refinery. My real fear is not so much the storage but what would happen if a ship sank in the middle of the channel and they could not get up to M berth anymore. That would worry me. However, I cannot make them move.

Mr WILLIAMS: Has your agency provided any advice regarding the risk to road transport, heavy road freight, in South Australia? I note that the South Australian Road Transport Association—

The Hon. P.F. CONLON: The risk of what?

Mr WILLIAMS: The risk to moving freight. The South Australian Road Transport Association has noted that some 20 operators have gone out of business in the past couple of months and that has raised the spectre of the state—

The Hon. P.F. CONLON: Do you mean because of rising costs?

Mr WILLIAMS: Rising fuel costs.

The Hon. P.F. CONLON: You were not here earlier when I said that I recently met with the Road Transport Authority and the Business Council of SA about these issues. The view I put was that the road freight industry, because of road efficiencies over the years, has delivered lower costs for people putting freight on trucks. They passed on those lower costs of moving road freight.

In a discussion with the Business Council I urged those people who use road freight to accept that their operators do have to pass on the higher costs of operating—and diesel is a higher cost.

I think there is a risk that people with deeper pockets can carry losses for a while, and there is a capacity to put operators out of business in an environment like that. Of course, that is the operation of the free market. I placed on the record with Business SA and SARTA that I hoped that people in this environment would take a longer view and accept that there have to be costs passed on if road freight operations have increased costs.

There is no easy solution to higher world energy costs and higher world fuel costs. I do hope that people in business relationships treat it with maturity, take a longer view and try to not allow people to take advantage of the current situation, with those who can bear a loss putting other operators out of business. I do not think that is happening, but the risk is certainly there.

We have been happy to say to Business SA (and I think Business SA might say to its members), 'You know, you had the benefit of lower freight costs for years and now you might have to accept the fact that some higher costs have to be passed on'. It is a free market, though, and I do not know whether there is any more to be done than that.

Mr WILLIAMS: Notwithstanding the free market—and you had some comments to make about free market earlier, minister—the government has the opportunity to show a lead. Has any work been done within your agency on the idea of using either liquefied or compressed natural gas as an alternative fuel supply? It is interesting to note that the state government has discontinued the practice of purchasing CNG operable buses for its bus fleet.

The Hon. P.F. CONLON: No, we do not provide advice; the private sector does not seek our advice on these matters, but we have done work on CNG and LNG. If you had been here this morning, you would know that, too—not that I am saying that you should have been here this morning, but we talked about this. CNG is not suitable for all routes, and my understanding is that it does not deliver the same sort of output as a diesel does. There are occasions where, if you put a CNG bus on a route that is pretty hilly, you are not going to meet timetables. So, there are limits.

I met with the Chief Executive of Iluka recently about the new mine out there, and he advised us that they have had some success in WA with LNG used in mining trucks. That is something we would like to look at further. One of the problems with CNG is the cost of refuelling stations (it would cost about \$2 million, I think, to build a compression station), whereas LNG might offer something in the future, where a big freight company could write a 10-year contract. At the end of the day, they are private sector investment decisions. We can assist to show what opportunities are there.

I congratulate Iluka on its investigating whether it can use those LNG fuel trucks over there west of Ceduna. We look at those things but, at the end of the day, these are decisions for the private sector. If there is a capacity in the private sector to write a 10-year LNG contract, as opposed to being exposed to the diesel price, they may want to take that. We are certainly happy to share our knowledge with anyone in the private sector. We have a heavy vehicle forum these days, where we talk to people on a regular basis, and the heavy vehicle industry has been very successful. But, at the end of the day, it is a decision for the private sector.

Mr WILLIAMS: I think we may be able to have an early minute if I can take the opportunity to read into *Hansard* a series of omnibus questions. To save the minister from having to listen to these same questions again and again this afternoon, if the minister undertakes to provide these answers on behalf of all of the agencies, including transport, that come within his portfolio area, I will have to read them into the *Hansard* record only once. My questions are:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister: including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2007-08 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2008 and, for each surplus employee, what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In financial year 2006-07 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2007-08?

5. For all departments and agencies reporting to the minister what is the estimated level of under-expenditure for 2007-08, and has cabinet already approved any carryover expenditure into 2008-09? If so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100,000 or more per employee, and also as a sub-category 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 2008; and
- (ii) Between 30 June 2007 and 30 June 2008, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more):
- (a) which has been abolished; and
 - (b) which has been created?

7. For the years 2006-07 and 2007-08 will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant and the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, list the total amounts spent to date on each project?

[Sitting suspended from 13:36 to 14:45]

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,
\$1,393,139,000**

Membership:

Ms Chapman substituted for Mr Venning.

Mr Pengilly substituted for Mr Goldsworthy.

Departmental Advisers:

Mr W. Gibbings, Chief Executive Officer, Land Management Corporation.

Mr M.J. Buchan, Chief Financial Officer, Land Management Corporation

The CHAIR: I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, chapter 6, and the Portfolio Statement, Volume 1, pages 3.31 to 3.50. I will call on the minister to make an opening statement, if he chooses, and to introduce his advisers. I will also call on the lead speaker for the opposition. This is basically the Land Management Corporation. Minister, do you have an opening statement?

The Hon. P.F. CONLON: No.

Mr WILLIAMS: I refer to Budget Paper 5, page 53: Capital Investment Statement. I notice that the Land Management Corporation is fitting out a new office at a cost of \$3.147 million. Will the minister detail the reason for the need for a new office and indicate where the Land Management Corporation is moving to?

The Hon. P.F. CONLON: It is going from the 8th floor of the Riverside Centre to the 9th floor of the Riverside Centre, and I am reliably advised that it is a good idea.

Mr WILLIAMS: At a cost of over \$3 million?

The Hon. P.F. CONLON: It has been there for 10 years and all expenditure has been in line with government requirements. Whether you like it or not, whether you stay in the same place

or move to a different floor, occasionally you have to do refits: it just has to be done. I am sure that if it stayed on the same floor at some stage it would have had to do some work. That is just a fact of life. I do not think it is an extraordinarily large expenditure for an organisation of its size.

Mr WILLIAMS: How many employees are there at the Land Management Corporation?

The Hon. P.F. CONLON: There are 93 employees.

Mr WILLIAMS: I refer to Budget Paper 3, page 6.4, and specifically to the Port Waterfront development. What have you done to resolve the issues raised by the Auditor-General regarding the Port Adelaide Waterfront development, including conflict of interest claims regarding the remediation subcommittee?

The Hon. P.F. CONLON: I dimly remember this being raised before, and answered before. Our legal advice is that there is no conflict of interest. That is Crown Law advice. So, I cannot resolve problems that do not exist.

Mr WILLIAMS: Notwithstanding the Auditor-General's—

The Hon. P.F. CONLON: Notwithstanding the Auditor-General, the legal advice—and we went through this at greater length at the time—from Crown Law is that there is no conflict of interest.

Mr WILLIAMS: I am sure the Auditor-General will be interested in that.

The Hon. P.F. CONLON: I am sure he would be too. I am sure he would find your views very instructive.

Mr WILLIAMS: On the same page it states:

The major projects contributing to Land Management Corporation's revenue during the forward estimate period include...

And it goes on to note the Port Waterfront development. Can you tell the committee to how much money has been spent by the Land Management Corporation in connection with the Port Adelaide Waterfront development, and indicate what consideration is expected, in return, to the government because of that development?

The Hon. P.F. CONLON: I will get some detail for you, but I can say that the deal on the Port Waterfront development is a tougher deal on the private sector participant than the deal that was done at Holdfast Shores by the previous government. We will have to get the detail for expenditure to date, but the total projected revenue is \$120,283,000 and total projected expenditure is \$76 million. We are showing a net surplus of almost \$44 million for the expenditure to date. The only thing I would say is that we expect that revenues may well be higher than we originally forecast because of the very buoyant state of the South Australian economy and residential demand.

Mr WILLIAMS: So, this is expected return to—

The Hon. P.F. CONLON: Current expenditure is probably in the order of about \$25 million.

Mr WILLIAMS: Current expenditure?

The Hon. P.F. CONLON: Yes.

Mr WILLIAMS: But total expected expenditure will be \$76 million?

The Hon. P.F. CONLON: That is right, for a return of around \$44 million, but I expect that may well be higher over time because of the increase in values and, of course, it provides for putting a tram down there, which will increase values—electrifying the line.

Mr WILLIAMS: Given that statement, is the cost of putting the tram down there apportioned to the cost of providing the land for the developers?

The Hon. P.F. CONLON: Sorry?

Mr WILLIAMS: You just made the statement that you expect the values to increase because you are putting a tram down there. The corollary to that is: are you costing the expense of putting the trams down there against the project?

The Hon. P.F. CONLON: No; we are not putting it down there solely for the project.

Mr WILLIAMS: I thought that was what you said.

The Hon. P.F. CONLON: No; you have asked a question and I will answer it. Are you suggesting that I should go to every developer along every tram extension and cost the project against them? Is that what you are suggesting?

Mr WILLIAMS: That is what you suggested.

The Hon. P.F. CONLON: No; that is what you just asked me.

Mr WILLIAMS: That is what you suggested.

The Hon. P.F. CONLON: Why would I do it to them then?

Mr WILLIAMS: I did not mention the tram, minister. You suggested—

The Hon. P.F. CONLON: Well, that is what I mentioned. Are you then suggesting that wherever we electrify the railway lines we should put that cost against landowners around that?

Mr WILLIAMS: I did not mention the tram, minister.

The Hon. P.F. CONLON: You just did, actually.

Mr WILLIAMS: You made the statement that you expected the returns to increase because you are putting a tram there.

The Hon. P.F. CONLON: You asked me whether I had costed it against the land project. Why would I do that to them and not to everyone who has land on a corridor?

Mr WILLIAMS: You made a connection, minister, not I.

The Hon. P.F. CONLON: I will make it simple for you, Mitch—

Mr WILLIAMS: It may well have been Freudian, minister; I do not know.

The CHAIR: Order!

The Hon. P.F. CONLON: The member for MacKillop asked me what the cost was and I told him, and I told him the projected returns. I told him that they may be higher than that because of the very buoyant state of the economy achieved by this Labor government—

Mr Pengilly interjecting:

The Hon. P.F. CONLON: One of the members is not well; could someone get him a glass of water? I told him that I expected that the electrification of the line and the addition of the tram will add value. Now, the next question from the member for MacKillop was (unless I am hearing things): should I not then be costing that extension against the project? Or does the member now claim that he did not say that?

Mr WILLIAMS: No. I was responding to your comment—

The Hon. P.F. CONLON: I said, 'No, we're not'. We heard from the opposition today that its policy is that everyone who buys a ticket on public transport will be guaranteed a seat. I look forward to that one; and I look forward to the opposition explaining that it will put the cost of rail extensions against the landholders in future.

An honourable member interjecting:

The Hon. P.F. CONLON: The member for MacKillop cannot run away from the very silly question he asked. I know he backpedalled as soon as he asked it, but he cannot run away from a very silly question. The land down there is making a significant return to us, and I stand by what I told the member for MacKillop, in that I believe the land values down there will be enhanced by superior public transport. Everyone who has a part of public transport enhancement near them will have their values enhanced. If you believe that means we should go and make them pay for it, well that is a good policy for you to have, but it is not our policy at present.

Mr WILLIAMS: You are drawing amazing conclusions from my request for information based on your statement, minister. Notwithstanding that, speaking of backing away from your statement—

The Hon. P.F. CONLON: Everyone heard the statement then, Mitch.

Mr WILLIAMS: It is on the record, minister. I am delighted that we have Hansard here. As far as I recall, I had not mentioned trams until you did.

The Hon. P.F. CONLON: You asked me whether I had costed it against the project. Do you claim you did not ask that?

Mr WILLIAMS: What is the timing of the expected returns to government from the Newport Quays development?

The Hon. P.F. CONLON: There is no short answer to that. The project probably has between eight and 12 years to run, depending on market demand. It also depends on other participants resolving things in a proper order and a proper time frame. We have differences from time to time with the Port Adelaide council that sometimes are harder to resolve than others (and I understand we have just resolved one).

We also have people like opposition members, who take a number of different positions on a project, and that may cause delays. For example, I point out the position of the Leader of the Opposition who, a month or so ago, supported the very longstanding plan for the removal of certain boatyards down there—boatyards, I point out, that probably offend the Environment Protection Act, apart from anything else. Apparently, because this opposition changes its mind in a moment if it thinks it is more advantageous, he was on the verge of calling a press conference down there to call for saving the same boatyards that he was happy to have moved some time ago.

Ms CHAPMAN: I have a point of order. The minister is clearly getting into a debate; he is not answering the question.

The Hon. P.F. CONLON: I am not.

The CHAIR: Order! First, the minister is not debating the answer. Secondly, when the government has waived all its questions, and this disorderly to and fro from the opposition to the minister is happening in a tag team between all three of you, you can hardly expect the minister to do anything other than defend himself.

Mr Pengilly interjecting:

The CHAIR: And I point out to the member for Finniss his disruptive behaviour in reading that book.

The Hon. P.F. CONLON: And his grunting, sir; he occasionally grunts.

The CHAIR: And his grunts. I do not uphold the point of order at all.

Ms CHAPMAN: Thank you for that impartial decision, Mr Chair.

The CHAIR: You are welcome.

The Hon. P.F. CONLON: Feel free to take it up with him further if you wish; he is right there. You asked me about time frames, and I am telling you what the time frames are—they are between eight and 12 years—and what drives them. One thing, of course, is market demand, and another is the cooperation of the participants. However, for the life of me I cannot understand what changed about those boatyards in the space of about a month that would lead the opposition leader to have very different views in that period of time. I do point out that if the opposition plays politics with the project, as it appears to be seeking to do on this occasion, it may cause delays.

It will be a very strong return to government, whomever that government happens to be in eight to 12 years. I guess it is within the realms of possibility that the Liberal Party could win an election by then, so there may be benefit for it. Let us hope it is not the case, but it may well be, so I suggest that it is in the state's interest for it to assist us and not play politics on this project and assist us to capture the maximum value of it.

Mr WILLIAMS: I take it from the minister's answer that the contract between the government and the consortium at Newport Quays gives the government the benefit of rising values as the project goes forward.

The Hon. P.F. CONLON: That is correct.

Mr WILLIAMS: Are the figures of a \$120 million expected return and a \$76 million expected cost indicative of what the Land Management Corporation expects of most of its projects?

The Hon. P.F. CONLON: I do not know that we do projects like this very often. One of the obvious things about this project is that the current Liberal opposition has taken a real set against it, for what reason I cannot imagine. It involves the revitalisation of Port Adelaide and significant returns to government. My understanding is that it gives much better return on this project than the shares the government got on the Holdfast Shores project, a deal written by the honourable

member's government. I can guarantee that, whether or not you like it, it is a much better deal for the state government than you wrote with Baldies and the rest of them down at Holdfast Shores.

These are different times, but it is a better deal. It is not easily comparable to other land releases, because we are talking about the long-term dealing with land that requires significant remediation, and that risk has been one of the big ticket items on this project from day one. When you deal with remediation, you deal with a great deal of uncertainty and a high level of risk and it is hard to forecast returns, but you do the best you can in the circumstances. These figures are revised upwards from the original figures for a number of factors I have talked about before, but I cannot for the life of me understand why the opposition has taken such a set against this development. It has a higher rate of return to the government on the increased value than did the Holdfast Shores development, so if this is bad yours must have been atrocious.

Ms CHAPMAN: The Land Management Corporation charter provides that the nature and scope of activities outside South Australia shall be limited to the provision of minor consulting services and project management services subject to the approval of the minister. Of the current projects and anticipated projects for 2008-09, has the minister given approval for authority for any external consultants and, if so, under which projects?

The Hon. P.F. CONLON: External consultants for—

Ms CHAPMAN: If you'd listened you'd know, but it is 4.2 of the charter—

The Hon. P.F. CONLON: I did listen to you. Why are you so rude: have you had a bad day?

Ms CHAPMAN: Mr Chair, I have asked the question.

The CHAIR: Order! If the deputy leader does not want a response to an interjection, I ask her not to interject—very simple.

The Hon. P.F. CONLON: I understood the question, when I was listening, to relate to projects outside the state and whether we are providing large consultancies. You have asked me whether I have approved any of those, and I am puzzled, because I certainly do not recall any. There is no need to become rude so quickly. We had a very pleasant morning this morning. My advice is no, and I certainly do not recall approving any.

Mr WILLIAMS: I understand the charter of the Land Management Corporation states that it operate in a commercial fashion. Given that arguably the Land Management Corporation has such an influence on land prices for housing development across Adelaide, does the minister think—

The Hon. P.F. CONLON: You can continue, but I am not accepting that as a given.

Mr WILLIAMS: Do you think there is a role for the Land Management Corporation to be able to provide affordable land to home buyers across Adelaide?

The Hon. P.F. CONLON: I have been very clear about the role of the Land Management Corporation, and it has to act on a commercial basis. There are times when the Land Management Corporation will be a vehicle used by the government to pursue broader objectives than merely commercial ones. On those occasions such a proposal is brought to cabinet and is approved by cabinet. The best example I can think of recently was the Peachy Belt Playford North alliance, because there is a big parcel of government objectives sought there in education, health outcomes and such like, but I believe the best approach for the Land Management Corporation is to have a commercial charter and then it is clear about what it is doing and, if the government seeks to do more than that or change that, it does so in a transparent way through a cabinet decision. Transparency in these matters is extremely important. There should be transparency in CSOs and in anything done for other than a commercial purpose, but it is does not mean it is not done.

The role of the Land Management Corporation has changed to a degree since the previous Liberal Government, and the buoyancy of the economy now has seen it try to feed in recent times a growing demand for land without any role itself other than simply getting the land to market. It does not do as many of the JVs as it did in the past under the previous government, because we do not believe there is a need for that in our current economic environment. We believe that there has been a need to get land to market. So, we got some land to market as quickly as we could and we have some land ready to get to market soon. That is to feed a demand in the private sector that is buoyed by the best economic conditions we have seen and by turning around our population growth and increasing it.

We would expect it to continue to operate under that commercial charter with the proviso that it will occasionally do other things, where cabinet decides, and also with the proviso that we see a reduced role for the LMC and JVs unless they have some broader social objective. The ones that might be considered in the future, I would imagine, might be something around Noarlunga, where there might be broader government objectives. Otherwise, it will be getting land to market, and then there will be an argument about whether there should be a role for the LMC or some other government agency, in terms of the transport oriented developments that we are going to be making possible through the massive investment in public transport.

That is a pretty comprehensive short summary of the role of the LMC. Anything that is out beyond the commercial charter we believe should be a clear and transparent decision of cabinet, not a decision for the corporation.

Ms CHAPMAN: Consistent with that, has the land that the Land Management Corporation owns, which is part of the Glenside Hospital site which originally was to be developed for the South Australian Housing Trust, been transferred and, if so, to whom? Was it for valuable consideration and, if so, was it the market value of the property?

The Hon. P.F. CONLON: We have never owned any land at Glenside. The LMC has never held land at Glenside.

Mr WILLIAMS: There is reference in Budget Paper 3, page 2.23 to the sale of the Walkerville building car park. Will the LMC be involved in this sale, and does this signal that the government is reigniting its proposal to sell the Walkerville building and move the officers who are housed there into the CBD?

