

HOUSE OF ASSEMBLY
Wednesday 1 July 2009
ESTIMATES COMMITTEE B

Acting Chair:

Ms L.R. Breuer

Members:

Ms F.E. Bedford
Mr M.R. Goldsworthy
Ms S.W. Key
Mr M. Pengilly
Mr D.G. Pisoni
Mr J.R. Rau

The committee met at 11:20

DEPARTMENT OF FURTHER EDUCATION, EMPLOYMENT, SCIENCE AND TECHNOLOGY,
\$394,683,000

Witness:

Hon. M.F. O'Brien, Minister for Employment, Training and Further Education, Minister for Road Safety, Minister for Science and Information Economy.

Departmental Advisers:

Mr R. Garrand, Chief Executive Officer, Department of Further Education, Employment, Science and Technology.

Mr C. Fowler, Deputy Chief Executive, Planning, Policy and Innovation, Department of Further Education, Employment, Science and Technology.

Ms E. Bensted, Deputy Chief Executive, Employment and Training Services, Department of Further Education, Employment, Science and Technology.

Mr D. Royal, Executive Director, Shared Business Services, Department of Further Education, Employment, Science and Technology.

Mr P. Mylius-Clark, Director, Planning and Evaluation, Department of Further Education, Employment, Science and Technology.

Mr P. McAvaney, Chief of Staff, Office of Minister for Employment, Training and Further Education.

The ACTING CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statement, Budget Paper 4, Volume 3, part 13.

The estimates committees are a relatively informal procedure so there is no need to stand to ask or answer questions. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 17 July 2009, and this year the *Hansard* supplement which contains all estimates committee responses will be published on 2 October 2009. There will be a flexible approach to giving the call for asking questions, but I understand at this stage it will be up to the opposition to ask questions.

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. Incorporation of material in *Hansard* is permitted on the same basis as applies in the house, that is, that it is purely statistical and limited to one page in length. All questions are to be directed to the minister and not to the minister's advisers. I understand that the minister does not have an opening statement. Does the lead speaker for the opposition wish to make an opening statement?

Mr PISONI: No; I am happy to go straight into questions. My first question refers to Budget Paper 4, Volume 3, page 2.3. How many TVSPs were paid at DFEEST in 2008-09?

The Hon. M.F. O'BRIEN: None paid.

Mr PISONI: Which areas or divisions of DFEEST will cut the 128 jobs referred to in this table?

The Hon. M.F. O'BRIEN: We did a call across the department, and the first opportunity will be given to redeployees.

Mr PISONI: So, the first opportunity will be given to redeployees?

The Hon. M.F. O'BRIEN: Yes; that is right.

Mr PISONI: And after that?

The Hon. M.F. O'BRIEN: Just to give you a little more detail. The breakdown is made up of 89.8 FTEs, PSM act; and 46.1 FTEs, TAFE act. As you are probably aware, they are two employment streams; they are employed under both the Public Sector Management Act and the TAFE act. So, we have 89.8 from the Public Sector Management Act, 46.1 from the TAFE act, and seven full-time equivalent weekly paid employees. This breakdown also comprises 52.6 full-time equivalents in funded placement, at a total salary of \$4.1 million; and 90.3 FTEs in unfunded placement, at a total salary cost of \$7.6 million.

Mr PISONI: What services will be lost as a result of the TVSPs?

The Hon. M.F. O'BRIEN: There will be no impact on services, because they are surplus staff.

Mr PISONI: If they are surplus staff, how come they are on the payroll now?

The Hon. M.F. O'BRIEN: Because the government has a no forced redundancy policy. The only way they will ultimately exit our books is either by their taking a package or by their applying for and successfully gaining another position.

Mr PISONI: How did they become surplus; what has changed for 128 staff to become surplus?

The Hon. M.F. O'BRIEN: As you are aware, we have budget savings objectives, and there is also an underlying imperative, particularly within the TAFE sector, to get ourselves on a more competitive footing. Our unit cost of service delivery is probably one of the highest, if not the highest, in Australia, and that is due to a range of historic factors. We are now moving very much into a competitive environment. Training dollars from the commonwealth are now increasingly being put into a competitive environment, where the private sector registered training organisations can compete with TAFE. So, the only way we are going to remain in the game in an increasingly competitive environment is to reduce our cost of delivery.

So, we have that imperative and, on the other hand, we have the imperative of attaining budget savings. That has brought about a high degree of internal examination of the way in which we do business, and that in turn has led to us rationalising our operations. What we have tried to do, by and large, is confine those budget savings, which are largely in the staffing area, to administrative efficiency. We want to maintain a high level of delivery in the education area. Unfortunately, the reality is that there are some areas of education delivery where need is dropping away, particularly in the agricultural sector, where the demand is nowhere near as strong as it has been in the past. We are making rationalisations at the Mount Barker campus, and we have also embarked on a redesign of our management structures. In regional South Australia, we have taken out a tier of senior management, and that has resulted in a reduction in staff numbers as well.

Mr PISONI: Did you employ any extra staff in 2008-09 and, if so, how many?

The Hon. M.F. O'BRIEN: We have employed people where that skill set has not been available within TAFE, particularly amongst our potential redeployees; but, all in all, numbers are dropping. At this point in time, I can take that on notice.

Mr PISONI: I am happy for it to be taken on notice, minister. Does the Treasury TVSP scheme fund the entire 128 jobs you are planning to offer TVSPs in the 2009-10 budget and, if not, where will the extra funds come from?

The Hon. M.F. O'BRIEN: There is a little complexity in this. I will give it over to the chief executive. We found that the number of redeployees that we had surplus to requirements through

this restructuring was in excess of the number of packages available. That is my understanding. We entered into negotiation with the Treasurer to increase that number, and we have entered into a loan agreement with Treasury to fund an additional 66 full-time equivalent positions. That loan ultimately will be repaid by cost savings. I think that is it, in essence.

Mr PISONI: In addition to the 128?

The Hon. M.F. O'BRIEN: No, additional to the 127.

Mr PISONI: The budget papers say 128, in total, for 2009-10, 2010-11, 2011-12.

The Hon. M.F. O'BRIEN: I will just give this over to the chief executive. This issue was also raised in the Budget and Finance Committee in the Legislative Council, and it is an area of a little bit of complexity.

Mr GARRAND: We have been funded through the Treasury arrangements for FT reductions for something like 127 over the forward estimates—three years. It is about 95 in 2009-10, about 111 in 2010-11, and 127, all up, going out to 2011-12. Current redeployees within the department are probably around the 150 mark.

The arrangement that we have come to with Treasury is that, in addition to the amount that it is funding through the whole-of-government TVSP scheme, we will effectively take out a loan and use it to fund some additional TVSPs over the next year. Clearly, all of that will be subject to the uptake from staff. In this economic climate we may not get the uptake that we might have previously, but we are out there offering all current redeployees a TVSP scheme, and that is the priority.

If we have more than is currently funded by Treasury, we have agreement from Treasury to use this loan arrangement to offer additional packages. However, as I said, that will be clearly dependent on the demand from the staff as to whether they want to accept TVSPs. There are no forced redundancies, so it is a totally voluntary arrangement. While staff have been offered a package, they have no obligation at all to take that package and can choose to remain on the payroll if they so wish.

Mr PISONI: So, your savings are based on voluntary separation packages and they are to be targeted. What are the three key areas that you will be targeting?

The Hon. M.F. O'BRIEN: As part of this exercise to, one, address budget savings and, two, get the TAFE operation a lot more competitive, we are, in the first instance, looking at administration, and, in the second instance, probably those areas in which there has been a substantial fall in demand by way of course uptake. I mentioned agriculture as one of those areas, and women's studies in regional areas is another area where there has been a substantial decline in numbers.

We are looking at ultimately swinging resources into those areas in which there will be increased demand, hopefully from overseas students, and that will also impact on the revenue side of things. We are looking at the expense, but we believe that, with a substantial increase in the number of foreign students, we will be able to increase our revenue base with existing staff numbers. We believe that there is an opportunity for better utilisation of both infrastructure and staff in the teaching area.

To go back to your question on expenses, in terms of administration and those courses, we believe, even with a bit of an increase in overseas student demand, we will not see a great kick along. Although, just to qualify that, we did find that by reducing the horticulture course at Urrbrae from 2½ years to a two-year course, which complies with the time constraints on overseas students, we were able to reinvigorate horticulture at Urrbrae, and it is now largely underwritten by overseas students. So, we will increasingly be doing that.

Mr PISONI: Are you planning to reduce the length of TAFE courses as part of the efficiency savings?

The Hon. M.F. O'BRIEN: No, not as part of the efficiency savings, but more to deal with the fact that overseas students have a certain period of time available for them to do a course. It is basically to get some efficiencies into the delivery of the course so that we can attract overseas students who have been going elsewhere in Australia. It is not a cost saving measure; it is more of a revenue earning measure.

Mr PISONI: Can you outline all of DFEEST's savings targets, including those that were outlined in the previous budgets and mid-year budgets, and how you intend to meet those going

forward, and also where you will replace the savings targets that you hope to make from the voluntary separation packages if you are unsuccessful in the uptake?

The Hon. M.F. O'BRIEN: The cumulative targets are: total measures, 2009-10, \$23.2 million; 2010-11, \$31.374 million; 2011-12, \$38.202 million; and 2012-13, \$44.634 million. The savings strategies to meet the target include, for strategy 1: Revenue growth, with a target of \$3.1 million:

- increasing international student activity within TAFE SA;
- increasing TAFE SA revenue from domestic fee-for-service;
- maximising opportunities for TAFE SA through the Productivity Places Program (PPP), which is 50 per cent funded by the commonwealth and 40 per cent funded by ourselves, with a 10 per cent contribution by employers; and
- 10 per cent revenue growth on the previous year (but we are aiming for 15 per cent).

That is the revenue side.

Strategy 2: Consolidation of education delivery, with a target of \$10.2 million, includes: consolidation of training and distribution of TAFE training; increasing lecturer productivity in the metropolitan area; and consolidation of institute staff.

Strategy 3: Corporate efficiencies, with a target of \$3.6 million, will be achieved by identifying further opportunities to streamline corporate directorates. The member is probably aware of the restructuring we have just undertaken where TAFE, which was running as a statewide structure (which, basically, will still be the reality), has been broken down into three semi-independent bodies: TAFE Regional, which covers regional South Australia; TAFE North; and TAFE South. As of today they will be registered as RTOs in their own right, and I think we have also gone through the process of registering separate business names. We believe there will be considerable administrative efficiencies through that particular restructure.

The issue we have been talking about at some length, which is strategy 4: FTE reductions, with a target of \$9.7 million, includes staff vacancies, maximising opportunities through natural attrition, the active pursuance of placement of excess staff; and the TVSP opportunities.

Mr PISONI: You mentioned fees-for-service as part of the savings plan. Can you outline what fees will go up?

The Hon. M.F. O'BRIEN: The fees charged to students within the TAFE structure rise very much in line with indexation, which is set at 4.2 per cent. They have to go through the same processes as all other fees and services and have to be run through the cabinet process. TAFE does not really have the prerogative to make adjustments. However, we can make adjustments at our own discretion in areas where we enter into a commercial arrangement with the private sector—it might be BHP, OneSteel, or Holden. They will approach us or put a tender out for a particular training proposition; sometimes in a tendering environment we put up a training proposition and the market decides. We try to be lean and mean.

That gets back to the point I made earlier that we are an increasingly international training environment. We are noticing that not only do we have a lot of private sector RTOs competing with us but the Victorian TAFE sector in particular is also becoming very commercially attuned and aggressive in the marketplace and is actually getting into the South Australian training environment. So we really have no option but to rejuvenate and reinvigorate a ragtag structure to be competitive with our interstate counterparts—particularly Victorian TAFE, but also a large number of private RTOs that are coming into the market.

Our strategy is to attract more foreign students into the TAFE sector in South Australia, but also to ensure that TAFE gets a large part of the business that results from international students choosing Adelaide, in particular, as the place where they want to study. There is a great opportunity for us to improve our market penetration in that sector. I think we are currently at about 3.6 per cent, and my feeling is that we should be up about 8 or 9 per cent. So, we have great opportunities to grow VET training in South Australia.

Mr PISONI: What is the present approved employee cap for DFEEST?

The Hon. M.F. O'BRIEN: As at 31 May it was 3,564.

Mr PISONI: Are changes or reductions to that figure exempt from the \$750 million audit committee that will be making decisions on cuts after the election?

The Hon. M.F. O'BRIEN: Nothing will be exempt. We have given a commitment that we will get the budget into the black within two years and everything is on the table.

Mr PISONI: I refer to Budget Paper 3, page 2.31, regarding additional resources provided to attract international students to South Australian universities through waiving school fees. What percentage of the budget and forward estimates amounts in the line in Table 2.15 'Operating Initiatives: International higher degree by research students—additional support' is accounted for by this initiative? How many students and dependents does this account for, and what are the specific criteria?

The Hon. M.F. O'BRIEN: Those particular figures are being looked for. Just by way of background, this initiative came before the Higher Education Council some little time back. It had been floating around for a little while. We found that we were at a disadvantage with the other states in being able to attract the very highest calibre research students to South Australia. When given the choice of studying along the eastern seaboard as opposed to Adelaide, a lot of higher degree bioresearch students would opt for New South Wales or Victoria on the basis that they could get free primary and secondary school education for their children.

This was particularly impacting on attracting students from Malaysia and also, I think, from certain areas in the Middle East. After discussion, it was agreed that this would have great benefits, particularly for the three South Australian based universities which, in large part, use their international rankings to attract overseas students. International rankings in large part are determined by research effort undertaken by the universities, which in turn is influenced by the calibre of individuals undertaking research within those universities, generally for PhD and to a lesser extent for Masters qualifications.

We felt that, if we were to put it in place, this particular measure would not only attract more overseas students to South Australia but also in turn would assist the universities in improving their international rankings. Getting to the specifics, the estimated numbers of students who will avail themselves of this particular measure in 2009-10 is 628, with an anticipated dependant number of 25.

Mr PISONI: Sorry; 628 students who will have students?

The Hon. M.F. O'BRIEN: This is the total number. The estimated number of international higher degree research students (those are the students doing PhDs and to a lesser degree a Masters degree by research; and generally this is scientific or applied research conducted in laboratories) is 628 in 2009-10. In 2010-11 that will jump to 748, so you can see that there will be an increase in the number. In 2009-10, the number of anticipated dependants would be 25.

In 2010-11, when this really swings into operation, that number will increase to 67. You can see 25 youngsters going to either primary or secondary school, with that number jumping to 67 the following year, which in turn is reflected in an increase of around 120 higher degree students. In the following year (2011-12) there will be 909 and in 2012-13 we anticipate 1,067. So, in 2009-10, 628 and in 2012-13, 1,067.

Mr PISONI: You have given me anticipated student numbers for 2009-10 and 2010-11, and primary and high school students of 25 and 67. What are they for 2011-12 and 2012-13?

The Hon. M.F. O'BRIEN: In terms of the number of dependants, I will have to establish the underlying mathematics. We have an increase in the number of higher degree students from 748 in 2010-11 to 909 in 2011-12, and the number of anticipated dependant students falling from 67 to 54 but in the following year (2012-13) jumping to 75. That may be an estimate of the age of the students; it may be that some of the modelling we have done indicates that some of these children would probably be coming in years 2011 and 2012 and be out of the education system, or we may have information that there are existing higher degree students in Australia with family back in Malaysia, Vietnam or China who will bring those out.

Mr PISONI: These are government schools?

The Hon. M.F. O'BRIEN: Yes.

Mr PISONI: It is fees only for government schools.

The Hon. M.F. O'BRIEN: Yes.

Mr PISONI: There is a drop of 67 to 54 from 2011-12, but you are increasing the amount you have allowed from \$155,000 to \$226,000. We are seeing fewer students but more money allocated. How do you explain that?