The Hon. P.F. CONLON: The LMC sold that car park only as an agent for the Department for Transport. It has no other role. That is an old deal going back some years—two chief executives ago. I think the member talked about the sale of Walkerville in terms of the building. I have made no secret of my desire to shift people at the Department for Transport closer to the city. There are decisions that will have to be made in the future when it comes time to refit that old building. They have not been made at present, but I have made no secret of my desire to get those people in here. I do not have a timetable for that; there is nothing funded in the budget for it. I believe there would be a more appropriate place for transport at some point in the future, but I am struggling to understand what it has to do with the LMC.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 1, page 3.35. Can the minister advise us about the land transactions that make up the return of the estimated increased dividend from the budgeted \$8.4 million to the actual figure of \$36.4 million and the estimated result of \$61.35 million in 2007-08? Where are these land deals and who is the developer for each of these deals?

The Hon. P.F. CONLON: I might give the member an answer in more detail after I give this more abbreviated one. There are two factors. The biggest factor is the one that I talked about earlier, where I requested that the LMC bring ahead some land releases because of the repeated requests from the development industry, driven by the buoyant economic conditions, and the other increases are as a result of the buoyant economic conditions; the increases in value above earlier forecasts. It is not really surprising, given that I think the residential values in Adelaide outperformed most people's expectations last year, including those of national forecasters.

The biggest component would be in connection with bringing forward those land releases, at the insistent request of significant industry lobby groups, and I think it was the right thing to do. We will obtain for the member the full detail of that in due course. The two main sales were: Blakeview stage 1, 28 hectares to Fairmont Homes; Blakeview stage 2, 88 hectares to Delfin; and 52 hectares to Devine Homes at Andrews Farm. Boy, they paid a good price!

Mr WILLIAMS: I refer to the Mawson Lakes project. The Auditor-General noted that the government had spent \$21.1 million meeting its obligations with respect to that project and highlighted that there was a future commitment of \$1.6 million over the next two years. This would be completed in 2008-09. Will that time frame be met, and does this complete the government's obligations with respect to that project?

The Hon. P.F. CONLON: The project (and I have to say that the project, which was instituted under the previous government, has made very good returns for the government) will be completed in 2011. It has won some national recognition. So, the completion of the project is 2011, and it will be with better than originally forecast returns.

Mr WILLIAMS: Can you detail the total expected costs and returns?

The Hon. P.F. CONLON: We will take that question on notice and get you that detail, but it is significantly better than originally forecast.

Departmental Advisers:

Mr R. Hook, Executive Director, Office of Major Projects and Infrastructure.

Mr J. Hallion, Chief Executive, Department for Transport, Energy and Infrastructure.

Mr A. Milazzo, Executive Director, Transport Services, Department for Transport, Energy and Infrastructure.

Mr M. Palm, Acting Manager, Budget and Investment Strategy, Department for Transport, Energy and Infrastructure.

Ms J. Tepohe, Acting Chief Financial Officer, Department for Transport, Energy and Infrastructure.

The CHAIR: I now open up the Office of Major Projects and Infrastructure Development, ICT, Land Services and Building Management.

Mr WILLIAMS: My questions refer to Budget Paper 4, Volume 2, pages 6.39 and 6.40, State Infrastructure Facilitation. What traffic management reports, safety reports and business case reports were completed when assessing the tram extension to the Entertainment Centre, West Lakes and Semaphore?

The CHAIR: I assume that this is in major projects.

Mr WILLIAMS: Yes; major projects and infrastructure facilitation.

The CHAIR: I leave it up to the minister, but that sounds like a transport question.

The Hon. P.F. CONLON: We are happy to talk about this. We know that the opposition is opposed to the tram extension to the Entertainment Centre. We know that, and we are on the record. It has called it the 'tram to nowhere'. If that rings a bell, it is because that is what it also called the tram to the railway station, which of course was a tram to nowhere and which has proved to be an outstanding success in terms of patronage.

I would have thought that the reasons for the tram extension to the Entertainment Centre were obvious but, for the benefit of the opposition, I will repeat them. Going to market at the Entertainment Centre is the Clipsal site. It is going to market at present, and it is owned by Rob Gerard, who may be known to some people in the room. He has taken an interest in some of the people in this room in the past; in fact, I would say at a guess that, if it were not for Rob, some of them would not have fought an election campaign.

That site is going to market. It borders on the Adelaide Parklands, and it is currently an industrial site. There has already been an indication from the City of Charles Sturt of the intention that it should be rezoned for a much better use—residential use. Of course, we believe that that site is likely to be valuable for residential use in the future because, as I say, it fronts onto the parklands.

In addition, the Entertainment Centre is there, and it has an 800-space car park that is used five days a year. The Entertainment Centre is having a \$50 million upgrade; apparently, the opposition does not like that, either. The tram extension to that location captures the value of an existing piece of infrastructure in terms of the car park and adds enormous value to the Clipsal site.

Further, the Clipsal site borders some old gas company land, and we believe that the electrification of the Port line and the extension of this tram will, potentially, allow sufficient value to be created finally to make use of this heavily contaminated gas company land and add value to it, which is a very good outcome. At present, that land is locked up with no potential use, and it is literally 10 minutes from the city.

The opposition seeks to ask questions about a business case on a tramline as a public transport project, which shows the narrowness or utter absence of any vision. I would have thought that the benefit of this would be manifest to everyone—but it is not. I certainly wonder whether there has been a phone call from Rob Gerard to his people, who are determined to knock this off, to say that he probably thinks that this tram extension is really not a bad idea, but I leave that to their private discourses.

In terms of traffic management, there is no doubt that there will be challenges in delivering this to that location. It is our intention that the design of the tramline will be such that there will be no reduction in traffic capacity, and we have already devised a number of options. The bottom line is this: we have decided to extend the tramline to the Entertainment Centre for all those very good reasons. I know that the opposition does not like it, but that tramline extension has been greeted with great excitement by, for example, the Property Council, which can see the value in doing these things.

I suggest that the opposition deals with this tram extension the way it did with the previous one in its election campaign in 2006. In the other election, the opposition called them 'trams to nowhere'. The opposition went out and opposed it. It was a point of difference in the election campaign. I suggest to the member for MacKillop that the opposition goes out with this point of difference in the election campaign of 2010, just as it did in 2006, and I hope the result is exactly the same.

Mr WILLIAMS: I take it from the minister's answer that there are no traffic management reports, no safety reports and no business case established.

The Hon. P.F. CONLON: The member for MacKillop can take—

Mr WILLIAMS: It does not matter whether or not the opposition likes the project.

The CHAIR: Order!

Mr WILLIAMS: The question is about the government's accountability in spending taxpayers' money without taking—

The CHAIR: Order, the member for MacKillop!

Mr WILLIAMS: —into consideration a business case.

The CHAIR: The member for MacKillop will not speak over the chair! It is the height of rudeness. Please do not. I do not want to have to shut down the committee and do all sorts of awful things to you. You are given every question. The government is not filibustering with questions. You are given a full run. I ask you to simply ask the minister questions rather than make statements. Rhetorical questions to yourself are no good to anyone, so please, can we have some questions? In future I want them referenced to the budget.

The Hon. P.F. CONLON: The member for MacKillop is seeking to build a campaign. We understand—

Mr WILLIAMS: On a point of order, we have asked the questions and now the minister is just running off making a statement. Are we or are we not going to have questions? I was hoping that we would get answers, to be quite honest.

The Hon. P.F. CONLON: If the member for MacKillop wants to be here on his own I can arrange that.

The CHAIR: Perhaps we should go back to the system where the government asks questions.

The Hon. P.F. CONLON: The member for MacKillop is a rude man. He has deliberately thrown out things at the end of the answer to my previous question. I remind you, sir, that he said, 'Well, I take it that your answer is...' If he wants to put that on *Hansard* he must understand that I will respond.

The CHAIR: I have to say, member for MacKillop, that is a perfectly reasonable attitude to have. If you do not want the minister to respond at the end of a statement that you make, I ask you not to make statements, and the minister will then not respond. If we have question and answer, the way that it has worked for the past 150 years, we can all go home after an informative session.

Ms CHAPMAN: About 30 years.

The Hon. P.F. CONLON: It would be an unusual five minutes in parliament if someone were not corrected by the member for Bragg. We understand a great deal about traffic management in that area. We understand great deal about the benefits of extending trams from our experience with the other tram that you opposed. You have a point of difference with us. I invite you again to campaign on that point of difference as you did in 2006.

If I can not get through to you the benefits of tram extensions supported by every opinion leader in what they do for urban renewal, what they have done in the city already and what they will

do not just for the Clipsal site but also for that piece of land where Coca-Cola bottlers is (where there are used car yards, auto dismantlers and things like that), and if I can not make you understand that, well, so be it, but you should not make silly little speeches. Just go and campaign on that, because I am very confident that we will get the same result in—

Mr Williams interjecting:

The Hon. P.F. CONLON: I have not finished yet. I am very confident that we will get the same result in 2010 as we did in 2006.

Mr Williams interjecting:

The Hon. P.F. CONLON: You have asked a question about what we are doing; I am telling you the fundamental basis for it. If I do not answer the question the way you like, member for MacKillop, I suggest that you go out and tell everybody that, and tell them what terrible person I am, and get elected and get into this seat, and then you can answer questions the way that you would like them to be answered.

Mr WILLIAMS: Are you finished now? That is the sum total of the reports that were done by the government—

The Hon. P.F. CONLON: Again, Mr Chair, if he wants to make comments, they are not the sum total of reports that we have done.

Mr WILLIAMS: What is the sum total of reports?

The Hon. P.F. CONLON: You want to know on what basis we have decided to extend the tramline? A study analysis shows the value that our tram extension brings in a range of areas, including putting 800 people who would drive into the city, in a park-and-ride, and instead they park at the Entertainment Centre and catch a tram. What if we do something like charge them, say, a total of \$6 to park, and for that they get a ride into the city on a five-minute tram? What happens then is that those people who drive there, park, pay \$6 to park (which is probably less than what they would pay in the city), and they get a tram ride in and a tram ride out.

Ms Chapman interjecting:

The Hon. P.F. CONLON: Apparently, the member for Bragg says that parking is free. No; it is free for MPs under Parliament House. The member for Bragg has to understand that not everyone was born to rule and not everyone gets a free car park in the city. It is not free for other people. The member for Bragg simply cannot help herself.

Mr PENGILLY: You ought see where she came from.

The Hon. P.F. CONLON: I have seen where she came from; it is a very nice place. The member for Bragg interjects that it is free; parking is not free for ordinary people. I do not know many people who drive to the city and park for free—not all day, although there are some free spots. What I am suggesting to—

Mr Williams interjecting:

The CHAIR: Order!

The Hon. P.F. CONLON: Well, you asked what was the sum total, and I will tell you some of the things that you have asked for.

The CHAIR: Order! Minister, do not speak over me. The minister is responding to an interjection.

Mr WILLIAMS: It's out of order.

The CHAIR: It is out of order and, perhaps, if the members to my left did not interject the minister would then not respond. It is the chicken and the egg, isn't it? It is pretty simple.

The Hon. P.F. CONLON: I ask you: what if we charge people \$6 to park there and then ride in on the tram? In all likelihood the tram would run every five minutes. They do that. Do you think people will drive into the city and pay and park there or will they park at the Entertainment Centre? I suggest that they will park at the Entertainment Centre. That is our analysis of it; you may not agree. You did not agree with the other tram; you said that it was a tram to nowhere. Patronage has increased and paying customers have increased by of the order of 15 per cent. So you were wrong then, as I believe you will be wrong again. You may believe that we will not capture the urban renewal value out of the tram extensions, but we believe we will. We have the opinion of the

Property Council that we are right in our analysis of it, and we have the evidence of the existing tram extension where developers down towards South Terrace say that they are now developing there because of the tram extension through the city. The member for Bragg is now seeking to distract me by talking. That will not work.

Ms CHAPMAN: I don't want to listen to this drivel.

The Hon. P.F. CONLON: She does not want to listen to this drivel; the member for Bragg is such a rude person. May I say we spent the whole morning without any of this. Did we have any of this earlier? What is different now? The member for Bragg is here—a voice like nails on a blackboard. It is very distracting.

The CHAIR: Order!

The Hon. P.F. CONLON: This did not happen this morning but it is happening now.

An honourable member: And we still haven't had an answer.

The Hon. P.F. CONLON: If the member for Bragg and the member for MacKillop would stop interjecting—

The CHAIR: Order! The member for MacKillop, the minister and the member for Mawson will come to order. To answer your point, you have asked more than one question in 16 minutes. If you want the minister's answer to be short and to the point, do not interject. You cannot interject to get a point on the record and then expect the minister not to respond to that interjection. It is fairly simple: we are all politicians; we are all professionals. Do you think he will just sit there and take it? He is going to respond, the same way as you would. Let us get on with it. Let the minister finish his answer, and then get on with the next question.

The Hon. P.F. CONLON: I am prepared to finish the answer there, but I do say that if I now get a commentary on the answer from the member for MacKillop and that commentary unfairly twists my completely open and transparent words, then I will respond again.

Mr RAU: Mr Chair, on a point of order, if the member for MacKillop becomes agitated and distraught, one of the three of us is prepared to ask a question—

The CHAIR: Very generous of the member for Enfield.

Mr RAU: —to let him calm down a bit and feel a bit more comfortable.

Members interjecting:

The CHAIR: Member for MacKillop, your fourth question.

Mr WILLIAMS: My fourth question—let us see whether I can get my first answer. In relation to the proposed extension to West Lakes, can you advise what is the projected number of passengers that a tram will be able to carry in each of one, two or three hours prior to a football match or other entertainment at AAMI Stadium?

The Hon. P.F. CONLON: What was that about a football match? I did not hear it.

Mr WILLIAMS: In relation to the proposed extension of the tramline to West Lakes, can you advise what is the projected number of passengers that a tram would be able to carry in each of the three hours preceding a football match or other event at AAMI Stadium?

The Hon. P.F. CONLON: To assist the member for MacKillop who, from his question, believes that we are building a tram extension to Football Park to get people to the football, may I point out to him that I have been on the public record saying that you would not build a tram extension in order to take people once a week for half the year to a football stadium. It is not about that. I made it plain, earlier today, that the tram extension—I will stop until the member for Bragg finishes her rude chatting. When she has quite finished I will speak. Are you finished? Good.

I made it plain today that the tram extension to Football Park would not be built for that purpose. It will be built for the very valuable development that we expect around the tram extension. In talking to people in the development industry, we have every reason to believe that will happen. We are aware that the SANFL (which certainly sought this extension) has something like 60 acres (I do not know what that is in modern talk) down there in available land.

We believe this can be West Lakes stage 2, so to speak, in terms of the size of the development. There is no doubt that, without that development, you would not be building a tramline. The argument for a tram extension to West Lakes has, in fact, been around for some

time. We have always been of the view that you cannot justify that just to transport footy patrons: that is a nonsense. However, there is a very strong argument for a development around the tramline.

When I say the argument for the tramline has been there for some time, I will have to refresh my memory, but I do know that someone else proposed it some time ago. I will just find out who it was. Yes; on Monday, 22 September 1997 in a press release there was a call for an extension of the tramline north of Victoria Square and a rail link to Football Park at West Lakes, branching off the Grange line at Albert Park. That was John Olsen.

May I say that other people have seen the merit in this proposal. The big difference is that, while your side talked about doing something, we actually did it. I think it is extremely noteworthy that, with both the projects you talked about doing in 1997, you have called for over time, and some of your members—when you are done. I have more but I am just waiting for them to be done.

The CHAIR: I have to say that the member for MacKillop is complaining about not getting enough questions to the minister but, the moment the minister gets a question and begins answering it, he is heckled.

Members interjecting:

The CHAIR: Not by the member for MacKillop. I am sorry, I apologise—not by the member for MacKillop but by the member for Bragg.

Members interjecting:

The CHAIR: The screeches of innocence are appealing, but I do not accept them.

The Hon. P.F. CONLON: So I return to—

The CHAIR: Shall we continue?

Ms CHAPMAN: Are you forbidding any discussion within the committee amongst committee members?

The Hon. P.F. CONLON: No; you can discuss anything you like.

The CHAIR: Absolutely not. In fact, so much so, member for Bragg, that the government members have waived all questions.

Ms CHAPMAN: That may be so.

The CHAIR: All questions, member for Bragg.

Ms CHAPMAN: That may be so but if I wish to come over—

The CHAIR: Order! You will not speak over the chair. This is not a debate. The government has waived all its questions; you have unlimited questions. Every time the minister tries to answer a question, you interject.

Ms Chapman interjecting:

The CHAIR: And you are doing it to me.

The Hon. P.F. CONLON: The trams, of course, will take people to the football.

Mr PENGILLY: How many?

The Hon. P.F. CONLON: Well, probably as many as catch the tram, okay. But trams do not have the capacity of buses. That is what why I am trying to stress that they are not being built simply to take people to the football. I point out that we have had outstanding success, which you do not want to know about, in increasing public transport to the football—it is up by about 300 per cent because of our innovation—and it was probably criticised by you at the time—to make the footy bus free by putting it onto the ticket price. We had the biggest ever increase in public transport to the football. Trams will carry a few thousand to the football, but not as many as the buses will. However, it is all about that development.

I make the point that these people called for both of these tram extensions when they were in government. They had their transport shadow come into the parliament and move a motion calling for us to extend the tram to North Terrace, and they had a premier promise a tram to West Lakes. They support it until such time as we fund it and do it. They are all great ideas until Labor does it. This exposes just how shallow their public transport policy is. There is absolutely no doubt (and I am not debating it; I am just telling you what is on the public record) that these people

repeatedly support projects until Labor does them and then they oppose them. They are the shallowest people in public policy.

Mr WILLIAMS: On a point of order, Mr Chairman, I asked a question about the capacity of the tram to carry passengers. My colleagues and I have sat here in silence and listened to nothing but a diatribe, and the minister has gone nowhere near answering the question and is debating the issue.

Members interjecting:

The CHAIR: Order! Let me rule on this point of order. First, I think the minister is responding to what he thinks may be a loaded question—that is entirely up to him—and the minister is entitled to answer the question in any way he wishes. Secondly, while the member for MacKillop may have sat in silence, his colleagues certainly have not. I do not uphold the point of order.

The Hon. P.F. CONLON: If the member had listened, I actually told him that the tram will not carry as many people as the buses—a couple of thousand in that period of time. Trams are—

Ms Chapman interjecting:

The Hon. P.F. CONLON: This is the person, of course, who claims she has sat in silence—she is off again—for two hours. I will say it again. They wonder why I take so long: it is because they will not listen. This tram extension is not about getting people to the footy. I am on the public record, over two years ago, saying that you would not build a tram just to take people to the footy. I do not know how clear I have to be to make the member for Bragg understand what I am saying. If she does not want me to go on and make it clear, she should not give an impersonation of a person who has not heard a single word I have said.

Mr WILLIAMS: Minister, given your desire to build tramlines all over the place, surely it would be in order to do a business case so that you could compare and work out where would be the best value for the taxpayers' dollar to build a tramline.

The Hon. P.F. CONLON: The question again proceeds from one of the member's inventive premises that there has not been work done on this. Since we announced this in 2005, we have spent time studying the best possible places for upgrading public transport and putting in new ones. The results of those extensive studies show, we think, some undeniably good outcomes in terms of an extension to the Entertainment Centre and Football Park (which is apparently a good idea if you think of it and a bad idea if we think of it); an extension to Port Adelaide, where you asked questions about the value of the release earlier, and we told you that the value would be enhanced; and then extending the tramline down Semaphore Road to the sea.