The Hon. M.F. O'BRIEN: I will take that on notice. As I said, I am not sure of the mathematical modelling that was used.

Mr PISONI: How do the schools access the money and do they get it in arrears or in advance?

The Hon. M.F. O'BRIEN: I imagine they would get it on enrolment.

Mr PISONI: Has there been any impact or has any study been done on the impact that these foreign students will have on our very popular zone schools?

The Hon. M.F. O'BRIEN: It is an interesting question. The distribution of overseas students around Australia, and Adelaide in particular, would tend to indicate that the impact on the zone schools, particularly in the eastern suburbs, will not be that significant. The density of overseas students living in the catchment areas, around Norwood in particular and towards the foothills, is not as high as it is in the inner north, inner west and inner south. In large part that is a reflection of students wanting to make their accommodation budget go as far as they can, rather than moving into the eastern suburbs where the accommodation is beyond them financially.

Mr PISONI: What impact will it have on Adelaide High School?

The Hon. M.F. O'BRIEN: There may be some. We will take that on notice. There is a reasonably high density in the inner western suburbs. It is close to Uni SA Campus West and to Adelaide University. That would be the area of greatest impact, but we will take it on notice.

Mr PISONI: I refer to Budget Paper 4, Volume 3, page 3.15, Objectives: To maximise the opportunities for all South Australians to engage in work. With reference to this in mind, and the promotion of skilled migration to South Australia, many skilled migrants cannot find employment in their professions, even though they are listed as being in demand on the state immigration website. What ongoing employment linkage services for those requiring additional support in order to gain employment is available to skilled migrants? How many officers are available for ongoing case management and what is the success rate?

The Hon. M.F. O'BRIEN: We have just entered into an arrangement with Business SA, which is very much cognisant of the fact that we are not availing ourselves of the opportunity to retain some of these extremely highly skilled proficient individuals who add a great deal not only potentially to the South Australian economy but also to our broader society. They bring a whole range of cultural benefits to the community, and we should be working flat out to ensure they enjoy their time while in South Australia, and we put in a concerted effort to retaining them. In addition to what we are doing with Business SA, which came to us with a particular proposition, it will go out to the South Australian business community offering a brokering service and bringing this cohort of highly talented young individuals to the notice of South Australian business leaders.

Further, we have a skills recognition service, a shop front, bringing together trade recognition and the recognition of overseas qualification services in Currie Street, a very professional operation down there. I was intrigued because one of the beneficiaries of that service was a young lawyer from Mexico, who is now working for the Submarine Corporation because we have entered into an agreement with the Spaniards for the air warfare destroyer. We were looking around for a lawyer who understood the Spanish legal system and could speak Spanish and, lo and behold, this individual arrived. One of the services we provide is to meet them at the airport and line up their accommodation and wrap around services so they feel they are not being left to the wolves.

The service enables a quick transition of skilled migrants into the workforce by facilitating the recognition of skills and qualifications—for example, the qualified lawyer from Mexico—and, if necessary, providing opportunities for these skills and qualifications to be enhanced. Individuals are supported with advice about pathways to recognition of qualifications and skills, comparative assessment of overseas gained academic qualifications, and case management (which provides clients with tailored practical assistance and guidance to ensure they gain skilled employment). Employers are assisted with access to skilled workers who are ready to work, and assistance with skill recognition of existing workers and development of workforce-type pathways to the recognition of the workers qualification where the pathways exist.

On the outcomes, in the 2008-09 year, over 2,000 people were assisted with qualifications, skill recognition and employment issues. An early intervention program, Skilled Work SA, assisted 150 newly arrived skilled migrants experiencing difficulties in gaining skilled employment, and 105 gained employment. Expenditure for the 2008-09 year was \$1.44 million.

Mr PISONI: How many migrants under the Skilled Migration Scheme have returned home because the amount of work obtained does not satisfy their visa requirements? There was a story in November last year of an internal state government study showing that 40 per cent of 400 skilled migrants had not found a job within five months of arrival, and those who got work were half time.

The Hon. M.F. O'BRIEN: I will take that on notice because it is obviously a legitimate question, but it falls within the portfolio area of the Treasurer, so I will approach the Treasurer for a response. I have just had some information, which in part may answer your question. Research commissioned through Education Adelaide in 2007 identified that 65 per cent of international students who remained in Adelaide found work in a related field within one year of graduating. This compares with the Australian average of 69 per cent. The success rate is quite high—only 4 per cent lower.

Mr PISONI: I was referring to skilled migration. On the same Budget Paper, page 13.16, has the proposed memorandum of understanding with the Philippines to deliver 50,000 skilled workers to South Australia yet been signed? In July 2008 Mr Foley, the Treasurer, visited the Philippines on a trade mission to attract skilled workers. An MOU was touted as being signed earlier this year. In February, the Treasurer was talking about the middle of the year.

The Hon. M.F. O'BRIEN: I will take it on notice, but the member for Unley may have heard yesterday that the South Australian based private sector training provider has just announced the commencement of work on a major training facility at Clark base in the Philippines. We will be monitoring this particular development with great interest, and it is my intention within the fortnight to meet with the principals.

Mr PISONI: On a similar note, the Premier went home last September to New Zealand to target New Zealand workers. How successful was he? Are greater numbers of New Zealanders now seeking work within South Australia?

The Hon. M.F. O'BRIEN: Again, this falls within the portfolio area of the Treasurer, but I will take it on notice.

Mr PISONI: I refer to Budget Paper 4, Volume 3, page 13.5, and the delivery of high quality VET and TAFE, and so on. TAFE fees were first introduced by Mike Rann as the responsible minister in 1991. In South Australia we have the highest fees cap in Australia. Are you able to explain why we need the highest cap? Bearing in mind an earlier answer about fees and charges being part of the savings plan, will you explain whether South Australia's having the highest cap is one of your savings targets and one of the reasons for that?

The Hon. M.F. O'BRIEN: In part, it is a reflection of the evolution of the TAFE system within South Australia. I mentioned that our cost of delivery of training per hour is the highest in the nation. There is a whole range of factors behind that, one of which, in part, is beyond our control. We do not have the population densities of New South Wales, Queensland and Victoria. Not only in regional areas but also within the metropolitan areas we do not have population densities, so our infrastructure has to service what is described as a thinner market. The challenge is trying to develop a delivery structure that will address the thinness of the market. I will supply the detail by way of taking it on notice.

Mr PISONI: I refer to the same budget paper, page 13.27: Income Statement, 'salary, wages, annual and sick leave'. Can you vouch for the effectiveness of reconciliation between time sheets and the employee self service (ESS) leave system in your department? My understanding is that the leave or payroll systems are described as being a 'fail unsafe system'; they keep paying out until they are told that there are not any sick days left to pay. I would be interested to know whether the system itself is audited to ensure that sick days recorded on time sheets correlate with sick leave applications lodged? If so, how often and when was the last time that happened?

The Hon. M.F. O'BRIEN: I will take it on notice. Given that you have a business background similar to my own, we might organise a briefing on that. I have been advised that a regular audit does occur.

Mr PISONI: While some answers are being brought back to the committee, I would like to know what the findings of the last audit were and what changes have been implemented. Will the minister provide a figure for the average number of sick days in 2008-09 for personnel by unit in the employment programs directorate of the department?

The Hon. M.F. O'BRIEN: We will take it on notice. We can give you a figure for the department as a whole, but we do not have the fine graining.

Mr PISONI: I am happy for you to bring the information back.

The Hon. M.F. O'BRIEN: Fine.

Mr PISONI: I refer to the same budget paper, page 13.6, Sub-program 2.2: Performance Indicators, dot point 8. South Australia Works provided over 32,000 opportunities and 8,400 jobs in 2008-09. In 2007-08 the minister said that it provided 29,000 opportunities and 8,500 jobs; that was a ministerial statement in Estimates Committee B last year. Why did the number of jobs not increase in line with the number of training opportunities?

The Hon. M.F. O'BRIEN: I would put that down, probably in large part, to a worsening employment environment. What South Australia Works was set up to do was in a time of full employment—in fact, a time of skills shortage—to assist a particular cohort of people back into the economy. A large number of these people were long-term unemployed. It was a program of fairly intense activity in terms of wrapping around these individuals. Programs would assist them with numeracy and literacy and get them job ready and, once that process has been run through, placed in employment.

I think it has been quite successful. In 2008-09 we had 16,745 people participate and 8,430 people gained a job and, by way of example, of that number, 1,580 were Aboriginal people and 795 gained work. They are significantly over represented in this program—and that is intentional. If there has been any fall away I think it is because we are going into a more difficult, tighter labour environment. As a result of that we are also rethinking the way in which we deliver that program.

A review is currently under way, chaired by Bill Cossey, which will probably come back with recommendations that will lead us to probably a little more focused program. Where we cannot direct those people immediately into an employment opportunity—and we found that 50 per cent did not go into employment—we will try to direct them into a training opportunity so they are not lost to us.

Mr PISONI: This question relates to managing state funded employment and community development programs on page 13.5. It relates to the Youth Conservation Corps program, so my question is what is the cost per participant of the Youth Conservation Corps program?

The Hon. M.F. O'BRIEN: We will take that on notice. We are bandying around some figures I ran through a few days ago. I thought it was about \$1,400 per participant. I would not want to mislead the committee, so we will take that on notice and give you an accurate figure.

Mr PISONI: I am interested to know what the participation rate or costs for that course are compared to other DFEEST employment and training initiatives for young South Australians and the reasons for the differential rating. My understanding is that it has a very high cost per participant, but a draft report from your department, 'Department of Further Education, Employment, Science and Technology Evaluation of DFEEST Employment and Training Initiatives Targeted at Young People' from February last year went on to state that a significant number of participants have year 12 or higher and that they should have a positive outcome, but in fact they do not. There was a recommendation in that report that the program actually be reviewed, so could you come back to me also with the outcome of a review on that program?

The Hon. M.F. O'BRIEN: Yes, we can do that. Your surmising is accurate: it is one of the more expensive courses that we are running, and it is also the subject of the Bill Cossey review. Just for the interest of the member for Unley, at the COAG meeting in Darwin tomorrow, the final approval to a youth compact will occur, and the details of that have been flagged. This is effectively a youth training guarantee. All young people between the ages of 15 and 24, wherever they are in Australia, will have priority access to training if they are not currently in education or employment. The commonwealth has said that access to its youth allowance will be predicated on the young person being in a training course.

We estimate that the range of young people will depend on the severity of the recession. I have always been reasonably optimistic about the impact of the recession on the Australian economy, but there are projections in the range of 7.5 per cent up to (at its most severe) 9.5 per cent for the number of individuals who will be unemployed in 18 months. Our projections indicate that the range could be anywhere between 15,000 and 30,000 young South Australians in the 15 to 24 age range who could potentially avail themselves of these training opportunities.

The programs such as the conservation corps will remain in place but have more specific training focus than in the past because, as I said, we will be giving an undertaking to all young South Australians that they will be trained; they will not be thrown on the scrap heap. What

happened during the recession of 1992-93 was that we did not have this structure in place, and an outcome of the 1992-93 recession was that I think about 300,000 people were still deemed to be long-term unemployed after the recession had passed.

They in turn constitute (I use the present tense) an underclass that bedevils large areas in the outer suburbs and regions of Australia where these individuals, who are largely skilled and semiskilled blue collar workers, were never able to get back into the work force. They in turn were unable to give guidance to their children, so we saw the phenomenon of intergenerational unemployment develop, and we are still bedevilled with it, particularly in the northern suburbs of Adelaide and in the western suburbs of Sydney and Melbourne. So the youth compact is really very much directed to ensure that we do not inadvertently allow another underclass to emerge from this particular recession.

The other thing that we are trying to do is to ensure that, again, we do not make the same mistake as occurred in the 1992-93 recession, when it took 15 or 16 years to get our level of youth engaged in apprenticeships and traineeships back to 1990-91 levels. We actually de-skilled ourselves as a result of that recession. So it is going to be a great challenge for state governments around Australia to get the resources in place to provide this youth guarantee.

As I said, it could be that upwards of 15,000 to 30,000 young South Australians over the next 18 to 24 months will want to go into training, but we believe that we will prevent the creation of yet another underclass of individuals who will find it virtually impossible to gain employment, and we will not allow the de-skilling that occurred in the 1992-93 recession to occur yet again.

Mr PISONI: In the draft report, I note you have made some very admirable comments, and I concur that it is very important that we break the poverty cycle and give children an education and opportunities. On page 41 of the draft report it talks about the effectiveness of the department, and it goes on to say:

It should be noted that the interpretation of data from across the department suffers from quality issues that make a comprehensive assessment of effectiveness difficult. These include definitional issues with regard to how and when employment outcomes are recorded, issues with sample sizes in data collections and self identification issues covering participant characteristics, such as Aboriginality, those with a disability and training and employment status at program entry.

Was that report published—did it get beyond its draft? If not, why not; and what has been done since to act on the recommendations, or otherwise?

The Hon. M.F. O'BRIEN: My understanding is that is an internal report, commissioned and designed to inform better management practice. As a result of the findings of that report, \$20 million has been allocated for a new database which it is hoped will, in large part, overcome the majority of issues that you have identified.

As a new minister, it has also been brought to my attention through another report that we have an issue of variation in quality outcome between TAFEs. As a former business person yourself, you may have been aware of the fact that, in the aged care sector, people providing aged care were very much aware that a graduate from a particular TAFE might have had a better skill set than an individual from another. In fact, I think it became common knowledge within that particular sector that there was a degree of variability. That is an issue that I am definitely taking on board as minister. I think we do have to have consistency of quality, particularly in terms of teaching.

Mr PISONI: Does that include opening up contestability?

The Hon. M.F. O'BRIEN: Yes, that will occur. The commonwealth is insisting upon it, and I think our own training and skills commissioner is also of the view that it will be a major driver of improved teaching outcomes. Through contestability, we will get a great deal more competitiveness.

The VET programs available on a contestable basis are estimated to cost \$26 million, or 27 per cent of total VET program funding. This represents an increase from the 2008-09 year when funds amounted to \$52.7 million, or 23 per cent. So there has been a move over the past 24 months, and that will continue.

Mr PISONI: Where are you hoping to take contestability? Is the ultimate aim for it to be funded for 100 per cent contestability?

The Hon. M.F. O'BRIEN: The target in the skills strategy is to have it sitting at 48 per cent by 2012, and that will continue to be reviewed. That figure, in part, was arrived at because there is

a large number of functions that private providers will probably never be able to deliver, or want to deliver, in that they are infrastructure-dependent and in remote areas. So, that 48 per cent was predicated on private RTOs probably never wanting to deliver in regional SA because of the thinness of the market and, also, not wanting to deliver in areas that require a considerable amount of capital expenditure in terms of the provision of infrastructure.

Mr PISONI: So, have you investigated how you will deal with industrial issues in moving forward to more contestability?

The Hon. M.F. O'BRIEN: The issue was industrial relations.

Mr PISONI: Obviously, you will not get the same number of staff if TAFE is not successful in contestability. You cannot have TAFE staff standing around, so you will have to deal with the situation. Are you able to explain how you intend to do that?

The Hon. M.F. O'BRIEN: In part, there will be more money coming into the system. So, it is not going to be existing TAFE staff scrambling for an ever diminishing bucket of money. There will be significant opportunities for TAFE to grow its operation if we can basically get all of the efficiencies in place and address the issues you have in terms of consistency and quality across the board. There will be a redesign of courses and green focus to address the emerging opportunities in the green energy sector.

We are of the view that we will see a growth in TAFE over the coming decade; we have no intention of being left in the backwash. All of the surveys we have undertaken in relation to the experience of both domestic and overseas students indicate that they hold their TAFE experience in extremely high regard. In fact, I think the most recent survey indicated that we have the highest satisfaction rate (91 per cent) in Australia. So, what we do, we do extremely well; we just have to get our costs down.