We do not have one simple little safety report that you are looking for: we have years of analysis of spacial modelling and we have a future public transport network study. For the benefit of the member for MacKillop, quite independently of us but I suspect using the same sort of analysis, the Property Council of Australia, a few weeks before our budget, put out its call for a new public transport network, using its resources and expertise in terms of what it would do and what it wanted us to do, and I suggest to the member for MacKillop that he go and look at both because they are remarkably similar. From memory, is there any significant difference between them?

Mr HOOK: Frighteningly similar.

The Hon. P.F. CONLON: As Rod Hook says, they are frighteningly similar. That is because they look at the same objective criteria, make the same analysis, look at the future needs and future development and look at the government objectives—good objectives—and they come up with the same answer. Is the penny starting to drop? Maybe it is not the case that we are wrong and the Property Council is wrong—and I assure you we did it absolutely independently; I do not think we shared any information that I can remember with the council—and absolutely independently we came up with a virtually identical answer. Maybe it is that we are right, the member for MacKillop, and you are wrong.

Mr WILLIAMS: I refer to Budget Paper 5, page 54. Minister, can you advise the committee on the status of the land on which the government intends to build the metropolitan desalination plant? Has ExxonMobil provided a lease for the whole of the land that will be required, or only a portion of land on which the pilot project will be sited?

The Hon. P.F. CONLON: The Treasurer is handling that; you will have to ask the Treasurer about that.

Mr WILLIAMS: You are not involved in that?

The Hon. P.F. CONLON: No; the Treasurer is handling Mobil and the desal and infrastructure down there.

Mr WILLIAMS: Okay; I will come to one that—

The Hon. P.F. CONLON: We do have a fair size portfolio.

Mr WILLIAMS: I will go to one that we know you are handling, minister. Can you explain why there is no funding in the budget for the South Road/Grange Road/Torrens Road intersection, and was any money expended in the previous budget, where \$28½ million was listed for that particular project?

The Hon. P.F. CONLON: The very simple and very good news about that—and I have spoken publicly about this before—is that when we started the South Road works we did not have a funding partner. This government was the first ever government to put this on the agenda. We then did something that was historic as well and got all the major lobby groups in South Australia to sign up to these priorities of fixing the north-south corridor and took it off to the then Liberal federal government and, of course, spoke to the Labor Party in opposition.

To cut a long story short, what we were able to achieve was a funding partner with a commitment of \$500 million from the federal Labor government and \$70 million of its money. I would point out that all money spent so far is the state's money, and not the federal government's at all. We got both the government and the opposition to agree to extend the AusLink corridor, and what we have now is \$70 million of planning money (federal money) to plan the best way to proceed, now that we have got a funding partner. That funding partner, as I said, brings \$500 million, in the initial promise, to the table.

We believe it is worth spending that money on planning and seeing what we can do now that we have a funding partner, as opposed to the program that we set out when we were funding it on our own. As a consequence, I think we sent a letter to the people living around there informing them that there will not be any works there for a few years while we do this study. That is a net good thing. It is not that we have got a project slipping out and we are losing a project: we have got a net addition of \$500 million from a funding partner.

What we want is to do this planning work with the commonwealth, spending its money—\$70 million is a lot of money, I have to say—so that we come up with the very best progress of works on the north-south corridor. I am very happy that, having started this on our own several years ago, we now have the biggest funding partner you could find in Australia. I would point out that we estimate to spend \$5.5 million acquiring land down there in any event, which will be used in the future.

Mr WILLIAMS: I assume that it would be the same response if I asked a question about the Sturt Road/South Road underpass—

The Hon. P.F. CONLON: There is still some money in there for the Sturt Road/South Road underpass towards the end of the forward estimates. That one is probably a little more straightforward than some of the works further north, but there is still money in the forward estimates for that.

Mr WILLIAMS: So, when do you expect the completion of that particular project?

The Hon. P.F. CONLON: The completion? I can tell you when it starts. I will give you an answer when we complete the planning study, but there is money in there. There is more money than we ever had, so that is the answer I will give you.

Mr WILLIAMS: Will the minister provide details of land that will be acquired for the development of a port at Port Bonython?

The Hon. P.F. CONLON: Some years ago—in fact, ahead of the private sector—we took an initiative to have a whole load of land transferred to the Minister for Infrastructure from environment and heritage, so we hold all of that land around there. It has been brought over to our office so it can be planning ready for development. We are very excited about it. It is not simply the Port Bonython port that has gone out for expressions of interest, but we also have proposals from people wanting to build a diesel refinery there, which is a very good outcome, given the appetite for diesel that the mining sector will have over the next few decades. We hold that land, it is ready to be developed, it is ready to be master-planned out and I think it is a good example of government

having got ahead of the private sector and got something ready for investment that it thought would be coming.

Mr WILLIAMS: The land that the Stony Point liquids plant is on, is that—

The Hon. P.F. CONLON: We own it. We own the jetty. Santos pays us rent, when it pays it—no; I should not say that.

Mr WILLIAMS: On the same project, has the EIS process been started with regards to a potential port there?

The Hon. P.F. CONLON: You cannot do an EIS project without a proposal. What we do is we go out with an expression of interest and somebody comes back with a proposal of what they would like to do. You cannot do an environmental impact study in a vacuum: you have got to do it on a real proposal. The process would be that a proposal comes back, and I can give the guarantee that I have given before: any proposal for works there will have an absolute full environmental impact study, because it has some very high conservation values that at present exist side by side with industry.

OneSteel barges iron ore out of Whyalla, and they do that where the cuttlefish breed, so to speak. So, we are very cognisant of the very high environmental values there, but we believe they can coexist; they have coexisted in the past and can in the future. Whatever project is finally proposed there will have a full environmental impact study. Jane Lomax-Smith would give us agony if we did not, because she has gone swimming with those cuttlefish. Good bait, I reckon, but I am not allowed to say that.

Mr WILLIAMS: They are very good.

Ms CHAPMAN: Her or the cuttlefish?

The Hon. P.F. CONLON: Stop it. That is mean. Cuttlefish are very good whiting bait. Over there, in that part of the world, they would rather eat cuttlefish than the cockles. I am told we have very good submissions, because the expressions of interest have closed. There is a very high level of interest. It is an exciting time to be a South Australian.

Ms Chapman interjecting:

The Hon. P.F. CONLON: She just cannot help herself.

An honourable member interjecting:

The Hon. P.F. CONLON: It is not a fact of life. John Hill is improving country health and you people—

Members interjecting:

The Hon. P.F. CONLON: No; you want to interject. You people will tell any lies.

Members interjecting:

The CHAIR: Order!

The Hon. P.F. CONLON: Do you know what, Mr Chairman, they love it, because they want to be in opposition forever by making their country seats safer and sit over on the opposition benches and spend the rest of their lives doing what they do best, and that is whingeing.

Members interjecting:

The CHAIR: Order!

The Hon. P.F. CONLON: You wait and see.

The CHAIR: Order! I should not have to bring an estimates committee to order like this. We are sitting in the upper house, so show a little respect.

Mr WILLIAMS: I refer to Budget Paper 5, pages 22 and 45. There are two listings—

The Hon. P.F. Conlon interjecting:

Mr WILLIAMS: Speaking of rudeness, Mr Chairman, I am trying to ask the minister a question and he is talking to people around the chamber—

The Hon. P.F. CONLON: I am sorry.

Mr WILLIAMS: —and then he would have the temerity to say that we are being rude.

The Hon. P.F. CONLON: I have apologised; do you want me to get down on my knees, for God's sake?

The CHAIR: I was about to make that very point.

Mr WILLIAMS: On page 22 of Budget Paper 5, under 'Works in Progress: New Prisons and Secure Facilities—Public Private Partnership Project', a cost of \$4.198 million is listed for 'legal, financial, project management and other costs associated with the new prisons and secure facilities PPP project'. On page 45, under 'Works in Progress: New Prisons and Secure Facilities Public Private Partnership (PPP) Project', it has 'Completion June 2011' and, the same as previously quoted, 'Legal, financial, project management and other costs associated with the new prisons and secure facilities PPP project', and it lists a further \$253,000. Can you explain why that is listed twice, and what are the—

The Hon. P.F. CONLON: I have listened very carefully to the question from the member for MacKillop so that I can pass it on to the Treasurer, who is responsible for this project.

Mr WILLIAMS: So you are not responsible for this one either?

The Hon. P.F. CONLON: You do not think I am doing enough infrastructure?

Mr WILLIAMS: I do not know. It would certainly help the committee if there were a little more detail in the budget so that we could ascertain for which projects you are responsible. I refer to Budget Paper 4, Volume 2, page 6.40: Program: 6—

The Hon. P.F. CONLON: Have a look under the thing that says, 'Transport, Energy and Infrastructure: New Works', and you will get a fair idea of our new works.

Mr WILLIAMS: Under the state infrastructure facilitation subprogram it states that you expect to manage 30 projects in 2008-09. The Program Information: Description/Objective is:

Development and provision of processes to improve analysis, prioritisation and across government reporting...of state infrastructure projects and facilitation of infrastructure investment.

So, you are telling the committee that you are only responsible for some of the state infrastructure projects. It is listed there—

The Hon. P.F. CONLON: No; and do not keep telling people what I told them. I told the committee that the Treasurer was responsible for the prisons PPP; that is what I told you.

Mr WILLIAMS: And you are not responsible for the desal plant?

The Hon. P.F. CONLON: Look at Budget Paper 5, page 25, which has a list of transport, energy and infrastructure. The thing you are looking at for state infrastructure facilitation is a much smaller program run out of Rod's office. I think you will find a much bigger set of programs in Budget Paper 5, page 25.

Mr WILLIAMS: So, basically the state infrastructure facilitation program manages transport projects?

The Hon. P.F. CONLON: No; it does not. We have our big projects and then we have an Office of Infrastructure. There will be government projects that might come in for our people to assist with, have a look at, and then move on to something else. We can give you a list of those that are in the state infrastructure facilitation, if you like, but—

Mr WILLIAMS: I was going to ask that earlier, but you directed me to this page with all the transport projects.

The Hon. P.F. CONLON: I would like to point out that the Office of Infrastructure has some very good skills in it. Rod's team is very good, and occasionally the team will lend assistance to other agencies dealing with infrastructure. On occasions both Jim and Rod have lent assistance to those agencies that are the lead agencies in some of the PPPs—whether that is the children's hospital, the desal, building management or anything else. So there is this pool of expertise in government that is used from time to time on projects for which we are not the lead agency; however, there is a great big whack of ongoing capital projects for which we are the lead agency and in which the Office of Infrastructure is intimately involved. In a sense Rod has a dual role in that he is head of the Office of Infrastructure but is also deputy head of Transport, Energy and Infrastructure.

However, there are still projects of infrastructure in government that are the responsibility of other ministers as the lead agency. From memory, most of the PPPs have the Treasurer as the

lead minister, and that is logical on the basis that the central focus of the PPPs is the financial arrangements: ours is building—it is more conventional capital.

Mr WILLIAMS: Given your answer, does your department have a role with regard to the proposed Marjorie Jackson-Nelson Hospital?

The Hon. P.F. CONLON: We have a role. We are vacating those railyards by 2010—not 2011, as you keep claiming. However, the Office of Infrastructure will provide advice on aspects of the PPP. I know Jim Hallion is on the steering committee, but that does not make me the lead minister for it. The lead minister on major PPPs is the Treasurer. We used to do some of the smaller ones, but we have a reasonable workload in capital builds at the moment, and the Treasurer looks after PPPs. There is probably information these guys could give you, but it would not be appropriate for me to do it as it should be done in the Treasurer's estimates.

Mr WILLIAMS: Given that you have volunteered that you have a role with the hospital in regard to the clean up of the railyards, I will ask a question on that. Will the minister provide a break down of costs for the relocation of the railyards? How much of the \$157 million is for the purchase of other land and how much is for remediation of the current site?

The Hon. P.F. CONLON: The remediation is not us—we are leaving. That is a cost to the hospital. Whoever uses the site has to do it. It is not for new land as we have land. It will be for things like rail lines and buildings to get stock there.

Mr WILLIAMS: What cost will you expend to transfer the railyards from that site to the site you have identified?

The Hon. P.F. CONLON: The cost of relocation is \$157 million.

Mr WILLIAMS: Relocation—no remediation?

The Hon. P.F. CONLON: No, remediation is a cost to the project, not to us. They could give us the money and we could remediate it, but it does not make any difference. Remediation will be done by government, whether it is in that budget or this budget, but it is not ours.

Mr WILLIAMS: It intrigues me, minister.

The Hon. P.F. CONLON: It is much more sensible for the person building to do the remediation because they know where they are putting their footprint: where the concrete foundations go and where grass and pavers might go. The people who design the project will know the best way to remediate. If you have land buried under bitumen, you do not have the same remediation issues as you do if land is open space with grass growing. The people who know what is going down are the people best placed to handle the remediation—it is logical.

Mr WILLIAMS: The logic your government has applied to the rest of the world is that the person who pollutes is charged with the remediation, and that is the drive to stop them polluting in the first place.

The Hon. P.F. CONLON: I assure you that the Department for Transport is part of the same government as is the Department of Health. That is why it is logical this way. If we were giving it to someone who was not us, there might be an argument, but where there is only one state government there is no argument.

Mr WILLIAMS: Surely we should be sending signals to the Department for Transport that it should be doing a better job with regard to its land and not polluting it to the extent it has.

The Hon. P.F. CONLON: Do you think the current Department for Transport is responsible for the contamination? This is why I get a bit annoyed with these people who talk about our railyards being parklands. My understanding of the site is that, if you went back to Colonel Light's time, you would have found a little floodplain there, which has been built up by industrial fill carted from all over the city for years.

I would not be so quick as to claim that the Department for Transport is responsible for everything people may find there. It is the current occupier, and it acts responsibly. As intriguing as the honourable member might find the approach, I would have thought that the government agency with the greatest capacity to understand what remediation it will require would be the one responsible for remediation. That is perfectly logical, but I am happy to pass on the honourable member's intriguing thoughts to the Department of Health.

Mr WILLIAMS: I think the EPA is driving the other matter. I notice in a part of the budget for which the minister is not responsible (but it cuts across the Port Adelaide waterfront

development) that Primary Industries has offices at Birkenhead that are being forced to move because of the Port waterfront development. The budget lists the cost of moving that office at just under \$3 million. Earlier the minister gave a figure of the cost to government of providing the land for the Newport Quays development. Has that figure been included?

The Hon. P.F. CONLON: I assume so, but I will take it on notice and come back to the honourable member. Let us not get too confused here. We have government to government transfers and we are not that fussed. My understanding of the current arrangements with government to government transfers is that they are transferred on the books to the full value of the land. If we have to acquire it from LMC to give to Newport Quays, we would have had to pay the full value. I will obtain an answer.

When they change the rules on you, you can come out behind because, when we transferred a whole load of land at Wingfield a few years ago to Recreation and Sport for zero consideration and had to get it back for some reason, we found they had changed the rules and we had to give them \$5 million. We were a bit peeved about that, but when it is government to government transfers it is whatever rules Treasury makes. However, I will bring back an answer. I would be confident that, if the LMC had to acquire it, it would have to make an internal transfer to the people for it, but I will check it. It would be unusual if it did not.

Ms CHAPMAN: I have just looked at last year's capital works projects for the minister's department. It describes the relocation of the railyards in the following terms: 'Completion due June 2010. Relocation of the Adelaide railyards to facilitate the construction of the Marjorie Jackson-Nelson hospital.' This year it states: 'Relocation of railyards. Completion due June 2011.' Is it a year behind?

The Hon. P.F. CONLON: No. We are working on 2010. We will be out by 2010. I think that Treasury has money in the budget described differently. The member would have to ask the Treasurer.

Ms CHAPMAN: It is definitely there in this year's budget paper.

The Hon. P.F. CONLON: Yes, but I can guarantee that we are aiming at getting out in 2010. Whatever their money intends, we intend to be out of there in 2010. That is what we have always said.

Mr WILLIAMS: I refer to the Capital Investment Statement, Budget Paper 5, page 16. Last year, the Northern Le Fevre Peninsula Master Plan had a completion date of September 2007. The previous year the completion date was listed as January 2007. This year it is listed as June 2010, with an increase in the cost to \$72.3 million, which is an increase of about \$4 million. Can the minister explain why the dates continue to go out?

The Hon. P.F. CONLON: It says 'Defence SA' at the top, 'Trade and economic development'. Why is the member asking me about that?

Mr WILLIAMS: Because I am assuming that the minister is the lead agent for major infrastructure projects.

The Hon. P.F. CONLON: It says 'Defence'.

Mr WILLIAMS: We do not have a defence department.

The Hon. P.F. CONLON: It says, 'Trade and economic development' at the top of the page.

Mr WILLIAMS: Yes. There is a whole heap of these. The minister has just said that you do projects for other departments.

The Hon. P.F. CONLON: We assist other departments. However, if the member goes to our page, he will find that there is a whole load of projects he can ask about. Please, be my guest.

The CHAIR: The minister is doing my job, and he is doing a good job. I would direct the member back to the topic that we are considering.

Mr WILLIAMS: Mr Chair, we have spent nearly an hour on major projects and we have very limited time for ICT, Land Services and Building Management. Can I suggest that we move on?

The CHAIR: I agree. However, I understand that that time has been negotiated with the opposition. I am happy to close it now if you like and give you an extra five minutes on ICT, Land Services and Building Management. Are there any questions from government members?

The Hon. P.F. CONLON: There are a lot of projects on our list that you can ask about.

The CHAIR: Is the minister considering a tram extension down Henley Beach Road?

The Hon. P.F. CONLON: Yes, as soon as we get rid of the local member.

Ms Chapman interjecting:

The CHAIR: Steve Georganas is doing a fantastic job, and I will not take that sort of attack on my local member of parliament.

The Hon. P.F. CONLON: He supported the overpass, and can I put on the record that he was the greatest campaigner for the underpass there was.

Ms CHAPMAN: Where is my Britannia Roundabout?

The Hon. P.F. CONLON: The same as last year.

The CHAIR: The committee will now consider ICT, land services and building management.

Departmental Advisers:

Ms J. Carr, Executive Director, Building Management, Department for Transport, Energy and Infrastructure.

Mr A. Mills, Chief Information Officer, Department for Transport, Energy and Infrastructure.

Mr K. O'Callaghan, Executive Director Land Services, Department for Transport, Energy and Infrastructure.

Mr WILLIAMS: What has been the cost penalty incurred by government due to the necessity to roll forward contracts with EDS beyond their original expiry date due to delays in finalising new contracts, and what has been the additional cost to government in managing the plethora of ICT contracts it now has?

The Hon. P.F. CONLON: The current ICT contracting arrangement has delivered—not forecast—\$25 million collected in savings so far. I would have thought the member would probably have noticed that at some point. I am not aware of any cost penalties. You continue paying the price that you always pay.

Ms Chapman interjecting:

The Hon. P.F. CONLON: Apparently the member for Bragg thinks it is a big point that we keep paying, but the member for Bragg has to understand this. Last time I looked, EDS had not registered as a charity: it does require us to pay it. I am not quite sure that I understand the question, but there are demonstrable and budgeted savings out of the ICT procurement approach that have been delivered by agencies.

Mr WILLIAMS: How is the minister able to claim \$25 million savings (and I have heard figures of \$30 million) when he took the time a few days ago to read through last year's estimates and pointed out that it is very hard to compare, because we are not comparing apples with apples?

The Hon. P.F. CONLON: It is not hard to compare. What happens is that it is \$25 million in the government sector and, I understand, \$5 million in the non-government sector services. What we do is give them less money for the purchase of ICT than they received before. Does that sum it up for the member? It is not imaginary savings. For the benefit of the member for MacKillop, last year we gave them \$100 million; this year we are giving them \$75 million. So, we are giving them less. It is not an invented number or a forecast number; they receive less. Some of the agencies say, 'We are not saving,' but they all say that, because they do not want you to take money from them.

Mr WILLIAMS: This is really a reflection that ICT is generally cheaper per unit.

The Hon. P.F. CONLON: The total estimated annual expenditure pre Future ICT was \$263.3 million; the total estimated annual ICT expenditure post Future ICT was \$233.3 million, with

annual savings of \$30 million (\$25 million in the government sector and \$5 million somewhere else). They do not get money any more. We save the money.

Mr WILLIAMS: I think the confusion arises, minister, where there has been a fall in the unit cost of ICT equipment and services, whereas you claim that this is due to a change in the contracts that have been signed.

The Hon. P.F. CONLON: There has actually been an increase in use, but there is still a reduction in payments. You can be confused about it (and we get the same question every time in estimates or when we do anything), but if you take \$30 million away from people you save it. If you stop people spending \$30 million they used to spend, you save \$30 million, and I would be the first to say that not every one of them likes it. We are still losing on your EDS lease. We are still paying that.

Mr WILLIAMS: I refer to page 6.41: Employee Benefits and Costs. Minister, can you explain the increase of some 30 per cent, from \$7.9 million budgeted in 2007-08 to \$10.244 million, estimated result?

The Hon. P.F. CONLON: It is not an increase in staff in a government sense; it is a restructuring, where we have taken responsibility for some people. I think they transferred from DAIS to us. It is not a change in actual government numbers; it is just where they are allocated.

Mr WILLIAMS: Amongst other things, the performance commentary talks about improving ICT planning and investment, coordinating across-government ICT initiatives, advising cabinet, etc. The Auditor-General highlighted the need for an ICT strategic plan two years ago. Why are we still in the development stage? How many agencies across government have ICT plans completed?

The Hon. P.F. CONLON: The plan the Auditor-General called for two years ago was released last year.

Mr WILLIAMS: So, what plan are you working on now? Improving ICT planning and investment—

The Hon. P.F. CONLON: I am getting onto dangerous ground for a technophobe like me, and I have forgotten nearly everything I remember about von Neumann architecture. The nature of dramatically changing software capacities is that you can do things better. If you are on the job, there will always be new strategies for making use, across government, of the developing capacities of infrastructure through software development.

I think that you are referring to the Ask Just Once strategy, and I can get you a copy of that. There will continue to be development of other strategies, and I understand that we are still working on operating environment trials. Ultimately, for those at the cutting edge, the movement around the world is to reduce the number of networks in government and to reduce the number of points of entry for information from government. Ask Just Once is largely about reducing the number of points of entry for information.

I think we have 32 or 34 networks at present, and we have some ambitious plans (and this is cutting edge stuff) to get this down to maybe seven networks, and ultimately one network, so that you get a portal to government where, when you enter, you are connected up with all of government and not just a particular agency network.

Ms CHAPMAN: It is all very frightening.

The Hon. P.F. CONLON: It is a bit.

Ms CHAPMAN: It sounds like Michael Armitage all over again.

The Hon. P.F. CONLON: Michael Armitage did have some ideas. I do not know about virtual electors or whatever it was. One of the things that we have been working on is improving the performance of the parliamentary network. It is a good example, because the fundamental problem with it was that, through jealousy, it had isolated itself from development around the rest of government.

When he worked for the DSTO, my father-in-law developed the Starlight system, which allows secure networks to talk to insecure networks. I have never understood a single thing he has told me about it.

Mr PENGILLY: Can you turn it on?

The Hon. P.F. CONLON: No. It is about making the system work better for people but not allowing it to become intrusive in terms of privacy, which is very important. Make no mistake: it is an unfortunate product of our current infrastructure, but it is bizarre that, in the modern world, a person might be required to change their address with 10 different government agencies if they need to do so. They might have a different address with motor registration and then find that the health department has their old address.

Wouldn't it be a good system if somebody changed their address with motor registration and, with their permission of course, it ran with the speed of electrons through the government system so that all their information with government changed? While we have developed the document the Auditor-General asked for, we will continue to develop new strategies to make the most out of the potentials we can buy out of one of the fastest changing technologies available, and the technology mostly involves software now rather than hardware.

The Ask Just Once program, and other managed operating environment programs, will be about reducing the number of networks. It also has the benefit in costs of reducing overlap in infrastructure purchase. If you have somebody with big mainframes with spare capacity, there should not be another government agency with big mainframes and spare capacity. You will keep seeing new strategies as we seek to do things better. South Australia is right up there with the world leaders, and very few people have gone further than we have. We are seeking to be one of the cutting edge jurisdictions following just a few other jurisdictions around the world. If you really want more detail on that, this bloke will talk to you for hours.

Mr WILLIAMS: I will reserve my question at this stage. Can you advise what benefit has accrued to government by having multiple providers? I will give the example of what is happening with one of the major contracts that the government has negotiated for some considerable time in splitting up the contract between at least three companies—Hewlett-Packard, EDS and Commander. It is the opposition's understanding that Commander has significantly reduced its workforce in South Australia by up to 100 people and that it will probably be unable to provide the services specified in the contract, and that EDS is about to be taken over by Hewlett-Packard. So, after three years of negotiations, it looks as though we will end up with one service provider.

The Hon. P.F. CONLON: I think you should be extremely careful in attributing Commander's problems to any procurement decisions by this government.

Mr WILLIAMS: I did not think that at all. I am just asking the question.

The Hon. P.F. CONLON: Why then are you asking me about Commander's difficulties if they are not our responsibility?

Mr WILLIAMS: I was not asking you about that. I was asking a question. The government went to a lot of trouble to break up the contract, and after about three years of negotiation, in reality, we will end up dealing with the same people again.

The Hon. P.F. CONLON: So, we should have looked in the crystal ball and seen that Commander was going to get into difficulties and not deal with it. Is that your point? What is your point?

Mr WILLIAMS: The question has nothing to do with Commander.

The Hon. P.F. CONLON: We have set out to make ICT procurement more efficient. We have the runs on the board in terms of cost savings. We do it through a competitive process. Commander was successful in one of those competitive processes in reaching the panel. Commander has since then experienced its own difficulties, which I understand are not isolated to South Australia but to Commander in general, and it may find that it continues to have difficulties. We will continue to set panels by competitive processes. The proof of the pudding is in the eating. We have had some substantial savings.

The other issue is that Hewlett-Packard may buy EDS. I am sure that it will not be asking our permission. It was a competitive bid contract. It made savings. That is the end of the story.

Mr WILLIAMS: In your answer you stated that you wanted a level playing field but that you wanted to set up a contract system—

The Hon. P.F. CONLON: Am I speaking a foreign language? I cannot remember mentioning a level playing field all day. Can you stop inventing what I have said? Ask a question on what I did say, not on what you would like me to have said.

Mr WILLIAMS: The government said that it wanted to make savings by having a process where there was more than one supplier in order to introduce competition. I have just asked you a question about that and the fact that we are back to, in this case, probably one supplier. But, in any case—

The Hon. P.F. CONLON: Can I say—

Mr WILLIAMS: I haven't asked you the question yet.

The Hon. P.F. CONLON: That does not change the fact that it was a competitive deal that provided benefits—it cut costs.

Mr WILLIAMS: You have not heard the question. Why did you sign a contract with one of those players that imposed cost disadvantages for agencies, which once having signed up with that particular player (EDS) were charged a cost penalty if they changed to one of the other suppliers within that contract area?

The Hon. P.F. CONLON: You might want to explain your question because I have no idea what you are talking about.

Mr WILLIAMS: The opposition has been informed that certain services would be available under contract with three different companies. If an agency happened to be picked at one point in time to obtain those services from EDS and at a future date chose to get that particular service from one of the other companies, there was a cost penalty within the contract signed with EDS.

The Hon. P.F. CONLON: I am not sure that I quite understand the point you are driving at. If you sign a deal with someone cost penalties will be shifted to someone else. I think they do that with electricity contracts, and things like that, so that you do not shift unless the overall deal is better. I do not understand the point you are getting at.

Mr WILLIAMS: It is our understanding that if you shift you pay a penalty.

The Hon. P.F. CONLON: Yes, because you sign a deal with someone. Part of the commercial arrangement is that if you sign up with a company it then supplies a service, and if you want to end that arrangement you pay a penalty. There are a few deals like that around—phone, electricity, or lots of contracts. Therefore, you would not shift unless the sum total of the deal was better. It is not something that lasts forever; it is for a term.

Mr WILLIAMS: Can you advise whether you agree with the statement in the performance commentary in Budget Paper 4, Volume 2, page 6.42, which states that the office is successful in 'delivering large-scale infrastructure services deriving scale economies that deliver savings,' or do you agree with statements made by the director of IT and the CEO of health, Jim Birch, that the whole of government IT initiative has cost the Department of Health in excess of \$50 million?

The Hon. P.F. CONLON: I do not think Jim Birch works for the Department of Health any more. I am not sure what you mean, but the fact is that the savings are there. They are real and they are delivered. I do not know what a former person's comments are (I did not know he had made any) but, as I said earlier, a lot of people who have delivered savings do not always like it. However, we have to make sure that we recover the funds they have saved.

This is about that letter—you are on a subject now. This is the outrageous behaviour by your party, where there were no cost penalties. I have to say you did upset a lot of people. I will find that and come back to it. It was absolutely outrageous behaviour by certain members of your party. We will find it for you. What happened was that an FOI was sought in the upper house, and some information that was commercial in-confidence was released under an FOI. Of course, it was completely—

Ms Chapman interjecting:

The Hon. P.F. CONLON: Why don't you just listen? You will be better informed at the end of it.

Ms Chapman interjecting:

The Hon. P.F. CONLON: What happened was that some commercial in-confidence information was released and was utterly misinterpreted by your people in asking a question, to the great chagrin of the private sector company involved, which had to correct that false impression at great length. The amazing thing about this was that, when the department realised that it had released commercial in-confidence information under FOI, it went straight to the person that it was released to (I think it was Rob Lucas) and said, 'This is commercial in-confidence. Will you please

not release it?' He gave an undertaking not to and said, 'I've only told one other person.' They asked if he could make that impression. Of course, Rob gave the undertaking not to release it but, then, the Leader of the Opposition asked a question about it and completely misinterpreted the information.

I think that is reprehensible behaviour. I think Rob Lucas kept his word but, to keep your word and then have the Leader of the Opposition use information that a member of your party had already said they would not use because it would not be proper is, I think, pretty ordinary. May I say it was also completely misused, and I am sure that, if you check with the leader, you will find that you have a letter from the company involved setting out that you had completely misinterpreted it. I have to say that it is a pretty ordinary performance all-round. I do not have it in front of me at present, but I can tell you it was a pretty ordinary performance.

If you are not going to keep information confidential you should say so, not have one person say, 'Yes, we'll keep it confidential,' and the other one misuse it politically. I am sure that they have enjoyed the letter they got from the company in question. If you really want an answer I suggest you go to the Leader of the Opposition and check the correspondence about it. You are completely wrong about the other premise about losing money; the savings are there.

Mr WILLIAMS: I am looking at the clock. I might move on to some other areas: land services and building management. I refer to Budget Paper 4, Volume 2, page 6.44 regarding facilities and services, where the minister's department provides building services across government.

The Hon. P.F. CONLON: Busy, aren't we?

Mr WILLIAMS: You are busy. In the performance indicators at the bottom of the page in the table, it shows the average management costs per \$1 million of facilities management services and it shows the target for 2008-09 to be \$112,000. Given that, is it fair to assume that the new Marjorie Jackson-Nelson Hospital will cost taxpayers, on average, \$190 million per year in facilities management fees? How does this compare with relevant costs associated with facilities management fees at the Royal Adelaide Hospital?

The Hon. P.F. CONLON: You are not comparing apples with apples. I come back to your earlier point, though, on the comment from the Department of Health. I refer to the letter that was sent back to the Leader of the Opposition, after using information that, of course, your upper house person had promised would not be used. The relevant paragraph states:

I am concerned that, based on the juxtaposition of the information in your question to the minister, an inference could be drawn that Microsoft's contract with the Department of Health has cost taxpayers \$51 million. Such an inference would be completely without foundation and is unwarranted.

Apart from this quite slippery behaviour by the members of your party, there is also absolutely no credibility in the substance of the question either. Unless, of course, you think they are not telling the truth either.

What you have asked is not comparing apples with apples. You are referring to the costs of an in-house facilities manager who will not be doing that. You are simply not talking about anywhere near like for like in terms of scale. You can do all the silly sums you like, but it is just not right.

Mr WILLIAMS: So, that is not the average cost of facilities services; there is some other cost?

The Hon. P.F. CONLON: You are not comparing like with like. You can make it up, if you like, but you will not be telling people the facts.

Mr WILLIAMS: I made the assumption, minister, that some buildings cost less and some buildings cost more because some buildings are obviously new and some buildings are obviously old. However, I assume that—

The Hon. P.F. CONLON: Mate, you have your answer. You can make any assumptions you like, but you are not comparing apples with apples, and that is not going to be the cost.

Mr WILLIAMS: So, the new hospital will be completely different from any other government building?

The Hon. P.F. CONLON: Well, mate, you have your answer. I have no doubt that, no matter what I tell you, you will go out of here and give your assumptions and your version of

events, because that is what you do—but you do it without any sort of encouragement from me. You are not correct.

Mr WILLIAMS: Explain to me why I am not correct, minister?

The Hon. P.F. CONLON: Mate, if I could explain to you why you are not correct, I would kill you—and if I could do that, I would have done that a long time ago, but I cannot.

Mr WILLIAMS: I refer to Budget Paper 5, page 17: Capital Investment Statement. There are references—this is just an example—throughout the Budget Statements to many government agencies requiring fit-outs. In particular, I refer to the fit-out at 77 Grenfell Street for Shared Services SA at an estimated cost of \$9.882 million. Is this factored into the estimated savings for the government's Shared Services Program? How many other agencies will be going into 77 Grenfell Street and will require new fit-outs, and what will be the total cost for the former site of SA Water?

The Hon. P.F. CONLON: Mitch, we do services work for people in combination. If you want to ask about Shared Services savings, you are going to have to ask the responsible minister, who is not me and you know that full well. What was the second part of your question?

Mr WILLIAMS: How many other agencies will be moving staff into 77 Grenfell Street and will require new fit-outs, and what will be the total cost of the fit-out?

The Hon. P.F. CONLON: I am told no other agencies are.

Mr WILLIAMS: No other agencies are?

The Hon. P.F. CONLON: It is not our building, is it?

Mr HALLION: No; it is a leased building.

Mr WILLIAMS: Is your agency responsible for the fit-out of the new offices for SA Water?

The Hon. P.F. CONLON: I think it provided advice, but SA Water is a statutory—

Mr WILLIAMS: A public non-financial corporation; a PNFC, minister.

The Hon. P.F. CONLON: One of those; there are too many acronyms in the world. Do you know what my favourite acronym is, mate, and you just asked for that? SEP: someone else's problem.

Mr WILLIAMS: I will move on to land services. Given new requirements for land agents and vendors in relation to selling of real estate, which I think are about to come into vogue—I am not sure of the date; Mr Rau might be able to help us with this—

The Hon. P.F. CONLON: Real estate reforms—next month, isn't it?

Mr HALLION: Yes; 1 July.

The Hon. P.F. CONLON: 1 July.

Mr WILLIAMS: Industry has been arguing that this will have the effect of vendors and agents not advertising price guides. In the interests of providing valuable information to potential real estate purchasers, will the minister consider giving free access to land sales information—

The Hon. P.F. CONLON: I think you need to refer that to the Minister for Consumer Affairs; I had nothing to do with these protections being introduced. It is the Office of Consumer and Business Affairs, I think.

Mr WILLIAMS: The question is: will the minister consider giving free access to the Land Services database on recent land sales data?

The Hon. P.F. CONLON: No; they are on land valuations.

Mr WILLIAMS: On land sales data.

The Hon. P.F. CONLON: I think they are available on the web.

Mr WILLIAMS: No; they are not. They are available, at cost, to land agents.

The Hon. P.F. CONLON: Are you criticising the fact that, if a land agent wants to—

Mr WILLIAMS: Minister, I have made no criticism at all. I am asking whether, in the interests of—

The Hon. P.F. CONLON: Should we provide a service at cost to us to land agents who make a profit out of it? Is that what you are asking?

Mr WILLIAMS: No; that is not what I asked at all.

The Hon. P.F. CONLON: Okay; ask it again.

Mr WILLIAMS: I asked whether you would consider making available access to recent land sales data from your agency's database—

The Hon. P.F. CONLON: At its cost?

Mr WILLIAMS: —to potential purchasers of real estate.

The Hon. P.F. CONLON: You can look up previous sales now.

Mr WILLIAMS: My understanding is that you have to be licensed to do that, and it is usually real estate agents, who are licensed and who pay a fee to do that.

The Hon. P.F. CONLON: Mate, any individual can come into the registrar and seek that information.

Mr WILLIAMS: Do they have to identify a particular land sale before they get information, or can they scan through a range of properties in a particular geographical area?

The Hon. P.F. CONLON: I have not done it myself.

The CHAIR: Having done it myself, minister, I can say that, unfortunately, the member is right: you have to pay.

The Hon. P.F. CONLON: I am not fussed about their having to pay.

Mr WILLIAMS: And you have to identify each one you want to look up.

The Hon. P.F. CONLON: If it is a question of whether we should do something at our cost for free for people, I am not sure we should. However, if there is a way of improving it at no cost to us, I have no problem with that at all. Will I consider it? I will certainly consider it.

Mr WILLIAMS: Given the time, minister, maybe I had better write you a letter.

The Hon. P.F. CONLON: Well, you can, but I will put it on the record: would I consider assisting people if it does not cost us? Of course, I would. No problem at all; I am a very nice bloke. That is only doing my duty for you.

The CHAIR: The time for examination of these lines is concluded. There being no further questions, I declare examination of the Minister for Energy complete. The proposed payments to Transport, Energy and Infrastructure are adjourned until 27 June. Thank you all for your cooperation and for the smooth cooperative manner in which the committee has operated under my wise guidance.

DEPARTMENT OF PRIMARY INDUSTRIES AND RESOURCES, \$153,487,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND
RESOURCES, \$5,054,000

Membership:

Mr Venning substituted for Ms Chapman.

The Hon. R.G. Kerin substituted for Mr Pengilly.

Witness:

The Hon. R.J. McEwen, Minister for Agriculture, Food and Fisheries, Minister for Forests.

Departmental Advisers:

Mr S. West, Executive Director, PIRSA.

Mr G. Knight, Chief Executive, PIRSA.