We have the quality side pretty well nailed, although there is a bit of room for improvement. However, to remain in the game, we have to do something about our cost structure and, in part, that is due to the thinness of the market. Hopefully, we can continue to attract international students and, given the commitment at the federal level to have more people in post secondary training, we believe it is a growing market. We will have an additional \$155 million in new money, which is contestable, over the next three years. So, there is a large amount of money coming into the system, for which we will be competing.

Mr PENGILLY: I refer to Budget Paper 4, Volume 3, page 13.2. Minister, I note that you have a full-time staff allocation of seven. Is that the number of staff prior to the minister taking on the responsibility of road safety from failed minister Koutsantonis or the current staffing level?

The Hon. M.F. O'BRIEN: In terms of my personal staff, if I can call them that, we reallocated an adviser position. So, I did not take on an additional adviser for the road safety role; we took on an additional ministerial liaison officer from the department. That was the only change to staffing. We managed with the existing advisory staff, basically the political staff, if you want to describe it that way, and one MLO with road safety knowledge from DTEI.

Mr PENGILLY: Referring to the same budget line, can the minister advise whether Vanessa Vartto was employed as a ministerial staffer before or after she was preselected as a Labor candidate? I am happy for you to take it on notice and come back to me with that information.

The ACTING CHAIR: I am trying to work out what relationship this has to the budget.

Mr PENGILLY: It has to do with the whole ministerial office resources, Madam Acting Chair, and I think it is quite justified.

The ACTING CHAIR: You have never had a candidate in any of your electoral or ministerial offices, I gather.

Mr PENGILLY: Well, I definitely haven't, Madam Acting Chair; trust me.

The Hon. M.F. O'BRIEN: In relation to Vanessa, you may be aware that I conducted a review of the South Australian planning system, and Vanessa approached me, in her capacity as an employee of a company that does planning consulting, to discuss the terms of reference for the planning review. She had just completed a Master of Business Administration. I was quite impressed with her academic credentials and her ability, and it was really on that basis that she was offered the position; she was a known quantity to me. Whether I offered her that position before or after she was preselected, I really cannot remember, and I will take that on notice.

Mr PENGILLY: I refer to the same budget paper, volume and page number. How many additional ministerial liaison officers from departments does the minister have in his office?

The Hon. S.W. Key interjecting:

The ACTING CHAIR: I think that was a political question. It is up to the minister whether he chooses to answer it. Can the member please repeat his question?

Mr PENGILLY: How many additional ministerial liaison officers from departments does the minister have in his office, over and above those he has told us about? I asked a question earlier about your staff allocation of seven, and I am now asking how many additional departmental liaison officers you have in your office, over and above that staffing allocation of seven.

The Hon. M.F. O'BRIEN: I have not done a head count, but the note I have here indicates that I have a full-time equivalent count of 8.6. That may include, in part, the additional person who came over to take on the road safety function. I can take that on notice and get back to you.

Mr PENGILLY: I refer to the same budget paper, volume number and same page. The cost of provision for your seven full-time equivalents is \$987,000, which averages out at \$141,000 each. That seems quite a lot compared with the former failed minister Koutsantonis, who in last year's budget papers had a staff of nine at an average of \$129,888. The average increase is 10 per cent in minister Caica's staff; and minister Lomax-Smith's full-time equivalents average out at about \$125,000. Minister, are you paying your staff more; what is going on?

The Hon. M.F. O'BRIEN: That charge includes overheads, including rental. I have taken steps to address that. The lease on the location, which I currently occupy, expires in August. I am collocating into the department, on the same floor as the chief executive officer. That will bring considerable cost savings to the management of my ministerial office.

Mr PENGILLY: Can you just flesh that out a little bit further? Are you saying that the figure of \$41,000 each (as worked out by the opposition) is not just salary alone? Are you saying that there is a lease, rent, or something?

The Hon. M.F. O'BRIEN: Yes; it is the total oncost. There may be some disparity between my office and another minister's office. It might be that, for some historic reason, I am occupying expensive real estate. My observation is that we have inherited this office space, and it is fairly expansive. The previous minister, in his industrial relations function, was going to bring in additional staff. The reality is that we are spreading too few staff over too large a rental footprint. That lease runs out in August, and, as I said, we will go into office accommodation in which the space allocated is more in line with our actual requirement.

Mr PISONI: I refer to Budget Paper 4, Volume 3, page 13.17: Sub-program 2.2: Performance Indicators. The percentage of participants gaining work through the SA Works program shows the proportion of participants gaining a job was consistently higher in the public sector than in industry, the regions or the communities. Can you explain why?

The Hon. M.F. O'BRIEN: The reason for greater public sector uptake is that they have done traineeships within the public sector. I think a large number of them may be training in our electoral offices, and they have access to jobs within the Public Service. In fact, I have actively encouraged my trainees to actively seek opportunities six to eight weeks before they conclude their traineeship. That, in part, is the explanation: they are an unknown quantity, they have performed well, and they have seen an opportunity, applied and, in competition with other applicants, have been successful.

Mr PISONI: I suppose you would agree with me, too, because of your business background, but I would have thought that if a program was working well it would be snapped up by industry. The other thing is, are we not using this program effectively in the regions?

The Hon. M.F. O'BRIEN: Those who do not get a successful job outcome move on to formal training. As I said, as part of the review being undertaken by Bill Cossey, we want to establish formal, structured pathways between SA Works, particularly in the region, and training. In part, the lower rate of positive employment outcomes in regional South Australia might be a reflection of the employment opportunities in the region rather than inherent.

In the regions, 6,350 people are assisted through SA Works, and 3,385 employment outcomes were achieved. Of the 2,630 young people in work programs, 1,410 gained work; of the 2,127 mature people, 1,195 gained work; and of 710 Aboriginal people, 355 gained work. In each of those cohorts—young people, mature people and Aboriginal people—the positive employment outcomes exceeded 50 per cent. A large number of those who were unsuccessful may well have

thought that they now had the self-confidence and self-direction to undertake further structured training with a view to a Certificate III or Certificate 1V qualification to further enhance their employment opportunities.

The ACTING CHAIR: Member for Unley, I want to make sure that you agree. I did not mention this at the start of the session, but I think there is an agreement between you and the minister that, because the government has asked no questions today and you have had free rein, and I think the minister has been very concise in answering his questions, this section—Employment, Skills and Innovation—will finish at 1pm.

Mr PISONI: That is what I agreed to; it was on that basis.

The ACTING CHAIR: I wanted to make sure that you understood that.

Mr PISONI: On the same topic, minister, why is the target for the total number of participants in SA Works set so much lower than what was actually achieved in 2007-08? There is a target for participants for this year (1 July) for SA Works, but the target is actually lower than what was achieved in 2007-08.

The Hon. M.F. O'BRIEN: I surmise that it reflects a deteriorating employment market. As I explained at some length, that really is the driver behind the COAG Youth Compact, this youth training guarantee. We are moving into a downturn and we are sufficiently responsible not to want to raise people's hopes. We know that we will probably see an increase in unemployment anywhere in the range of 6.5 to 8.5 per cent over the next 18 to 20 months.

Mr PISONI: Why are significantly fewer young people and mature age people participating in programs than there were in 2007-08?

The Hon. M.F. O'BRIEN: I will pass this one over to Elaine Bensted, the Deputy Chief Executive, because we are getting into the fine grain of the program.

Ms BENSTED: This is almost a subset to one of your previous questions. We do not set targets for some of our programs in SA Works and the Labour Market Adjustment program. That is a program that assists retrenched workers; it is not something for which we set targets. We provide the service as it is needed. That includes subsets of young people, Aboriginal people and mature age people.

Mr PISONI: In that case, you set a target for having 2,500 young people in learning programs when in 2007-08 there were only 722 participants and the estimated result for last year was 675. How will you achieve the 2,500 in this year's budget?