Mr B. Farmer, Chief Executive, Forestry SA.

The CHAIR: The estimates committee, being a relatively informal procedure, there is no need to stand to ask or answer questions. The committee will determine an appropriate time for the consideration of proposed payments to facilitate the changeover of departmental advisers. I would ask the minister and the lead speaker for the opposition to indicate whether they have agreed on a timetable for today's proceedings and, if so, provide the chair with a copy.

The Hon. R.J. McEWEN: A copy of what: the deal we have done?

The CHAIR: The revised agreement.

The Hon. R.J. McEWEN: The agreement is that we will deal with this between now and approximately 7.15pm. The first half an hour will be on forestry. I will then make a more general statement about agriculture before we move on to that.

The CHAIR: Changes of 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 no later than Friday 18 July. I propose to allow both the minister and the lead speaker for the opposition to make an opening statement of about 10 minutes each. There will be a flexible approach to 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 and referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the assembly *Notice Paper*. There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the chair for distribution to the committee.

The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that, for the purposes of the committee, television coverage will be allowed from the northern and southern galleries.

I declare the proposed payments open for examination and refer members to the Budget Statement, in particular, pages 2.18 to 2.19, Appendix C, and the Portfolio Statement, Volume 2, part 5. Minister, you may make an opening statement, if you wish, and introduce your officers. The lead speaker for the opposition may then make an opening statement if he wishes, or go straight into questions.

The Hon. R.J. McEWEN: I indicate that questions will only be taken from one side of the chamber; that is part of the understanding of reducing the time by half. I further indicate that it is my intention to make an extremely brief introduction to the first part of the evening on the forestry policy program within the department and the statutory corporation ForestrySA. I will make a slightly longer introduction when we come to the agriculture, food and fisheries part of the examination.

You will note from the budget papers, as well as other material in relation to ForestrySA, that a significant item this year is the further appropriation towards acquisition of land for forestry. You will see \$12 million, made up of the \$6 million that would normally have been allocated and a little over another \$6 million, not all of which is new (I think about \$4.1 million is new). A little of that is because part of the other investing program for which Mr Farmer is responsible has been revised.

The other thing I can ask Mr Farmer to comment on, if you wish, and as a consequence of a question, is the accelerated harvesting program. The board has reviewed the harvesting strategy and is putting more product onto the market. Finally, we have transition to an open, competitive environment in terms not only of product but also of the contracts that ForestrySA is into as part of supplying product to mill door, that is, the forest and harvesting contracts and, obviously, the ongoing contracts as part of putting resource to market. Obviously, from time to time that causes some tension; you will find that some people are successful and other people (sometimes we have had continuous supply for many years) unsuccessful. However, as long as the board handles it through all the appropriate mechanisms, that is the way the business is done. I have no further comments in relation to forestry or the forest policy unit.

Mr WILLIAMS: I refer to Budget Paper 3, page 6.4. There is a brief commentary under the heading 'ForestrySA' and, in large part, my questions will refer to that commentary. I note that the change in projected government contributions in 2007-08 is as a result of reduced sale prices because of smaller average saw log diameters. Does this mean that, for the harvested area, growth rates have not reached the targets of the plantation or that plantation rotation has been shortened? Were the total volumes harvested below expectation?

The Hon. R.J. McEWEN: We have shifted to shorter rotations; you may remember that has been part of the long term strategy. Baker, I think, probably started that policy. Equally, the aim in future rotations, due to better genetics and better agricultural techniques, is to produce the same or more, so over time you would not expect less product. I will ask Mr Farmer to expand on that.

Mr FARMER: There are a couple of issues. The minister is correct: in the mid nineties there were some decisions made in terms of changing the structure of how we manage our forests. That has been implemented, and the result is that the average age of clear fall has been reducing from the mid 40s now down to the high 30s, and will trend towards age 37. The other component of our wood supply deals with an increased amount of thinnings becoming available as a result of the 1983 bushfire replants. These are now coming into the second and third thinnings, so there is a greater proportion of smaller logs arising from that. They are probably the two principal reasons for the increase in smaller diameter logs—age and thinnings.

Mr WILLIAMS: With a saw log, is the price dependent on the small end diameter of the log delivered to the mill?

The Hon. R.J. McEWEN: It is more complex than that, but Brian can explain.

Mr FARMER: Typically, we have a price schedule that is based on diameter—not necessarily the small end diameter, but certainly diameter—and also the quality of the log product itself. However, diameter is a big influence in that factor.

An honourable member interjecting:

Mr WILLIAMS: No; I am just getting what is happening on the record. The point is that, as we go to a shorter rotation, we are hopefully growing a greater volume, but does it have slightly less value per cubic meter because of the smaller diameter?

The Hon. R.J. McEWEN: Not necessarily. In fact, depending again on what the mills are doing, there is a preference for a narrower range of diameters in terms of their costs. In a competitive bidding market they go in to value the raw material based on what they can supply to their markets and the costs of taking something round and making it square. You would not automatically assume that you pay less simply because the log mix is slightly less. However, as Brian has indicated, with the 1983 material coming along there is certainly a change in the profile over the next little while, because obviously we do not have such an even rotation as we have had. Equally, over time there are fewer break logs and other lower grade log because of revised practices, so some of the down-grade will look different and there will be a slight change in specification.

Mr WILLIAMS: I am not sure the minister answered my question. Mr Farmer has indicated that there has been a trending down in length of rotation from mid 40s to—

The Hon. R.J. McEWEN: We want to get from 47 to 37.

Mr WILLIAMS: That will obviously produce a slightly smaller log, but hopefully a greater volume in the process, so will the increase in volume produced offset the reduction in price per cubic metre?

The Hon. R.J. McEWEN: Are you assuming a reduction in price? To clarify, there are a range of diameters within a saw log specification and, if you are talking volume or diameter—obviously we are selling volume—I do not know that there are too many grades within saw log that will cause you less return just because they do not have quite as big a diameter. I will ask Mr Farmer to explain.

Mr FARMER: It should also be noted that the engineering for the wood processing centres is driving more towards a much tighter saw log specification, which is smaller. In relative terms we are getting increased prices for our smaller diameter range as distinct from our larger diameter, which are not that desirable in the long term.

Mr WILLIAMS: I refer again to the commentary on page 6.4, where it is noted that Forestry SA is making more saw log available between 2008 and 2011. Is this to take advantage of current prices or based upon long-term forestry management?

The Hon. R.J. McEWEN: Obviously the board took a number of issues into consideration in making that decision, and I ask Mr Farmer to go through the way they prioritise it to come to the conclusion that they would put extra log on the market to bring down the rotation, which is obviously a one-off, because you will return to a stable state again in terms of ongoing supply.

Mr FARMER: Periodically we review the estate in terms of volumes available, and that happens roughly every four or five years. We reviewed the estate about 12 months ago and resolved that more wood was available on a sustainable basis. The next issue is how we manage risk in terms of supply going forward. Historically we have taken a marketing position where we have kept a little bit of wood on stump but sold wood long term. This means that, for wood that we would normally have kept on stump for a long-term issue, we have been able to sell into a market for a short period. It is a different way of managing risk through marketing rather than leaving it on the stump, so it increases cash flow and deals with some of the issues you have talked about in terms of total revenue. We are trying to get better bang for our buck out of the estate asset.

Mr WILLIAMS: It is noted in the commentary that there is an expected decrease of \$7.8 million of expenditure associated with the non-renewal of an export chip supply agreement. Does this signal the loss of a chip market or has another entity taken up that contract?

The Hon. R.J. McEWEN: I will ask Mr Farmer to reply.

Mr FARMER: Historically when we owned the state sawmills in Mount Gambier—we sold them in the long term to Carter Holt Harvey—we had an ongoing arrangement with Carter Holt Harvey to buy sawmill wood chips arising from its business, which we on sold to the Japanese market through their GDFP consortium. The agreements for that arrangement lapsed late last year and Carter Holt Harvey sought to go directly with GDFP in that relationship.

Mr WILLIAMS: So the product is still going to the same market?

Mr FARMER: It is still going to the same market, still being produced but is not going through us. It was a cash in/cash out basis for us: there was not much of a return in it for us.

Mr WILLIAMS: I wanted to clarify that point. I refer to Budget Paper 3, page 6.5, which lists a figure of \$12 million for the acquisition of land to accommodate forest estate expansion in 2008-09. However, Budget Paper 5 at paper 61 lists a \$6 million increase in expenditure on land for the 2007-08 period. Will the minister clarify for the committee what land has been purchased, how much has been spent, what area of land is involved and where it is?

The Hon. R.J. McEWEN: Sometimes you buy land, but on one occasion last year we bought land with standing radiata trees in an arrangement with them. In another case we bought land that had blue gums on it, with an arrangement for it to be clear felled at a particular time. Obviously we do not just buy grazing land but will look at other land. I commented in my opening remarks about the \$12 million, because it is part of the \$17.545 million listed on page 53 of the capital investment statement. When you go back you will see a slight reduction in that \$4.79 million because we have added a bit extra to the \$4 million to make it \$12 million. So there was \$6 million, plus \$4 million, plus \$4-plus million of new money, plus a reduction in the plant and equipment, roads bit of the budget to come to the \$12 million. I will ask Mr Farmer to advise on what we spent last year and roughly where.

Mr FARMER: I can qualify this later and give more precise detail, but we spent just under \$6 million on two or three major properties: one in Dartmoor, one on the east coast near Beachport and another in the Wattle Range area. We looked at a number of properties and these were the only ones that met our tests for which we could negotiate a price.

The Hon. R.J. McEWEN: My land had standing radiata on it and the Lamond property had blue gums on it and Dartmoor was vacant land. So there was one at Wattle Range, one at Beachport and one at Dartmoor.

Mr WILLIAMS: So, you have spent \$6 million in the current financial year?

The Hon. R.J. McEWEN: Yes.

Mr WILLIAMS: And your intention is to spend \$12 million in the next financial year?

The Hon. R.J. McEWEN: Yes.

Mr WILLIAMS: Is that land under contract at the moment, or are you still looking for it?

Mr FARMER: We are constantly looking. I have signed a conditional deal this week for another block of land. We are constantly looking for suitable properties.

Mr WILLIAMS: The \$12 million is not committed at this stage, so you are still out looking for parcels of land?

The Hon. R.J. McEWEN: The dollar is committed, but we have not locked in a purchase. There is an expectation that \$12 million will be spent in the financial year.

Mr WILLIAMS: What implications, if any (and this is probably a Forestry SA policy question), does Forestry SA envisage from the consolidation of the Carter Holt Harvey and Weyerheuser operations in Mount Gambier and the South-East?

The Hon. R.J. McEWEN: Obviously, there have been a number of changes over the past 12 months, not only the Auspine sale to Gunns but also Carter Holt Harvey first putting its asset on the market and then buying the Weyerheuser assets. Obviously, we do not know whether that means that Carter Holt Harvey is consolidating to put a bigger packet on the market or whether it has decided to stay in the industry, keeping in mind that the Green Triangle purchase means that for the first time it has forests in its own right whereas, obviously, up until that point it was by far the most significant customer of Forestry SA.

A number of things could be in play. Obviously, we are not briefed on that. I do not know whether this is leading towards a vision of one world-scale mill. Who would know? I do not think that Carter Holt Harvey tells us too much—and it could not, anyway. Obviously, it would have to provide information of that nature to the Stock Exchange if it was making that public.

Mr WILLIAMS: Does the minister see any risks associated with consolidation? That question is put in a generic sense.

The Hon. R.J. McEWEN: One would think that, on the contrary, further investment in the South-East would be to the benefit of the biggest forest estate owner—you and I, the taxpayers of South Australia.

Mr WILLIAMS: As the minister will recall, as shadow forestry minister at the time of the last election I took forward a policy to investigate the continuing operations of Forestry SA in the Adelaide Hills. I understand that the minister has had some thoughts about that. Is there anything that he can report to the committee?

The Hon. R.J. McEWEN: If you want to put on the record that, again, it is the government of the day taking on board the policies of the opposition, I could say that that is not the case. Yes, I was delighted to see the member, ahead of the last election, put two matters on the table. One was to review the estates through the Adelaide Hills and the second was to pledge that you would never sell the forests. I thought they were very positive statements that the member made as shadow minister.

Geoff Knight is heading a review, which is at arm's length from the board. The board requested that I consider that. I then had to make a decision about whether we did that with the board or at arm's length from the board, because one could do it either way. It was my view that we do it at arm's length from the board because, as a consequence of that, the board would have to make the whole of the commercial decisions. Although, obviously, there needs to be an exchange of data between the two, I think it is a policy decision outside the present charter of Forestry SA. So, that review will go ahead, and it is being chaired by Geoff.

As a consequence of that review, there will be a time when we say to the board, 'These are the conclusions that we have come to. As part of my now taking a submission to cabinet, if one was necessary, tell me how this works in your commercial environment,' keeping in mind that the commercial environment will be only one of the aspects of the review, because we are looking more broadly at the aspects not only of the forestry but also the land, infrastructure, communities and everything else for all South Australians.

Mr WILLIAMS: Does that review have a timeline?

The Hon. R.J. McEWEN: Sooner rather than later, but it will be done thoroughly and, hopefully, in a timely manner. I will ask Mr Knight to give you his understanding of that.

Mr KNIGHT: When the review was approved, we undertook to have it completed before year's end. It is proceeding in two stages. The first stage, as the minister outlined, is essentially a discussion that involves our talking to Forestry SA and Treasury. So, it is really the government, as

owner of the asset, saying, 'Is this the right way to go?' That work is well underway now, and I do not think it will be too long before that decision is reached. Then there is a secondary set of questions, as the minister outlined: if you go down a certain path you have to make sure that community access rights for the whole variety of equestrian groups and others who use the forest for recreational purposes are protected. That is probably a slightly longer part of the exercise.

The Hon. R.J. McEWEN: Equally, it has to be handled in an environment where existing contracts are in place. There are existing supply agreements in place and, obviously, it is intended that they be honoured, and there would be a question about whether early clear-fell would be considered, because that would diminish the overall value of that. So, it has to be handled with some degree of sensitivity. Obviously, the commercial marketplace would see this as their being able to leverage more favourable deals in terms of log resource but, again, we will have to say, 'No, this will be managed in an orderly manner, in a timely way.' So, all existing contracts would be honoured.

Mr VENNING: I refer to the introductory comment in Budget Paper 3, page 6.4. I have a couple of questions in relation to the Mount Crawford forest. I think in the minister's early days I wrote to the department because there was a lot of concern about the burning of good timber that was stacked up in the Mount Crawford forest area: it was just fired up, and that upset a lot of people. That was 12 or 18 months ago, at least. What is happening? Was that an aberration?

The Hon. R.J. McEWEN: Yes. The question is fundamentally flawed, because you do not burn good timber.

Mr VENNING: No, you do not.

The Hon. R.J. McEWEN: Of course you do not.

Mr VENNING: They apparently were.

The Hon. R.J. McEWEN: They were not, and I told the member that at the time, and it is just being naughty to say that it was good timber.

Mr VENNING: I do not know: I am not a judge of what is good timber and what is not.

The Hon. R.J. McEWEN: The member should not have called it good timber. He should have asked us what we do in dealing with forest waste. If the question is whether burning is one of the strategies that is implemented at the moment, in terms of managing forest waste, the answer is: yes, it is an acceptable management practice, and it needs to be managed in an orderly way. A whole lot of considerations have to be put in place around that practice. From time to time, people see that as being wasteful. I can reassure you, however, that that valuable asset—

Mr VENNING: Does the department sell firewood for people to come and buy?

The Hon. R.J. McEWEN: You are probably talking more about biofuel than waste. If there is a market, the answer is yes. Radiata does not lend itself particularly well to open fires, if that is your question.

Mr VENNING: My last question relates to Wirrabara Forest. There is not much mention of it, although it is quite a prominent forest. Are new plantings going on, and is it being harvested?

The Hon. R.J. McEWEN: Obviously, Bundaleer and Wirrabara are all part of a review. If we are looking at assets other than those in the South-East, and we talk about the Adelaide Hills—I was not confining it particularly to the Fleurieu—

Mr VENNING: I suppose Kuitpo is the same.

The Hon. R.J. McEWEN: Yes; obviously we will look at the non South-East assets. At one stage, we might have looked at the assets on Eyre Peninsula that had been handed over to the indigenous community. Unfortunately, a fire two years ago means that there is not much to think about.

Mr VENNING: There are still ongoing operations in these smaller forests.

The Hon. R.J. McEWEN: Of course. The point I made earlier in response to a question from the shadow minister was that, until such time as a decision is made, it is business as normal. Forestry SA has to run a commercial business and maximise its return on capital based on all its assets.

Departmental Advisers:

Mr S. Archer, Executive Director, Corporate, Primary Industries and Resources SA.

Dr D. Plowman, Executive Director, Agriculture, Food and Wine, Primary Industries and Resources SA.

The CHAIR: We move now to Agriculture, Food and Fisheries.

The Hon. R.J. McEWEN: I indicated that I would make a few comments about Primary Industries before taking questions. Over recent times, there has been a refocusing of Primary Industries in terms of its being more an industry development agency for whole-of-value chain. The days of focusing simply inside the farm gate and on production are not appropriate. In fact, with some commodities, we are close to (and some people even say beyond) the sustainable limit. So, wealth generation will come not only from better on-farm practices but also from creating more wealth by more value-adding of those products and exporting in other than in an undifferentiated form.

As to the elements within Primary Industries, there is industry development, and we will come back to that. In relation to R&D, SARDI is our main internal arm, and it certainly does not operate in isolation. We have taken two approaches: one is to collaborate across agencies within South Australia, both public and private and, although it is early days, another is to look at nationally harmonising research where we can. You will see a couple of examples where we have gone down both those paths.

The Centre for Plant Functional Genomics is a good example of a cluster across agencies within the state, with public and private money, and it is leading edge. Another very good example is the wine industry cluster. Equally, we will invest in other agencies as part of our skills development strategy, such as investment in the vet school with the University of Adelaide. On a national basis, we have worked closely with Victoria in terms of its taking a lead role on dairy and our taking a more significant role in the area of marine sciences. So, you will see us on two fronts—not simply parking SARDI, but SARDI being part of teams, where appropriate, to get the best bang for buck.

Compliance is always challenging in the fruit fly area, although less so than in days gone by. However, this year we have had two outbreaks: one difficult one at Daw Park, which is still not totally resolved, and one at Ceduna, which we did resolve reasonably quickly. I think we have had something like six outbreaks in the past five years, which is certainly fewer than in days gone by.

This year, equine influenza (EI) was obviously a major incident across Australia. We did some very good work in this state (and it was quite resource demanding at a state level), and our resources were used in New South Wales and Queensland. Rob Rahaley (the new chief vet) and his team did a fantastic job in that regard. It was an excellent appointment, and Rob has done a really good job, stepping in and showing a lot of leadership in that group. Certainly, through the EI outbreak he demonstrated where we could work locally and where we could work as part of a national team. As an aside, we still have an OJD issue with deer in the Mid North, but I think that we have dealt with it to the satisfaction of all parties.

I mentioned the vet school as part of our skills development, education and training. Certainly, in relation to industry development, R&D, compliance and skills development, we continue to work very closely with industry and have a clear understanding of the public-private partnership and the public-private benefit, and we use our resources to the best advantage.