Ms BENSTED: There is a footnote J that talks about additional programs for existing workers updating their skills. They are things such as the Productivity Places program that the minister mentioned earlier, which is a new program being introduced with a combination of commonwealth and state government funding. That allows for a significant increase in the 2009-10 year.

Mr PISONI: I refer to Budget Paper 3, page 4.10, and the national partnership funding 'Productivity Places program', \$107.3 million. As detailed under 'Summary of National Partnerships agreed by COAG in 2008-09', South Australia is to receive \$107.3 million to increase investment in vocational training. A condition of the funding is a corresponding co-investment by the states. Can the minister advise what this state government's co-investment with the federal government will be in the national partnerships agreed to in COAG in 2008-09?

The Hon. M.F. O'BRIEN: The arrangement is that the commonwealth contributes 50 per cent, the South Australian government contributes 40 per cent, and employers contribute 10 per cent. What that means is a contribution by the state government of a total of \$46.826 million over the period 2009 to 2012.

Mr PISONI: Can the minister advise how and where the funds will be deployed? Has the co-contribution been provided for in this budget?

The Hon. M.F. O'BRIEN: It is reflected in the budget and will go out to tender. We are also trying to finesse this; we are trying to have some interface with this program, the PPP and the Youth Compact. The Training and Skills Commission, as a result of a direction from the Economic Development Board—largely pushed by a Dr Michael Keating and in turn given additional impetus by a recent Economic Development Board report entitled 'An economic strategy for South Australia'—is charged with delivering a report to me by November of this year setting out, in fairly precise terms, the training requirements for the South Australian economy over the next five years.

We will use that data to get a bit of focus into all these programs. Rather than training people for the sake of training them, we will be employing the nine industry training councils to inform the Training and Skills Commission of their projections for skill requirements for the next five years. In turn, that will feed back into this work. For the existing workers, in part that PPP would be driven by the imperatives of the individual employers, because these are existing workers. For the new job seekers, I think we will be giving a little bit of direction as to where we see the emerging employment opportunities.

Mr PISONI: I refer to Budget Paper 4, Volume 3, page 13.21: National and Higher Education Performance Indicators. A target was set for South Australia's share of the nation's overseas students in the 2008-09 budget of 6.2 per cent. The estimated result was only 5.1 per cent. Will the minister explain what happened there?

The Hon. M.F. O'BRIEN: You want an explanation?

Mr PISONI: You fell short by 1.1 per cent of the target.

The Hon. M.F. O'BRIEN: Overall, the outcome for South Australia was exceptionally good. We experienced considerable growth, particularly in the university sector, and we also had significant growth in the VET sector. If you look at where we were, say, three or four years ago, you can see that we were getting nowhere near what we should have been on a per capita basis. South Australia constitutes around 7.8 to 8 per cent of the Australian population. I think we were probably coming in at around 3.5 to 4 per cent. We are starting to grow that, but the reason we fell a little short was the fact that, in particular, the private RTOs in Victoria with international affiliations—particularly in India—aggressively marketed their product, and Victoria was the major recipient of growth in the VET sector.

If you have read the newspapers you would have seen that that has brought a few consequences to Melbourne and Sydney that were never envisaged in terms of a tax on young Indian students. Our view is that that is probably a market that South Australia does not want. We do not believe that it is at the quality end of the market. What is happening in India, in particular, is that a proposition is being aggressively marketed to poor rurally-based Indian families in particular so that their sons can basically emigrate to Australia by virtue of doing a VET course, in an area such as community services, and they are coming to Australia.

The family does not have the financial resources to adequately support them while they are in Australia, although the stipulation is that they should be able to do so. We are of the understanding that a lot of Indian families are going heavily into debt with the broker of these VET programs. They are arriving in Australia and they are basically having to work nearly a 40-hour week just to keep their heads above water to pay back the Indian VET broker, and that is causing issues for the Victorian and New South Wales governments.

It is probably growth that we are prepared to forgo. We want to position Adelaide as a university city with our internationally-accredited universities, pushing our three South Australian universities up the international rankings; and we want to be seen as a provider of quality university and VET education. If that means as a consequence that we have not quite got there in the VET sector, we are not overly fussed. We intend to ramp up our effort in the VET sector, but it will basically be with highly-regarded, quality providers of VET training, in particular our South Australian government TAFE sector.

Mr PISONI: Perhaps the minister can help clear this up. Minister Caica in your role, I think in the 2006-07 estimates process, said that there was a cap of 42,000 students into South Australia. He did not articulate it quite as well as you did in terms of the reasons that you raised; I think he said, 'We don't want to be like Melbourne.' But last year we were told that we were on track to support an international student population of 62,000 by 2014, and that was down from the estimate of the previous year of 67,000.

In the meantime, accommodation was raised as a significant concern, and there have been articles in the media about lack of accommodation and some reports of some shonky landlords offering substandard accommodation to foreign students. When did the policy change from a cap of 42,000 to 62,000 or 67,000, whatever it is now, by 2014, and have you addressed the issues that were raised by minister Caica as to why we had a cap in 2007?

The Hon. M.F. O'BRIEN: I am not sure that we ever did have a cap. That might have been a kind of erroneous or mistaken view. There has never been a cap. We still have the target in place, and the projection is that we will meet it.

In relation to the issues the honourable member raised, I instigated the formation of a task force some two months ago, which has now met on two occasions, with the brief of putting in place a series of deliverables, to use that terminology, that will give young overseas students studying in Adelaide and South Australia the best lifestyle and educational experience of any city in Australia. I have done that because, if we want to maintain and grow this market, we have to ensure that when young people come here they have a memorable experience and return home with a positive impression of Adelaide, which in turn will feed into their peer group, which will want to come and experience South Australia.

The other positive consequence is that, as the years unfold, these young people will rise to positions of prominence within their own communities in business and government and will have a highly favourable disposition to South Australia in particular and to Australia in general. That was the outcome of the Colombo Plan, which brought a large number of young talented people from the third world during the 1950s and 1960s. If you go to places like Singapore today and meet with senior business and government people, you find that they either studied here under the Colombo Plan or their sons or daughters studied here in Adelaide or in Perth because mum or dad had an extremely favourable experience as students under the Colombo Plan.

I set up that work group with the idea of ensuring that young people studying in South Australia would return home, as previous generations had done, with a positive outcome and the benefits would accrue to this state over the next 10, 20 or 30 years, and also so that we would have stability and sustainability in this market, which ultimately could prove to be a little unpredictable, given that many countries around the world are vying for the student market. We also have the competition nationally. That steering committee has been tasked with looking at issues like accommodation, student welfare and the cultural experience. We want these people to return home with good conversational English as that is one of the reasons they are being sent to Australia, and they can go home and work within government or their own companies and can conduct international commerce or government with good conversational English. We want them to have a good tourism experience.

My concern is that when they come here they are not really getting out of Adelaide. We should ensure they go to the Barossa or Uluru and encourage their parents to come on at least one occasion and spend time in Adelaide and have a tourism experience. We are not only looking at the very specific educational outcome these people will have while they study in Adelaide, but we want them to have the full cultural and tourism experience while they are here. I am expecting the task force to report back to me later in the year with a set of very specific recommendations, one of which will be the management of accommodation.

Mr PISONI: I refer to *Hansard* of 2 July 2008 concerning the numbers of students referred to by minister Caica (page 140, Estimates Committee B), who indicated that 42,000 was a realistic figure based upon our capacity. He stated:

We could have 67,000, but Adelaide might look like certain parts of Melbourne as far as the manner in which they accommodate and look after their students in that particular city.

He was suggesting that it was not acceptable, which the minister confirmed earlier in his comments. He further stated:

...67,000 international students, given the reasons I outlined, I certainly believe that is an inappropriate number of international students for the state of South Australia.

Is that still the case?

The Hon. M.F. O'BRIEN: My view is that 60,000 is a stretched target. When minister Caica made that comment, we were unaware of the outcomes of the Bradley review of higher education and the determination of the commonwealth government to open up higher education opportunity for young Australians. The commonwealth wants to see a significant increase in the number of Australian students going to university, and largely they will be drawn from what are currently low areas of higher educational participation—low SES areas.