I turn now to some of the challenges. Obviously, drought continues to be a significant challenge for us on two fronts. It is one thing to have drought as a consequence of no rain or no irrigated water but, to my mind, there is only one drought—a cash drought—because, at the end of the day, it is money that makes businesses work. Even in 2005-06 we had a significant cash drought and, on top of that, we have had a couple of very difficult years.

In relation to the funding, I have a table that sets out the money we have spent on our own and the money we have spent in partnership with the federal government over the past 12 months. Planning for recovery is a big part of that, not only in terms of the things that we do with other state agencies around mental health, rural financial counsellors, and even things like maintaining bus routes, which we do at a state level. In relation to a long-term plan, obviously we plan for recovery. We support people in drought but we plan for recovery out of drought.

There are a couple of changes in the budget in terms of the way food and wine is presented. There are not fewer resources available; we have combined them. In terms of the whole of value chain, many of those skills are required equally in food and wine. The focus is right; the

team is just managed a bit differently; in fact, it does make a few savings in the mix between management and service delivery. Again, we have to work with outside agencies in that regard. We have moved that to more of a contestable footing.

Obviously, when we put to market some of the services—Flavour SA, Food Adelaide have been competitive in that market—we more clearly specify what we now want in return for the public money that we are investing in market development. That has been successful in interstate markets. To my mind, selling in the eastern states is as much export as is selling to international markets. Flavour SA has certainly done very good work in terms of interstate markets. Food Adelaide had 34 participants at Hotel Asia, so that is working well.

Again, with the wine industry we will do the work on our own if we can or we will do the work in partnership with the appropriate people. We invest with Wine Australia in Regional Heroes, one of the four components of the national wine-marketing strategy. In fact, we invested in the Regional Heroes roll-out in the UK and Ireland, which has gone particularly well. We also want to see industry and other money rolling out that program elsewhere; in fact, our support in this year's budget is a consequence of getting Wine Australia to spend half a million dollars in a roll-out in China.

Running parallel to that, when appropriate we do some work on our own where government to government relationships are part of building markets. I think the government should keep out of markets unless that is a component of market development. Canada is interesting because, obviously, the liquor control boards are a government monopoly. There is a place there for government to government relationships. Just in the last year we had the chair of the Manitoba Liquor Control Board and a senior staff person from British Columbia in South Australia as a consequence of work that we have done there.

Just recently, I was part of a small team that went to China, Macau and Hong Kong to do a series of master classes around Regional Heroes. The feedback has been fantastic, and the best feedback, of course, is sales. Let's face it, there is not much point in doing it if you do not get sales. The last bit of that, on which you might want to comment, is the Regency campus food centre.

One of the other good news stories has been chicken meat. Certainly, with the intensity of animal industries we saw a significant growth opportunity in the poultry meat sector. There has probably been well over \$180 million worth of private investment with another \$80 million in train, and something like 300 jobs and the potential for up to 900, with support in capital, I might add, in feed mills, hatcheries, etc. The challenge for that growth now tends to be more in terms of the need for another 30 farm broiler houses, with grow-out facilities. Quite a bit of money needs to be spent there. The challenge, as it is across a number of our industries, is labour.

I touched briefly on biosecurity. Obviously, there was equine influenza, where a significant number of our staff were involved at the state disease centre and around the state doing border security, with 25 personnel involved elsewhere. I touched on fruit fly. You will see a couple of things in fisheries and aquaculture. We have been recognised around the world as having one of the best templates for aquaculture in the world in relation to how we manage leases, licences, etc. In terms of fisheries, the challenges are obviously ongoing as we try to settle down quota management systems in those industries. We do need to make a decision about our research capability of which *Ngerin* is a part, so we need to have a thorough look at that research platform. There is \$100,000 in the budget to deal with that.

There is also some money in the budget because the compliance people need to move out of Port Adelaide. As part of the redevelopment there, we will no longer have those facilities available, so there is money in the budget to do a refit and, obviously, ongoing leasing. We do not yet have a landing on where that will be. The final thing will be the savings over the next four years. There is some talk about savings across the whole agency, not just Primary Industries. To put that in perspective, over the next four years across the different elements of Primary Industries and Resources SA we will spend about \$1 billion worth of public money. The required savings is about \$16.5 million; so in a budget over that four-year period it is a figure of about \$1 billion.

I think that the team has done a remarkable job in difficult circumstances. Although drought is challenging, we have not lost sight of the fact that our main job is recovery from drought and growing wealth generation in the state.

Mr WILLIAMS: First, I will concentrate on the table on page 5.20 and some of the numbers in the overall program of Agriculture, Food and Fisheries. I know that employee benefits and costs have risen from the budgeted figure of \$95 million to \$98 million in the current financial year and are budgeted to grow further to \$102 million. Can you explain that growth?

Mr ARCHER: The majority of that relates to the enterprise bargaining agreement in each of the years, and the full-year effect of that into the following year together with a 2 per cent allocation that is provided to all government agencies in the year. In 2008-09, that includes a 2 per cent provision for salary and wage increases together with the full-year effect of the enterprise bargaining agreement that was approved in the current year.

Mr WILLIAMS: So there is no change in staff numbers?

Mr ARCHER: There is a small change, as a result of the drought, which required an increase for the processing of exceptional circumstance grants.

Mr WILLIAMS: Hopefully, when it rains, there will be no EC grants. What happens to those people? Were they employed on a temporary basis or was it permanent?

Mr ARCHER: They were. We were very careful about doing that. A lot of them were through temp agencies and others were on short-term contracts.

Mr WILLIAMS: A couple of lines below that I see, under grants and subsidies, that we have gone from \$27 million in 2006-07 to a budgeted figure of \$162 million for the current financial year. I make the assumption that most of the difference there is because of the exceptional circumstances and most of that—

The Hon. R.J. McEWEN: Comes in as commonwealth revenues.

Mr WILLIAMS: Yes. Most of that is, in fact, commonwealth money.

The Hon. R.J. McEWEN: Yes.

Mr WILLIAMS: Why has the actual result this year been only \$94 million? Is it because fewer applications were received?

The Hon. R.J. McEWEN: There are two aspects to that. The biggest part is that, where we would have a joint responsibility (a 90:10 responsibility around the 50 per cent intertrade subsidies), they have not come through as quickly as we expected. Obviously, they are building up but they tend to track a bit more slowly. Yes; you might say we overestimated what we thought the uptake rate would be. Keep in mind that, the quicker you take it up, the quicker you move to the second year, which is 80 per cent. Sometimes we are surprised at the speed with which people take that up. We do have that in mind, though.

Another thing is to continue to communicate in terms of what is available, which is difficult. Sometimes people who are in desperate circumstances focus only on their business and are not gathering other information about the support mechanisms around them. That is why, in part, we added Dean Brown and the other drought coordinators, to make sure that, wherever possible, we provide this information directly to farm families and farm businesses but, equally, to people who are giving them advice. Don, do you have any further comments on that?

Dr PLOWMAN: Many of the areas that are now EC declared have not experienced difficulties in the past. I am thinking particularly of the Riverland and some of the Upper South-East areas. The Riverland, in particular, created some difficulties for us in making the forward projections because we had a relatively poor understanding of the overall financial situation of producers in the Riverland and the numbers that would be accessing the system. We overestimated, in a couple of areas, simply on the basis of the inexperience we had working in those areas.

Mr WILLIAMS: I note the budget figure this year for grants and subsidies—again, I assume it is in the expectation of the continuation of the drought—of up to \$142 million. First, every time I have visited the Riverland, one of the complaints that has been passed on to me is that the EC program was not designed very well for irrigators. Is there any way we can help irrigators to get the sort of support that broadacre farmers have been able to get through the EC program? Does that require significant changes for the federal government? Are we getting the sort of support from the federal government to make it more user-friendly for irrigators and their special circumstances?

The Hon. R.J. McEWEN: The answer to that is yes and no: yes, they can do more; and, no, we are having some difficulties with it. If I just scope it for a minute, obviously, this narrow drought response has to be within a broader context—which is obviously having an eye on recovery as well as immediate support. In the case of the Murray-Darling Basin it means having an eye not just simply on irrigators but also on the environment and all the other aspects of it. Of course, when you get to the southern end it is not only the environment but also the fishing

communities, the dairy communities, the wine and grape communities, tourism, etc., and so it becomes quite complex.

The drought is much bigger than your narrow question. To come back to that question: one of the deficiencies is in terms of the exit package, which is one of the tools. Obviously, one strategy is to—if I say 'run people down the draft' outside of here that will seem to be too savage—sit down with individuals in order to understand their circumstances and whether or not they are sustainable long term, so that they are part of a recovery strategy or whether, due to changing circumstances anyway and now extra pressure because of the drought, it is time to assist people to exit.

It is the exit part that has not worked well. We have been raising this with the federal government for quite some time. I had correspondence with Mr McGauran and I have followed that up now with Mr Bourke. The issue around this definition that you have to exit the farm to exit the farm business is one that we have been raising for about 12 months. I have also raised this and discussed it at primary industries ministerial councils so that people can see that, in irrigation, if you have no water you have no business. We ought to have a definition that says you can stay on the property and in the house but exit farming without exiting what is seen as the farm.

Obviously, in broadacre, the house itself is a very narrow component of the capital and, as part of the strategy, you move out. In the Riverland, though, we believe that you should be able to, in some circumstances, exit the enterprise. Rezoning can be part of it, and there were discussions in terms of ministerial PARs and working with councils on that because, again, if you exit it, where are the houses?

We are aware of the fact that, at the moment, the broadacre exit package is not tailored to satisfy the specific needs of intensive horticulture. We are still having discussions at bureaucratic and political levels in Canberra. The most recent discussion was last Friday when I was in Canberra talking to minister Bourke. We provided a lot of data to him then and, as a consequence of that, we are now going to follow it up.

One of the things I have asked for is to have a better understanding of what an enterprise might look like. I have discussed that with Don and Geoff. We are now going to take some of the case studies that were used as part of the EC declaration and try to help the federal bureaucracy get a better understanding of what a horticultural business is and why the exit package, by definition, ought to be different in its terms. Geoff would like to add to that.

Mr KNIGHT: It is probably worth coming back to the original question the member raised, which was about the applicability of EC to irrigators. As Chair of the Premier's high level drought task force, I think this was a question that was raised with us by a number of irrigators. EC had not really been applicable for irrigators in the past, and questions were raised about whether the rules were too tight, for example, for off-farm income and off-farm assets and whether they would knock irrigators out.

We had a number of very productive meetings with representatives of irrigation groups around EC and whether EC would be of any assistance. In fact, we had a fairly long discussion with the commonwealth before we got the commonwealth to approve a declaration of the corridor along the Murray. What I can share with members is that, for the first 17 months—that is, from 1 January last year (when most of these declarations commenced) to 31 May, and we now have 15 or 16 EC declared regions in the state—for the River Murray corridor for that declared region, that corridor had the most applications of any region in South Australia. Not only that, we have had the greatest number of approvals.

In terms of approved interest rate subsidies (I think the minister also talked about the exit part of the deal) that will assist people with managing one of their major cost inputs in terms of their interest rates, they outnumber any other region in the state, including, I guess, some of the traditional areas where you get high numbers of EC applications, such as Central Eyre Peninsula, which has clearly been going through a severe drought as well.

Having had that experience, when irrigators first raised it this time last year, we did not know what was going to happen. What we know now is that there have been high numbers of applications and high numbers of approvals. We are still having discussions with the commonwealth about trying to fine tune and improve it and make the arrangements more tailored to irrigators, but I think it is probably worth just taking note of the fact that, notwithstanding all that and the fact that we are continuing to discuss those, we are hopeful that we will get a better outcome in those discussions with the commonwealth as we go through that. However, it is the case that they outweigh numbers in any other region, including Eyre Peninsula, and that probably tends to throw a better light on the kind of picture we faced this time last year.

Mr WILLIAMS: Thank you for the table, minister. I am pleased to hear that, because that has been a constant inquiry put to me on every trip I have made to the Riverland, and I have been there a number of times in the past six or eight months. I hope that success in those applications continues, not that I hope that people will be forced to make them, but it is not looking good.

Just on your answer, minister, I would like to ask about some of the things we need to think a bit differently about in relation to irrigation and horticulture in the Riverland and the Murraylands from what we have thought about farming previously, particular with regard to drought. The minister talked about exit packages and maybe rezoning and different ways of separating the business from maybe the farm homestead and all those sort of issues.

One of the other aspects of the drought in the Riverland and the Murraylands that I continue to be concerned about is the impact of the drought on the horticultural assets themselves (and this is completely separate from the impact on the individual business) and the wider community impact. In your opening statement, you talked about the total value-adding chain and capturing value-adding down the chain. Those individual horticultural enterprises obviously underpin a much greater value-adding set of industries, both within the Riverland and Murraylands and within the state's economy in general.

I see a significant risk to quite a large part of the state's economy if we see the demise of not just horticultural enterprises but also the trees. It is hard to get our minds around the fact that the trees are part of the farm enterprise and that they are owned by the farmer but that they surely have a value that is important to the rest of the state. Getting our minds around that particular aspect of it is something that kept me awake for a number of nights, I can assure you. Do you have any comment about that? Obviously, I sincerely expect and hope that you and your agencies have been working on this issue as well.

The Hon. R.J. McEWEN: You are absolutely right. Obviously, in annual cropping systems, the next year's rain means the opportunity to carry on again. In mixed farming and livestock-based systems it is a bit different because, if you start losing your genetic material, it takes time to build it up. So, you now have part of the asset—obviously, the grazing country—that can respond quickly, and you have part of the asset—the animal—that you have an investment in. The point I wanted to make, and the point that you are making well, is that in a perennial tree crop system the factory is at risk as well as the product. So, you now have an extension of grazing and animal: part of it is at risk and part of it is not.

Mr WILLIAMS: The market that has been established over many years is at risk as well.

The Hon. R.J. McEWEN: That is the case for all of them. If you have established a market for a particular barley (or whatever) and you do not have it, then you damage your market. I mean, continuity and reliability are obviously valued in markets—Ivan shakes his head, which does not surprise me. But you are right: if you have a specialist animal product market, then you have the same risk.

So, perennial tree crops (almonds, citrus and wine grapes) you have got a long time back, but at the end of the day the decision around utilising one of the imports (water) is left to the individual business. Whether that business chooses to use that water exclusively to keep the production system going, or chooses to use it for partly keeping the production system going and partly getting a revenue stream, is its call.

A number of people in the Riverland have discussed with me whether or not you could change a policy setting to state that you must mandate the water for a particular purpose. In fact, one of them put to me that the government should actually intervene in the market and take water away from annual crop producers (vegetable growers) and mandate that it must be used by perennial growers. I said, 'That is okay, but the next step is that I will have to mandate that you can only use it to keep your trees alive'—keeping in mind that up until now the 32 per cent allocation, plus a bit of carryover, has been about okay.

We have the data, and we have been providing that data and working in terms of managing what is available to keep the crop alive, but some people, for obvious reasons, still made a choice. We think we lost about 10 per cent of citrus last year. People did make the choice to get a crop out of some. It might have been part of a broader choice anyway, because the asset was old or the variety was wrong, etc.

Coming to the Lower Lakes now, the asset is at risk for a different reason. Even if you have an allocation, you do not have access; and, even if you have access, you have a quality issue. So, obviously there, in terms of keeping the asset going, the issue is entirely different. Therefore, with

7.200 hectares of wine grapes at McLaren Vale, Currency Creek and down in that area, obviously we have had to think through. The other day the member asked me a question about this and I just said, 'Of course.'

Mr Williams interjecting:

The Hon. R.J. McEWEN: Well, it gives me an opportunity (today) in this environment. In that environment it was an opportunity to have a discussion. But, yes, it certainly does challenge us. Equally, it challenges people who have to make vital decisions about the resources they have, or vital investment decisions about purchasing more water. We do know that in the year before last around \$70 million was invested in extra water, and we know that last year it was closer to \$110 million.

We are getting some mixed signals about either the ability to borrow or the reluctance to lend by bankers. I have asked that we get the bankers together in the next few weeks to have that discussion with them again. Certainly, Dean Brown, our drought coordinator in the Riverland, is close to that, and I had some discussions with Dean yesterday. But, again, we must have at least a feel for what is going on there. We must continue to provide advice about how you can maximise water to keep the factory alive. We must know what is happening in terms of the ability.

Equally, we must have the ability within the carryover policy. The policy there is that carryover will be available but, of course, it poses some questions with delivery. It is one thing to say, 'Yes, you are entitled and it will be delivered in a 12-month period'; it is another, with the physical constraints of the system, to actually deliver it. So, again, there needs to be some work done there. Don, you look as if you would like to add something.

Dr PLOWMAN: I am happy to add something. If we look at it now from the technical point of view, the first priority was to provide information to allow irrigated horticulturalists to make some decisions about how they managed their crops in the short term. That has been, I think, very successful, because we have had good yields of citrus last year. It will be interesting to see what happens in this coming harvest period.

The grape yields have been higher than predicted. I am not saying that they are great, but they are higher than predicted. There are a package of short-term technical issues that we have provided, going right through to some of the longer-term issues about how you actually structure your orchard to have the greatest flexibility with the amount of water that you have. So, I think we have had quite a comprehensive short-term, medium-term and long-term program.

The Hon. R.J. McEWEN: I might just add to that that Kent Andrew, on behalf of the citrus growers, has come to me about the role of government, the packing sheds and growers in terms of, again, ensuring that there are actually trees alive when we come out of drought. I have asked him to do more work on that co-investment proposal. The problem was that there was no point in having a co-investment proposal unless the industry was going to sign off on it, because he could see that some people would still choose to sacrifice trees for production. So, it got complex when we said, 'Okay, we might work together in terms of part of this, but everybody has to put all their water on the table before you can even explore that.'

Mr WILLIAMS: I guess that is the point I was making earlier when I asked the original question. This goes beyond the decision of what the individual horticulturalist grows, because of the downstream impacts that his decisions have on the industry in general and the state's economy.

The Hon. R.J. McEWEN: The government does not own land and does not run farms, it does not own horticulture and it does not make these business decisions, and it has to be very careful about distorting a market by imposing rules in terms of utilisation of assets.

Mr WILLIAMS: I will move to a different area. I warned you earlier, minister, that we might chop and change a little, because these questions are not necessarily in any order. Budget Paper 4, Volume 2, page 5.24, Sub-program 4.5—Rural Services: this refers to \$16.78 million of the net cost of the program. I will take this opportunity to make the point—and I think I have made it every year that I have been involved in budget estimates—that having a net cost of a program does not provide much information to the people reading the budget. If we had a table in each sub-program like the main table on page 5.2 it would be much easier for people like me to understand what is going on.

Having said that, how much has been allocated in this program to the branched broom rape eradication program? I understand that quarantine restrictions are imposed for 12 years

following a single outbreak of branched broom rape, and in 2006 the state government said that savings would be made over the next four years, reducing funding to the program.

The Hon. R.J. McEWEN: I think I gave the same answer last year, and I think I gave the same answer to the member for Schubert last year as well. The answer is zero, as it was last year, because it is a DWLBC program. So you will not find it in subprogram 4.5 or in any other subprogram within Primary Industries. The member for Schubert frowned at me last year (he did not seem to understand that it was a different agency that was delivering it), and he frowns at me again this year. That does not change the answer. None, because it is not our program.

Mr WILLIAMS: I should have known, because it has his name on the question.