The commonwealth is allocating significant amounts of money to ensure that young men and women from low SES areas in South Australia, be they regional areas—Whyalla, Port Augusta, Port Pirie—or the northern suburbs and, to a lesser extent, the southern and western suburbs of Adelaide, gain an opportunity that their parents were unable to access, namely, a university education and VET education. That changes the dynamics entirely from the time in which minister Caica made his statement because the universities are now having to gear up for a considerable increase in the number of Australian students, let alone South Australian students, who want to study at our universities.

We have had discussions with the Vice Chancellors in terms of infrastructure provision to deal with what could be a considerable influx into our universities and TAFEs of Australian students. Gearing up for that increase will also include an increase in accommodation for people from regional areas. The chair and I went to Whyalla Technical High School, which is a very good school.

I know from my counterparts that one of the things that prevented them from taking up an opportunity to study in Adelaide was accommodation. If we are going to open up South Australian universities to a regional population we have to address the accommodation issues in the same way as we have to address those issues to deal with a burgeoning number of overseas students. It is a big challenge in front of us but I think we can deal with it, and I think the task force will come up with some strategies to engage with the private sector to get this building in place.

The current international financial crisis has put a number of these projects on hold. Adelaide City Council has knocked back a few because they were a couple of storeys too high or it has not been happy with the internal design. I think the private sector will see an opportunity. The smart thing to do would be to configure those buildings so that if there is ever a drop in the international student market they can go on to the market as a residential proposition for people who want to live in Adelaide. I think we have to be a bit smarter about the internal design of a lot of these apartments.

Mr PISONI: I refer to Budget Paper 4, Volume 3, 13.5: Objective, 'regulation, administration and funding apprentices and trainees'. Under the BER and other stimulus project guidelines state governments are obligated to give priority in contracting and tendering to businesses with a demonstrated commitment to hiring and retaining apprentices and trainees. What guidelines and measures have been put in place to ensure this is the case? What tracking mechanisms are being used? Have any tenderers been rejected or passed over for contracts on the basis of this guideline?

The Hon. M.F. O'BRIEN: This is a good question, and probably close to your heart, given that you were in the operational area of working with timber. My office, the department and I were keen to ensure that young people were beneficiaries of the stimulus package that will see every primary school and a lot of high schools throughout South Australia have a school hall or gymnasium or, in the case of high schools, a scientific or language laboratory built within a reasonably short time.

In part, taking the lead from Queensland, we have worked up a proposition which is formalised by way of an inserted clause in all contracts under the stimulus package, whereby 10 per cent of total hours in a project must be picked up by a trainee or apprentice with an emphasis on indigenous people and local people. In the northern suburbs, the Land Management Corporation and a couple of major developers, such as Delfin, have been keen to work this initiative to ensure that people from families that were severely impacted in the last downturn—and I have talked about the emergence of an underclass up there—were beneficiaries of this 10 per cent clause.

The proposition is that a contractor gets a job to build a series of school halls, say, through the northern suburbs, and 10 per cent of the hours it would take to build those school halls will go to trainees and apprentices; and a lot of those positions will be filled from the local community. I have had discussions with the Construction Industry Training Board. It has a software package in place that can track all the work to ensure that the 10 per cent is allocated to apprentices, so we have a monitoring mechanism in place and, if they do not comply, they will not get another contract.

That software model was picked up from Queensland. I have to say that I was quite impressed with the way in which the Construction Industry Training Board sat down with us and Delfin, the Land Management Corporation and Hickenbotham Homes to work up this proposition to ensure our young people were beneficiaries.

Mr PISONI: I will ask the omnibus questions.

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 2008-09 for all departments and agencies reporting to the minister, listing the name of the consultant and contractor, the supplier, the cost, the work undertaken and the method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2009, 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 2008-09 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2009-10; and how much, indeed, was approved by cabinet?

5. (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 2009; and
- (ii) Between 30 June 2008 and 30 June 2009, will the minister list the 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?

6. For the year 2008-09, 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?

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

The ACTING CHAIR: Thank you, member for Unley. I declare the examination of the proposed payments adjourned until later today.

[Sitting suspended from 13:09 to 14:45]

The ACTING CHAIR: I will now read a letter to the chair from the Minister for Transport, Infrastructure and Energy regarding Estimates Committee B:

I refer to a question put to me in Estimates Committee B on 25 June 2009 by Dr Duncan McFetridge regarding overseas travel undertaken by TransAdelaide staff during 2007/08 and 2008/09. Further to the advice provided to me by TransAdelaide in Estimates on 25 June 2009, I have since been advised by TransAdelaide that two staff travelled to Berlin, Germany and Montreal, Canada in the 2008/09 financial year as part of the procurement of an integrated planning and rostering system to support train and tram operations.

I also refer to a question put to me in Estimates Committee B by Dr Duncan McFetridge MP regarding what long-term planning has been completed on the north-south axis, given that the federal government has now provided funding for this planning. Further to the advice provided to me by the Policy and Planning Division in Estimates on 5 June 2009, I have since been advised that the amount of federal government funding spent on long term planning on the north south corridor to the end of May 2009 is \$6.6m.

Could you please arrange for the tabling of this letter in order that the record may be corrected.

SOUTH AUSTRALIA POLICE, \$599,132,000

ADMINISTERED ITEMS FOR SOUTH AUSTRALIA POLICE, \$162,000

Membership:

Dr McFetridge substituted for Mr Pengilly.

Mrs Redmond substituted for Mr Pisoni.

Witness:

Hon. M.F. O'Brien, Minister for Employment, Training and Further Education, Minister for Road Safety, Minister for Science and Information Economy.

Departmental Advisers:

Mr P. Allan, Executive Director, Safety and Regulation Division, Department for Transport, Energy and Infrastructure.

Mr J. Hallion, CEO, Department for Transport, Energy and Infrastructure.

Ms B. Killmier, Assistant Commissioner, Operations Support, SA Police.

Mr M. Small, Director, Road Safety, Department for Transport, Energy and Infrastructure.

Mr I. Hartmann, Manager, Financial Management Services Branch, SA Police.

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

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

The ACTING CHAIR: I declare the proposed payments open for examination and refer members to the Portfolio Statement Volume 2, part 7. I understand that the minister is not making an opening statement.

Mrs REDMOND: I understand that we are opening the SAPOL appropriation line and concluding the DTI appropriation line. I will continue with the omnibus questions.

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 2008-09 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 there will be at 30 June 2009, 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 2008-09 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2009-10; and how much was approved by cabinet?

5. (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 2009; and

(ii) Between 30 June 2008 and 30 June 2009, will the minister list a 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?

6. For the year 2008-09, 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 grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

I refer back to question 2: the question itself was not expressed in terms of a limit to fees paid to consultants, but I indicate to the minister that we are interested only in consultancies which

cost over \$10,000. So, although the question is expressed without any financial threshold, we do not necessarily want anything below that in that answer.

The ACTING CHAIR: Member for Heysen, do you have any questions?

Mrs REDMOND: I refer the minister to Budget Paper 4, Volume 1, page 6.19, Road Safety—Reaching the Target. Why is the budget underspent by \$550,000, and what programs were not put in place for the Reaching the Target initiative?

The Hon. M.F. O'BRIEN: It is a matter of timing. Having projects budgeted for a given financial year and then not being completed within the year, the money will be carried over. You are aware that we have a carryover process that has to be approved by the Treasurer, and that is done in the case of major projects where it is a timing issue. On occasions it is because the successful tenderer is unable to have the resources in place to undertake the project in the given time and requests to carry over the construction into the next financial year.

So, the advice that I have received is that it is not an underspend: it is really an issue of timing of expenditure and that money will be carried into the next financial year. But we can take that on notice and get back to you with some detail as to what projects were not completed within the expected time frame.

Mrs REDMOND: Thank you, because that was going to be the next question. I understand from the minister's response that it is not that projects have been abandoned but they have been delayed. I would appreciate any explanation as to the reasons for the delay.