The Hon. R.J. McEWEN: Exactly. I am not the member for Schubert; I actually remember the questions that were asked last year. He does not remember the questions he asked the day before. Check whose name is on the bottom of the question before you go on.

Mr WILLIAMS: I will; I will not get caught like that again.

The Hon. R.J. McEWEN: Well, you got caught by Caroline Schaefer last year as well, so I am just warning you.

Mr WILLIAMS: This one has not been written by the member for Schubert, but it is about barley marketing. Given the changes to the South Australian barley marketing law and this week's changes to the commonwealth wheat marketing legislation, does the government have an opinion on the need to protect South Australian grain growers (as well as other product growers) by legislating for retention of title to be implied in all sales contracts? This has been raised with me through the Farmers Federation, which has informed me that Queensland has had such a law since 1896.

The Hon. R.J. McEWEN: This is a complex issue, and I am not sure where we are up to with the briefing on it, either. However, Don will deal with that. This gives me a chance to put something on the record. If you go out in public and say that you are going to ask me a question, I think you are honour-bound to ask me the question—and I am not talking about the shadow minister; I am talking about Her Majesty's loyal opposition. You can do a lot of damage by saying that you are going to ask a question, thereby implying you have a policy position—

Mr Venning interjecting:

The Hon. R.J. McEWEN: Yes, Ivan; you are going to get a whack around the ears here. If you then fail to ask the question it makes it very difficult for me to put the answer on the record. Last year, towards the end of our sittings, there was publicity around demands of the government to assist in wash-outs, because we had failed in terms of an agreed strategy around education as a consequence of barley marketing deregulation. The question did not come, even on the last day, but then after question time on the last day a grievance was put on the record. That is a totally inappropriate way to deal with issues of this nature and, again, creates total doubt in the mind of primary producers. We can play politics as much as we like, but one thing we must not do is set up primary producers.

Now, to your specific question about transfer of ownership, because there is risk down the supply chain and people need to understand, when they are transferring risk, what security they have against that risk. Don, can you expand on this?

Dr PLOWMAN: I am not sure that I can add a lot more, except to say that we did have a plan last year to run a series of workshops to explain the specifics about options for marketing barley and the risks associated with that. We had to run them early enough so that farmers could make decisions (if you recall, the start of the season last year was quite optimistic) but, unfortunately, we ended up cancelling them through lack of interest.

In the last couple of months we did a survey of about 300 growers regarding their preparedness, training, experience, etc., in marketing grain, and the results suggest that most farmers use their own resources, their own expertise, to do their marketing. They do not rely on particular expertise in that area. As a result, there will be a lift-out in the *Stock Journal* some time next month (I think about the middle of the month) of a quite comprehensive set of information about marketing grain generally, following the wheat deregulation.

The Hon. R.J. McEWEN: There was a general context to the shadow minister's question, but also something quite specific regarding risk in terms of transfer of ownership as you supply down the value chain—because, once it is in a silo, technically who owns it if you have not been paid for it, etc? Don has touched more broadly on the ongoing need, in terms of farming families

and businesses, to understand that they are operating in a deregulated market now with barley and with wheat. We have taken that up, not only in terms of the survey but also in terms of that *Stock Journal* lift-out, etc. On top of that, as recently as yesterday, I am sure I saw a specific item around the federal government now dealing with this specific issue, and I undertake to get that discussion paper to you.

Mr WILLIAMS: I suspect you may have misinterpreted my question and where it was coming from, because it was in complete isolation from the wash-outs and the situation last year.

The Hon. R.J. McEWEN: It was about the transfer of ownership.

Mr WILLIAMS: Yes.

The Hon. R.J. McEWEN: I understand that, but it gave me a chance to put something on the record. I have been waiting to do this since last December. Do not get mad; get even. The chance always comes.

Mr WILLIAMS: The problem expressed to me is that there are a number of options for selling, and with the deregulated market it is obviously going to be the grain industry. It was put to me only this week that, if you purchase something from, say, Landmark, it has a standard contract that says it retains ownership of the product until you have paid for it. If I sell grain and it is delivered to another party and that party, for instance, goes into liquidation, I am an unsecured creditor, whereas my understanding is that the law in Queensland would make me at least a secured creditor or even be in the line before the secured creditors.

The Hon. R.J. McEWEN: I understood that was your question. That is why I made the point that this is about retention of ownership after the levy but before payment. There are a number of different models there, and we need harmonisation around the country on that. It was part of a brief discussion paper raised as a consequence of the federal government's moves in wheat, so we need to ensure that people better understand that. Equally, one of the things we found was that some of the contracts themselves are not user friendly and with some, where it simply says 'NACMA rules', we need to do more work around what that means.

Stuart Andrew has asked us to comment on that, not only in terms of the jurisdiction in which NACMA operates, which happens to be New South Wales, but equally that there is no explanation under 'NACMA rules' in terms of what it means for someone who is signing a contract. We need to work on clarifying the jurisdiction and in that regard we will give a more detailed answer to Stuart Andrew—and I have rung him to tell him that that is on its way—but the second part is around the lift-out and people having a much better understanding of what they are signing, because contracts will be different. It is a bit like trying to compare banks with banks. Obviously, if you have a number of options in front of you you better understand the net result to you and the risk, and that was not necessarily well understood in the last marketing season, not that I know anyone who has lost control of their product and has not been paid, but we need to be prepared.

Mr WILLIAMS: There are plenty of stories out there.

The Hon. R.J. McEWEN: Over history, yes, but you linked it to deregulation. I am saying that, as a consequence of deregulation and people now finding themselves in unfamiliar trading territory, I have not had an example brought to me where someone has delivered a product and not been paid because a trader has gone into liquidation. It is a risk, and people need to understand that and have much greater certainty around ownership until they are paid.

Mr VENNING: I declare my interest as a wheat and barley grower. This is a commercial operation now because it is open, but I am cognisant of whether the government can have an involvement and I heard Dr Plowman on the subject at the SAFF conference. A lawyer, who I will not name, recommended a course of action at the SAFF conference, and to most farmers it was quite strange, something not heard before. Can ESCOSA have any input in relation to this, recommending or only recognising contracts with the retention of title clause in them, understanding this is a commercial operation? I am amazed that this information has not been out there. With a farmer signing a contract and paying a lawyer a few dollars it is hopefully watertight.

The Hon. R.J. McEWEN: The answer is simple. ESCOSA's rules are quite different: it has a role in terms of the issuing of export licences, which is an appropriate vehicle to do that as part of the transition to deregulation under barley marketing in the state. Both federal governments looked at what we did as part of preparing its journey for wheat but, in terms of whether your and my taxes have any role in terms of being a banker or an insurance agency, the answer is no. We are not a banker or an insurance agency—end of story. It is a matter of education.

Mr VENNING: Via the *Stock Journal* or whatever.

The Hon. R.J. McEWEN: One of the issues with education is not making it available but getting people to come. We had a road show with SAFF last year, and it had some very good material as part of preparing people. You may remember that Neil Andrew runs the subcommittee and does all that work, and he agreed there needed to be assistance in terms of providing information to farmers in a deregulated environment, but when they do not come, what do you do? We cannot force them to come, so we have a problem, which is why the lift-out is being done, with some material around that. We have a challenge to get people to accept that there is a gap in their knowledge, that they are at risk and that there are resources that can be provided to them.

Mr VENNING: The minister heads up probably the most effective lobby group we have left, namely, in the Agricultural Bureau through the advisory board and its branches, because we have seen the demise of SAFF to the degree that it is worrying. The minister has a huge network. Can he through Dr Plowman, who is very much respected, put the information out there? They are active, and most of our young farmers are involved through ag bureaus.

The Hon. R.J. McEWEN: I met with the new board last week, and I am very excited. I agree that we need a revitalisation of the network, along with a complementary young farmers network, and I have had discussions with a couple of people who are part of Farming Futures. I think they have their name wrong, although it is a bit late to change it—it should be Future Farmers.

I agree entirely, and we do engage those networks not only in terms of distributing information. One of the roles is adoption and adaption of a lot of research, and sometimes we do not do that well enough. There is a gap now between much of the knowledge we have at the research end and the adoption and adaption of that—adoption to farming systems and adaption to business. The ag bureau is a great mechanism for that and equally so in terms of applied research. I put another challenge to it in terms of setting the priorities for research. It is a two-way conversation: it is not only a matter of using that network to distribute information, but it can also gather very good intelligence that says that these are the questions that need to be answered in a timely manner. We have our discussions with them not only about industry assisting in the resourcing of bureaus but also in terms of their ongoing role to be a non-political information network vital to farmers, because things are just changing so quickly.

Mr VENNING: The minister mentioned its being non-political. Does he believe that the bureau will have to enter the quasi-political area? It never has in the past—or it did not get into the heavy politics, but now, with the demise of SAFF, I think some of the—

The Hon. R.J. McEWEN: The demise of SAFF? I will get Carol to ring you straight after the meeting.

Mr VENNING: When you have an annual meeting attended by 45 people and 200 was the norm—I am sure that if SAFF had a Don Plowman we would not see the problem we have today.

The Hon. R.J. McEWEN: I do understand that you and Carol are not the best of friends.

Mr VENNING: I never mentioned anything about that. We have to use what we have, and the branch is there through a huge network. I do not think anyone will be offended by their taking a more active role in a quasi-political area, particularly through the advisory board.

The Hon. R.J. McEWEN: No, we will not have them as a political lobby group: we will have them as a genuine extension arm of governments, irrespective of who is in power, and a genuine extension arm of our research agencies, which are co-funded. A lot of it comes out of levies, anyway, and quite often we are not getting that information back in an appropriate form to producers, who need it in little bites that are immediately relevant to them at the time.

Mr VENNING: It is your ball, is it not: you fund it?

The Hon. R.J. McEWEN: Yes, it is our ball—your ball and my ball; the government of South Australia funds it.

Mr VENNING: You are the boss.

The Hon. R.J. McEWEN: No, we are the taxpayers.

The Hon. R.G. KERIN: That is why it cannot be political.

The Hon. R.J. McEWEN: Exactly—particularly if they want to use a levy; then we have to make sure—

Mr Venning interjecting:

The CHAIR: Order! I know that the Liberal Party and the minister are fascinated about SAFF and these bureaus, but the rest of us are dying slowly. Can we please get back to the—

The Hon. R.G. KERIN: I thought you might be learning something.

The CHAIR: Nothing you three can teach me.

The Hon. R.J. McEWEN: Mr Chairman, I thank you for bringing us back to the nub of the question. I will ask Dr Plowman to add a little more, in terms of the relationship with the ABA and how we are working with it.

Dr PLOWMAN: I would like to acknowledge the new chair, Mark Dennis, and particularly the work that Helen Lamont from our department is doing in getting a better linkage between the farmers within each of the bureau districts and the advisory board. I think that we are starting to see quite good information coming in on which we can base our programs. I equally look to the advisory board to provide critical comment on our programs. If we are not targeting the needs of the farming community, we need to have that information and we need to make adjustments. I am quite confident that, in the current arrangements under the director, Ben Bruce, we now have a good mechanism and a good exchange of information.

Mr WILLIAMS: Can I assure that minister that it is not Liberal Party policy to turn the advisory board or the agricultural bureaus into any political—

The Hon. R.J. McEWEN: The member said quasi-political.

Mr WILLIAMS: It is a great network of dispensing technical information and extension work. In the minister's opening remarks I think he alluded to the fact that he had a table showing how much money the commonwealth and the state had spent. I request that he seek leave to have that table inserted in *Hansard*.

The Hon. R.J. McEWEN: On a point of clarification, Mr Chair, I do not know that I can incorporate this in *Hansard*, but I can make it available to members. I think that last year I did not have an opportunity to table a document.

The CHAIR: Is it purely statistical?

The Hon. R.J. McEWEN: No, it is not statistical.

Dr PLOWMAN: I think the reason is that this is part of a government program and, therefore, it is outside the specific primary industries budget.

The Hon. R.J. McEWEN: I will provide it and make a couple of comments on it.

Mr WILLIAMS: It is statistical.

The Hon. R.J. McEWEN: No, I think the explanation is as Don has given it. However, I do not mind. It is a public document and we can do what we like with it. I was directed previously that, for some reason or other, I could not have it incorporated in *Hansard*. I have provided an across-agency breakdown of the drought specific programs that are funded at a state level. Members might have heard us say a number of times that we have a package of about \$70 million over four years. I have tabled the \$19.142 million that we spent specifically.

In addition to that is the \$6 million that we would spend as part of the \$60 million, which the commonwealth would spend on interest rate subsidies; and on top of that, which we would not see at all, is the other approximately \$60 million that the commonwealth spends on Centrelink benefits. So, one would have to say that drought in South Australia last year cost the commonwealth about \$115 million to \$120 million, and it cost the state program \$20 million here and another \$6 million as part of the \$60 million interest rate subsidies.

Mr WILLIAMS: Mr Chair, notwithstanding what the minister believes was his advice last year, can I request that you determine whether it is possible to incorporate that table in *Hansard*?

The CHAIR: If the minister gave the government a copy it would be nice.

The Hon. R.J. McEWEN: If you want to receive a copy—

The CHAIR: We have to look at it.

The Hon. R.J. McEWEN: I will provide a copy to the committee on the understanding that the chair will rule on whether or not it can be incorporated in *Hansard*. Let us hope that we can table it and have it incorporated in *Hansard*.

Mr WILLIAMS: I think it would be worth while.

The Hon. R.J. McEWEN: It is a good news story, and I would be delighted to have it published.

Attachment 2: 2007-08 Budget—Drought Program Summary		
Program	Agency delivering program	2007-08 Budget
Drought Coordinators	PIRSA	\$442,000
Planning for Recovery	PIRSA	\$7,091,000
Young Farmer Package	PIRSA/Health	\$130,000
Technical Support (including Drought Hotline)	PIRSA	\$128,000
SARDI Research Project	PIRSA	\$904,000
Accelerating ECIRS Processing	PIRSA	\$100,000
PIRSA Total		\$8,795,000
Labour Market Transition	DFEEST	\$500,000
Apprenticeship Retention Program	DFEEST	\$1,506,000
DFEEST Total		\$2,006,000
Psychiatric Resources	Health	\$342,000
Mental Health Education for Teachers	Health	\$126,000
Farmer Peer Support Network	Health	\$180,000
Community Counsellors	Health	\$956,000
Health Total		\$1,604,000
Concessions and Remissions	DFC	\$1,585,000
DFC total		\$1,585,000
DECS Grants Program	DECS	\$1,225,000
School Bus Moratorium	DECS	\$125,000
School Card—Drought Assistance	DECS	\$1,650,000
DECS Total		\$3,000,000
NRM Levy Relief for RM Irrigators	DWLBC	\$2,152,460
DWLBC Total		\$2,152,460
	TOTAL	\$19,142,460

Mr WILLIAMS: I had a question to ask the minister, which he has answered in supplying me with a copy of a table on the exceptional circumstances interest rate subsidy applications and the number of applications received and those approved for the various regions of the state, which I would also like the minister to seek to have incorporated in *Hansard*, because I believe it is purely statistical and I think it would complete the record.

The Hon. R.J. McEWEN: I will take some advice on that before it is made public, because it is really a commonwealth document. Don, although we are 10 per cent of it, are there any sensitivities around making it public? It is our data because we provide the service to the commonwealth but, technically, we are an agent of the commonwealth.

Dr PLOWMAN: I do not believe that there is a problem, but can I take it on notice?

Mr WILLIAMS: Yes; I am happy for you to do that. I just think that, if it is possible to incorporate it into *Hansard*, it will make the record complete.

The Hon. R.J. McEWEN: I am not tabling it at this stage, Mr Chairman, because I need to seek some advice from the owners of the data. I will table it in the house if it is acceptable to the commonwealth, which is party to it.

The CHAIR: Are you talking about the document you just gave to the chair?

The Hon. R.J. McEWEN: No; I am talking about a different document.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 2, page 5.22, Sub-program 4.2. Given the uptake of FarmBis by South Australian farmers, what strategies will the state government take as the commonwealth-funded program ends over the 2008-09 year? Does it believe that the farm sector will benefit to the same extent from the commonwealth's transferring the funding (some

\$130 million) from FarmBis and similar programs to the new program, to be known as Australia's Farming Future, which is a climate change specific program?

The Hon. R.J. McEWEN: Obviously we cannot answer that question because we do not know. However, as to the first part of the question, South Australia has embraced FarmBis like no-one else. It has been extremely successful, and that is why we have done so well with our own resources and with those of the commonwealth; in fact, over 33.5 per cent of the program was spent in South Australia.

Last Friday evening, when I was heading south from Canberra, the team gave a presentation to recognise all the contributors to that very successful program in South Australia. One of our initiatives in the agency is regularly to recognise contributors and to champion their success, and I think that is important. The feedback I received about last Friday night from a couple of people who were there was that they were very appreciative of the recognition by not only their peers but also by our team.

You are right: it has been a very successful program. It is a bit early to say what it will look like in the next generation and what it might mean in terms of a new partnership, but hope reigns supreme in my heart and soul.

Mr VENNING: Are you confident?

The Hon. R.J. McEWEN: I am always optimistic for the sector.

Mr WILLIAMS: Following on in the same theme, at page 5.21 the budget states:

Consultation is underway with relevant grower and industry organisations, consultants, training providers and government representatives to develop potential programs for consideration by the Commonwealth Government under its Australia's Farming Future Program.

Can you tell the committee what the time lines for these consultations are and whether any programs have already been identified?

The Hon. R.J. McEWEN: We are engaging with the federal government in terms of that funding package. As recently as Friday I discussed it briefly, although it was not the main topic of conversation with minister Burke—obviously that was drought and water—but we did touch on it. Don or Geoff, will tell us where we are up to at an agency level in terms of the climate change package.

Dr PLOWMAN: I am happy to give an update as much as I can. The way the negotiations with the commonwealth over a whole range of packages is evolving at present is very much on a bilateral basis. With the state planning group of the FarmBis program, we have developed a replacement framework, which is a combination of the kind of training approach that has been used over the past few years under FarmBis, and it also incorporates the planning for recovery-type structures. So, the package that we are looking to roll out is a far more comprehensive one that includes not only aspects of business planning and market information but also things such as workforce, better understanding of the business through the chain of the business, etc. We are hoping that in setting it up this way it will be attractive to the commonwealth (and we have feedback that it is quite interested in it), and also there will be a range of different resourcing sources available to meet parts of the package.

Mr WILLIAMS: I now refer to Budget Paper 3, page 7.6, which talks about expenditure risks to the budget, and the drought is mentioned there so I will hark back to the drought. It states:

The government has provided \$38.8 million over the period 2006-07 to 2008-09 for a range of assistance and support measures for primary producers and regional communities affected by the drought.

It goes on to state:

If drought conditions persist beyond 2008-09, additional measures may be required.

Can you enlighten the committee as to what those additional measures may be?

The Hon. R.J. McEWEN: No, for obvious reasons. We are in totally uncharted waters. In fact, we have gone beyond the definition of drought, because drought, of course, is an event that is likely to occur once every 20 to 25 years. How can you have eight of them in a row? So, 25 to the power 8 is a fairly big number. Dean has just told me that in some of our pastoral country we are eight years in a row, so we have totally stretched even the definition of drought.

The commitment we have given, of course, is that, obviously, while drought persists, there will be no change to the present support mechanisms, and others will be considered if required,

such as those we have just alluded to in terms of water and definitions of exit, etc. Both the states and the commonwealth have said that although drought policy is being reviewed—and Minister Burke has made some announcements around that—it is open-ended, and the commitment is that we will obviously continue to negotiate with Treasury on the basis that our drought response remains as long as there is drought. I do as I have done before. I say to anyone: if you can come along with suggestions as to what might be mechanisms that will work, I am happy to work through them with you, cost them, talk about the policy implications of them, etc.

Let us face it: all of us want to do whatever we can. There are no politics in drought. All of us want to do whatever we can to see those remaining in the industry work through this and have a plan for the future and recovery, and those who choose to leave do so in circumstances that do not diminish them as families and do not diminish the communities they are part of.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 2, page 5.21, regarding the agriculture, food and wine sub-program 4.1. I note that the budget for 2007-08 was \$63 million, which reduced the estimated result of around \$57.5 million, budgeted for the ensuing year at \$52.5 million. I presume those changes do not include drought support, or do they? I refer to the comment I made earlier about the budget being expressed in net cost of the sub-program.

The Hon. R.J. McEWEN: That is correct. Sometimes the income from a number of sources and expenditure are bulked up, so it is a bit hard to see what you are doing, and for whom. Steve will answer that in more detail.

Mr ARCHER: The minister has already explained how exceptional circumstances were much less in the current year. The net effect of that is actually a reduction of about \$7 million between what was budgeted compared with what was estimated to be paid out by 30 June.

Mr WILLIAMS: That includes those grants subsidies?

Mr ARCHER: That is correct.

Mr WILLIAMS: Are there any grants and subsidies paid out through your agency other than those that are part of the drought response?

The Hon. R.J. McEWEN: Yes, we do have them in a number of different areas. I will ask the appropriate officer to expand on that answer.

Dr PLOWMAN: It may be that we take that on notice. There is a whole range of what we call primary industry funding scheme regulations where industries pay a levy for work done, and that is usually a transaction through grants and arrangements. They are the main ones with which I am familiar.

Mr ARCHER: I will expand further. What is sitting under that line is exceptional circumstances grants. It also includes grants paid under the drought program for planning for recovery, and it includes FarmBis grants also, and there is a range of other minor grants on top of that.

The Hon. R.J. McEWEN: There are some other novel little grants that still exist, one of which is for the cooperatives, for example. The apple growers and also the almond people got some money. There are a couple of other funny little buckets of money around the place, which are quite novel and which have existed for years. In terms of the broad scope of your question, yes. We might just get a little bit more detail to you, if you like.

Mr WILLIAMS: You can take it on notice. One of the problems in reading your budget and all your budget commentary and targets is that, basically, everything is just swamped by the drought response. It is pretty difficult to read the budget to see what else is happening, to be quite honest.

The Hon. R.J. McEWEN: That is why, in my opening remarks, I said that, basically, although we have presented it slightly differently, particularly around food and wine, there is very little change to the money that is available. That is why I also alluded to the \$16 million of savings in the \$1 billion budget over the four years.

Dr PLOWMAN: I think I slightly misinterpreted your question. I was broadly talking about the funds that we might be providing by way of grants. We also provide a lot of program support, for example, to Food Adelaide, Flavour SA, etc., by way of grants. To provide all that information is quite a task. Is it possible to define more explicitly what it is that you would like?

Mr VENNING: I refer to Budget Paper 4, Volume 2, Wine Australia. With regard to the funding agreement with Wine Australia, can the minister detail the agreement and the level of

funding provided from industry and the government for the pilot marketing development program? Similarly, can the minister detail the funding agreement for a wine innovation cluster? I have heard the minister talk about that elsewhere. Likewise, can he provide the committee with details of the two new statewide regional funds and existing funds which have been renewed?

The Hon. R.J. McEWEN: I understood the first two questions. The first question is about our arrangements with Wine Australia, which I touched on in my opening remarks. The second question is about the wine industry cluster. The third question?

Mr VENNING: That was for the details of the two new statewide regional funds and existing funds.

The Hon. R.J. McEWEN: I do not know what you are talking about. Can you expand on that?

Mr VENNING: They have been renewed.

Dr PLOWMAN: The wine funds?

Mr VENNING: Yes.

Dr PLOWMAN: So they are the Primary Industries Funding Scheme wine funds.

The Hon. R.J. McEWEN: In terms of the third question, if you go to page 5.2 you will see a list of all those funds. Obviously, under the Primary Industries Funding Schemes Act there is a whole range of funds.

Mr VENNING: There are two new regional funds there.

The Hon. R.J. McEWEN: They are adding them all the time; in fact, there have been more since. South-East Rock Lobster has now developed a fund, the Barossa has developed a fund, and there is a new state fund. These are all industry funds; they are voluntary contributions. I take quite a liberal approach to that. I believe that, if industry shows that it has support, we ought to assist them. The only thing we do under the act is to authorise a vehicle to collect those funds. It tends to be a third party that has to hold those funds and then distribute them to the fund rather than back to the owner of the commodity.

I return to the other two. In terms of Wine Australia, as I indicated, we underwrote them last year and will continue to underwrite them this year as part of the Regional Heroes plank. There are four aspects to the national wine-marketing strategy. We have supported Regional Heroes.

Equally, my recent trip to China, Macau and Hong Kong was specifically targeted at Regional Heroes. We took Regional Heroes from a number of the South Australian wine areas. In the masterclasses, my role was to talk about the region. Each time we do that, we take an industry identity with us. In Canada last year it was Brian Lynn who, I might add, has since won the award at the London Wine Show for the best cabernet sauvignon in the world.

Mr VENNING: So he should.

The Hon. R.J. McEWEN: So he should. It is good to see the member for the Barossa promoting good Coonawarra cabernet sauvignons. In terms of the wine industry cluster, obviously again there is the Adelaide University; there is ourselves as the industry.

We do have a table, but I do not know that I have it in front of me—the WIC table. I can get you a table in terms of who the contributors are both to the capital and to the ongoing recurrent funding of the wine industry cluster. It is obviously coming together really well, Sakkie Pretorius is doing a remarkable job, and so is Stuart McNab in chairing it. Although there are some issues in Fosters at the moment, Stuart is doing a great job.

Mitch and I had lunch with some of the senior Fosters team, including Trevor O'Hoy, although Trevor is not with them at the moment. I actually had the opportunity then to compliment Trevor in terms of the leadership role that Stuart McNab is playing with the wine industry cluster. It is good to see industry leaders make themselves available for things like that. There were three bits to that, and I think we have covered them all.

The Hon. R.G. KERIN: I would like to ask the minister a question which is based on the agriculture program 4.1 to do with the policy decision that has been brought down to basically continue the moratorium on GM crops, based on the part that the states control as the marketing part of it. Given that Victoria are claiming that they will have quite substantial increases in productivity for their growers—obviously our decision is that there is more money to be made in the

marketing of non-GM than actually growing the GMs—what is in place or will be put in place to give some credibility to any claims we have for non-GM, given the proximity of the Victorian border and the reluctance ever from overseas countries to identify state borders as any sort of barrier at all?

How do we prove up the fact that there are not GM crops and machinery that is contaminated with GMs moving back and forth across the border to in any way at all compete with Western Australia, which has not just a line on the map—it actually has a very effective barrier called the Nullarbor. What will we put in place to at least give those who may try to market their crops as GM-free (consistent with our policy decision) any chance to compete with Western Australia and Tasmania?

The Hon. R.J. McEWEN: There are two bits to that. I am delighted you have asked me the question because it does actually allow me to put on the record the fact that the government's position on GMs is exactly the opposite to the opposition's. We certainly do not believe that the decision to extend the moratorium was weak and gutless, which was the way the shadow minister described it.

I am certainly looking forward to having Liberal candidates at the next election ask whether or not they believe that the decision on GMs is weak and gutless. I think we do have to find points of difference between the government and the opposition, and that is obviously one of them. In terms of risks, I actually think that is just tilting at windmills.

If you think that good farming practice will not manage, anyway, the movement of contractors' equipment, etc., then we have a broader issue with the way industry operates. Again, if you think that even if a very small amount of seed came across the border that it could somehow multiply and infiltrate canola crops in South Australia and suddenly we would not be GM free, there is just no way that can happen.

Yes, we do have to take responsibility. I would not like to regulate but if we felt that there was any movement of equipment or something that required stronger enforcement, we would do that. Certainly, from discussion with the industry, it knows what its responsibilities are but, more importantly, so do the people who are growing the seed or growing the GM crop. As part of the contract in New South Wales and Victoria, you enter into quite specific responsibilities around where that product might go after it has been harvested, etc. The risk around any potential contamination is dealt with in two ways. Should there be a feeling, though, that we need to beef that up, then we would. My view, at this stage, is that we do not need to. The industry understands its responsibilities.

In terms of the third part of it, we are in the luxurious position at the moment where we can wait to see what happens in Victoria and New South Wales. It is our belief that there is certainly not going to be a premium for GM in the market. Equally, it is not our belief that it is going to show significant returns to the bottom line. Certainly, the production systems are different, the costs are different. Who even said that those varieties are well adapted? Let us wait and see; we have that luxury. For the sake of maybe a dozen people having the opportunity to grow it this year if we relax the moratorium, I think the benefits of waiting far outweigh that. Obviously, that is the position we have taken.

We have said that, until there is a compelling reason to lift the moratorium, we will not do so. We do not think there is a risk and we do not think there is a compelling reason. We are lucky to have a case study in terms of New South Wales and Victoria having a different position to South Australia, Western Australia and Tasmania. Keep in mind that we are talking about two crops—we are talking about two varieties of one crop, to be more accurate. We are not talking about an overwhelming range of opportunities to grow GM crops for human consumption in this state. I also need to remind you that our legislation is around GMs for human consumption. It is not a biofuel issue; it is a human consumption issue.

The Hon. R.G. KERIN: Does that mean people can grow GM crops for biofuel in South Australia?

The Hon. R.J. McEWEN: If they were going to grow rice or cotton, for example, rice would be for human consumption and cotton—no, the legislation was always GM crops for human consumption. That was the original legislation.

The Hon. R.G. KERIN: But with export how do you control that? If you are exporting canola—

The Hon. R.J. McEWEN: That is one you cannot grow; that is correct. If it has the potential to be used for human consumption—

The Hon. R.G. KERIN: That is the crop we are talking about.

The Hon. R.J. McEWEN: Yes, absolutely. There are two crops and you are not going to grow them in this state. Absolutely right.

The Hon. R.G. KERIN: You cannot grow canola in South Australia.

The Hon. R.J. McEWEN: You can grow as much canola as you like as long as it is not GM.

The Hon. R.G. KERIN: But you cannot grow GM canola.

The Hon. R.J. McEWEN: Will there be some omnibus questions at some stage?

Mr WILLIAMS: Yes.

The Hon. R.J. McEWEN: Good. Sometimes we let the clock run down and we have to remind you at the last minute. I am just helping you to do your job.

Mr WILLIAMS: That was not me; it was somebody else. You have sparked my interest now because you made a comment a moment ago and you might clarify this for me, at least. If I grow canola specifically for biofuel—

The CHAIR: Order! No hypothetical questions.

Mr WILLIAMS: No, this is not hypothetical.

The CHAIR: I will decide what is hypothetical, not you.

Mr WILLIAMS: Sorry?

The CHAIR: You cannot start a question with 'What would happen if' and say it is not hypothetical. Rephrase your question.

Mr WILLIAMS: Okay. Can I grow a canola crop specifically for biofuel production utilising GM seed?

The Hon. R.J. McEWEN: No.

Mr WILLIAMS: Okay. That is what I thought but in your last answer I thought you said something else.

Mr Rau interjecting:

Mr WILLIAMS: Have you? You did not hear them earlier? I have already read them out once. Minister, I understand that you have called for expressions of interest for an expert panel to be set up into GM crops. For what purpose has the panel been set up?

The Hon. R.J. McEWEN: It is only an advisory committee. Don could explain the procedures in terms of calling for expressions of interest and opening that up again.

Mr WILLIAMS: Given that you took no notice of the report of the last advisory committee, why are we doing it again?

The Hon. R.J. McEWEN: Because I did not know that you were moving to amend the act. If you are foreshadowing that you wish to amend the act so that we do not need an advisory committee, I am happy to have that discussion with you. The reason why I am doing it is that it is a direction of parliament—and you would understand the difference between parliament and the government—and it is an act of parliament.

Mr WILLIAMS: Didn't you bring the act into the parliament?

The Hon. R.J. McEWEN: Did you support the act in every way, shape or form without amendment?

The CHAIR: Order! Let's get back to the budget.

Mr VENNING: I refer to Budget Paper 4, Volume 2, on the subject of SARDI. It is a favourite area of mine and over the years Mr Lewis has always been very good in relation to providing information. I have not seen him this year and he is not with us today.

The Hon. R.J. McEWEN: With good reason, of course. You would have noted that at the moment he is not heading up SARDI: Pauline is doing that. He is performing another role at the moment, so there is probably very good reason. I am glad you are keeping up to date with these things.

Mr VENNING: How am I supposed to know? Your indications are not working too well.

The Hon. R.J. McEWEN: With you it never will.

Mr VENNING: What programs will be lost as a result of the \$3.433 million cut to SARDI's budget? That is a straight lift-out of the program.

The Hon. R.J. McEWEN: Why don't you first ask: is there a cut?

Mr VENNING: You tell me.

The Hon. R.J. McEWEN: You have just said there is. You have put a statement on the record that there is a cut.

Mr VENNING: According to the budget papers, there is a cut.

The Hon. R.J. McEWEN: Let's explain it to you again—slowly, please.

Mr ARCHER: The reason for the decrease in payments for the SARDI program relates entirely through the MISA development over in Port Lincoln. We paid a significant amount (\$4 million) to Flinders University as part of that construction of that site in Port Lincoln.

The Hon. R.J. McEWEN: Marine Innovation SA (MISA) is the joint project which you would know the member for Flinders has championed for many years, and she has put on the record that she is delighted with the support we have given that program. Obviously, this reflects what is going on. The owner of that really is Flinders University and we are obviously co-investors in that, so you would now like to apologise for implying that there had been a cut to SARDI's budget, because you now have an explanation in terms of the transactions and how they are presented in the budget.

Mr VENNING: I will study the answer, minister. You may well be right.

Mr WILLIAMS: I now place on the record the following omnibus questions, which I ask the minister to respond to in reference to all agencies which come within his portfolio:

1. Will the minister provide a detailed breakdown of the baseline data that was provided to the Shared Services Reform Office by each department or agency reporting to the minister: including the current total cost of the provision of payroll, finance, human resources, procurement, records management and information technology services in each department or agency reporting to the minister, as well as the full-time equivalent staffing numbers involved?

2. Will the minister provide a detailed breakdown of expenditure on consultants and contractors in 2007-08 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2008; and for each surplus employee what is the title or classification of the employee and the total employment cost (TEC) of the employee?

4. In the financial year 2006-07 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2007-08?

5. For all departments and agencies reporting to the minister what is the estimated level of under expenditure for 2007-08 and has cabinet already approved any carryover expenditure into 2008-09? If so, how much?

6. (i) What was the total number of employees with a total employment cost of \$100,000 or more per employee, and also as a sub-category 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 2008; and

(ii) Between 30 June 2007 and 30 June 2008, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more):

(a) which has been abolished; and

(b) which has been created?

7. For the years 2006-07 and 2007-08 will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant and the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No 15?

8. For all capital works projects listed in Budget Paper 5 that are the responsibility of the minister, will he list the total amounts spent to date on each project?

Mr VENNING: I refer to Budget Paper 4, Volume 2, pages 5.23 and 5.24, in relation to bees and foul brood parasite. I know this is not a new subject, minister, but is there any major concern about the threat this could represent, and can the minister update the committee on where we are with this because a lot of our growers have taken a lot of action to try to make sure they quarantine themselves from that threat? Are the concerns expressed by beekeepers perceived or are they actual concerns?

The Hon. R.J. McEWEN: Before I answer that question, I want to make a comment in relation to the omnibus questions. I gave an undertaking earlier that I would give further material in relation to an earlier question from the shadow minister which is now captured in omnibus question No. 7. So, I will provide the information in a more extensive form to satisfy question No. 7. I just want to put it on the record that I will deal with it in that way.

In relation to the question about bees, the minister has done absolutely nothing; you are right. The member for Schubert needs to let some of his constituents know that American foul brood is endemic and will not be eradicated. The industry must work together in terms of a management plan because, as with any endemic diseases within primary industries, the way in which to deal with it is to have a robust management plan that minimises the impact, accepting the fact that it cannot be eradicated. We are having difficulty getting the member for Schubert to communicate that message, although I often find myself writing to him and to his constituents and reiterating what is a clear position in relation to American foul brood: it is endemic and it will not be eradicated, and it must be managed and everyone must work together and use the management tools that are acceptable when they are producing a food-based product.

Mr VENNING: On the same line, does the department have any program at all in relation to this? Is anything happening through the boards, because we do not hear much?

Dr PLOWMAN: There has recently been quite extensive consultation with the department, under the development of the new Strategic Plan, that has identified the priorities for services to the bee industry, the management of exotic endemic diseases being one of them, and those programs are being conducted.

Mr VENNING: My last question is a perennial one, and the minister has heard it before because every year I bring it up. Minister, what does it cost to maintain the Department of Agriculture in Grenfell Street versus a suburban or a near city location?

The Hon. R.J. McEWEN: We will take that question on notice. I think what the member should be saying is: on balance, can he justify that vis-a-vis the alternatives, because obviously there are a whole lot of issues, not just the cost of accommodation but also a part of making decisions to locate any of our agencies in particular places. Some of them tend to be long-term contractual arrangements entered into irrespective of who is in power at the time. If the member is suggesting that, as part of that, we should abrogate our responsibilities and take penalties for early exiting contracts, I would like him to put that on the record.

Mr WILLIAMS: This is the last question from me, minister. What is the cost of the NLIS advertising campaign currently being run in regional South Australia? How much of this cost has been carried by the state, and what are the perceived benefits of the campaign?

The CHAIR: For the benefit of the chair, what does NLIS stand for?

Mr WILLIAMS: National Livestock Identification Scheme.

The Hon. R.J. McEWEN: Given there were a number of components to that in terms of beef and sheep obviously being different, not only in terms of where they are up to, but also in terms of the sponsorship—

An honourable member interjecting:

The Hon. R.J. McEWEN: And, yes, they do look different. I would be delighted to take the question on notice and provide the shadow minister not only with the detail of the total cost but also

where the money is coming from. Obviously, we have phased out part of one of the NLIS programs which was for sheep, because that has now concluded, has it not?

Dr PLOWMAN: No; that has been implemented.

The Hon. R.J. McEWEN: It is finished. So, we are not providing that money any more, because we have done that part of the job. Don will dig me out of trouble here.

Dr PLOWMAN: The question was about an advertising campaign. We would have an ongoing educational campaign about the need for appropriate tagging and recording of both sheep and dairy cattle. We will provide that information to you, but I do not have the details that you have asked for.

The CHAIR: There being no further questions, I declare the examination of the Minister for Agriculture, Food and Fisheries completed and adjourn proposed payments for the Department of Primary Industries and Resources and Administered Items for the Department of Primary Industries and Resources until tomorrow.

At 19:07 the committee adjourned until Thursday 26 June at 09:00.