The Hon. M.F. O'BRIEN: I have been informed also that it is largely safety camera installation. We will get back with a little more detail, but that is it, broadly.

Mrs REDMOND: When you say 'safety camera installation', it sparks my curiosity that the cameras are given—

The Hon. S.W. KEY: What is the reference?

Mrs REDMOND: It is the same reference—it is a supplementary to the minister's answer. I am curious about the reference to safety cameras. I absolutely endorse the fact that lowering the speed limit lowers the number and severity of accidents.

The ACTING CHAIR: You do not want to let the member for Stuart know that.

Mrs REDMOND: The reality is, Madam Chair, that, if we went back to the old system of having all cars travel at a speed that would allow someone to walk in front of them carrying a flag and ringing a bell, I am sure we would dramatically lower the accident rate. The reality is that we are not going to do that, but I still want to explore with the minister this idea that he referred to them as 'safety cameras'. The minister may have to take this on notice: can he produce any information or statistical data that would give any correlation between the location of the cameras and the location of black spots in terms of road accidents and major road trauma?

The Hon. M.F. O'BRIEN: In terms of an evidentiary base, an evaluation conducted both within Australia and overseas has found that casualty crashes at intersections are reduced by an average of around 30 per cent when red light cameras are installed, so we are talking about intersections that are signalised. Further analysis undertaken on safety camera sites within South Australia has shown a 25 per cent average reduction of casualty rates when comparing current camera sites to previous red light-only sites. So there is some evidentiary base that it is 25 to 30 per cent.

Site selection for speed and red light cameras is determined on a crash statistic priority basis, with individual site suitability governed by site geometry, road alignment and the presence of instructions in consultation with SAPOL. If you would like further illumination on the issue of site geometry, I can certainly hand it over to the Chief Executive Officer.

Mrs REDMOND: I do not necessarily want detail on site geometry, but it puzzles me, for instance, that the cameras that make the most money are at places such as War Memorial Drive, King William Road and areas through the parklands where, just from observation, when you travel those routes regularly, it would suggest that they are not hot spots. It would seem to me that if we are really approaching it from a road safety perspective—and, as I said, I have no argument about the need to reduce speed and the effect that has—the appropriate thing would be to figure out where the worst accidents are occurring, especially those involving speed, and put your cameras there, rather than approaching it from any other basis. Can the minister comment on that?

The Hon. M.F. O'BRIEN: The member for Heysen has mentioned a couple of sites—one was South Terrace, and I cannot remember the other. I have made a referral to the road safety advisory committee, which is chaired by Sir Eric Neal, to look at inconsistencies in speed limits, with particular focus on the discrepancy between speed limits on roads leading into the Adelaide CBD, particularly those through the parklands.

Mrs REDMOND: Hutt Street and Peacock Road.

The Hon. M.F. O'BRIEN: Yes, you have Peacock Road at 50 and Unley Road at 60. Looking at the safety camera revenue that is raised on Peacock Road and South Terrace, it is extremely high. This is an issue that has been raised by various members of the Adelaide City Council, and I believe, in part, we may have an issue of motorist confusion as to what the speed limit is.

The most immediate fix could be to erect more speed limit signs on Peacock Road and those roads in question. However, my view is that we ought to go to the nub of the problem, which is the basis for the confusion. Sir Eric Neal has requested an extension of time, and he will come back to me with the recommendations of the committee in late August. However, discussions with Sir Eric Neal indicate to me that the committee is leaning towards a uniformity of speed limits throughout the CBD, commencing on entry to the Parklands. So, from the commencement of entry to the Parklands right through the CBD, it may well all be set at 50 so that there will be no basis for confusion.

Dr McFETRIDGE: I refer to that same item. Have any safety cameras been removed from any intersections anywhere? Following on from what the minister has said about speed limits, I think the estimates committee was told last year that the 85th percentile rule is not used any more in determining speed limits.

During the winter break last year, I went to Singapore, where I spoke to their department of transport and was told that they use that 85th percentile rule in determining speed limits. They have actually put up the speed limit on some of the roads in Singapore—up to an increase of 24km/h on what they thought was a safe speed. However, after doing 85th percentiles on speeds, they have realised that motorists do know the speeds for those roads. Are you considering going back to looking at the 85th percentiles?

The Hon. M.F. O'BRIEN: I will ask the Chief Executive to answer that question.

Mr HALLION: I will make just a quick comment on the previous question as well. I think that reaching the target figure is about fixed cameras. I can absolutely assure members that speed cameras are located at sites with a high accident rate. They are particularly effective at reducing right-angle accidents, which many of you would know are the more intense accidents in terms of casualties. So, we absolutely site our cameras at high accident locations.

We have pulled out some speed cameras, to answer your question on that point. We do not have the list here, but I know there are a number of sites where we have taken them out. We aim to locate speed cameras at the highest accident sites, and we do occasionally move them as well.

In relation to speed zoning, as Commissioner of Highways, I have the delegated responsibility for speed limits. We use the Austroads guidelines for setting speed limits. They take account of a range of factors (I think I indicated that last year), and the 85th percentile is just one of the factors. I think I have indicated that we take into account a whole range of factors. I do not think there is anything secret about those guidelines, and I am happy to table that guide or make a copy of it available to members. Basically, there are a whole range of factors, such as road geometry; the consistency of zoning is taken into account; lengths (we do not have very short lengths of zoning generally); and whether roads are sealed or unsealed. A whole range of factors come into it. Adjacent land use is particularly important. If there is a significant shopping centre with abutting roads or a high pedestrian rate, those factors are taken into account. So, land use is a key factor as well.

We also liaise closely with local government, and we take account of their views in deciding limits. We do not necessarily always take into account local government's view, but it is certainly a factor that we consider.

Mrs REDMOND: I have to say that, in trying to figure out who has made a decision, it is a constant game of ping-pong; that is, if someone contacts local government, they say, 'No; it's not us,' and when someone contacts you guys, you say, 'No; it's not us; it's local government,' because no-one wants to take responsibility.

Mr HALLION: I can answer that very quickly, with your permission, minister: it is our responsibility. The Commissioner of Highways, who happens to be me, is the only one with the actual responsibility for setting zones, and we do that for both state and local roads. So, if you want to know where the buck stops, it stops with me.

Mrs REDMOND: Oh, good; I've got it on the record.

Mr HALLION: There is no question about it: under the legislation, it is my responsibility; the buck stops with me. Just to give you an idea of how active we are in this area, last year, for instance, I think 120 different zones were approved for change.

Mrs REDMOND: I am pleased to know that. From now on, I will write directly to you, commissioner. I can guarantee that I have spent more than 12 months on one particular road, being tossed back and forth, with someone in the department saying, 'No; we rely on local council,' and council saying, 'No; we made a recommendation. It's not us,' and letters go back and forth. So, it can be very frustrating.

I might add that, when we discussed the change to the 50km/h zones, I was on that Road Safety Advisory Council, as it was then called, for 10 years. So, I am reasonably familiar with the issues in this portfolio. I make no argument about the benefits of a lot of our streets being reduced to a 50km/h zone. However, it was clearly put to us that non-arterial roads would be a 50km/h zone and arterial roads would remain at 60km/h.

I think there is an argument to be put that the speed limit on arterial roads that pass through shopping centres, townships and so on could appropriately come down to 50km/h. However, I have numerous examples of roads that are really quite rural—for instance, the road out beyond the Mount Lofty golf course, heading out to the top end of Greenhill Road, where the 50km/h zone starts a mile before you even get back near the township and back over the freeway. I think there are ongoing problems, and I am pleased to hear that there has been reconsideration.

The Hon. M.F. O'BRIEN: That particular issue you have been dealing with for a year, where you have been bounced back and forth—

Mrs REDMOND: Happy in the service!

The Hon. M.F. O'BRIEN: —do you want to mention the name of the road to the commissioner, so that we can get on to it, seeing the buck stops with the commissioner?

Mrs REDMOND: Well, there are two local roads that almost connect: Old Mount Barker Road, running from Crafers, turning into Gould Road and then into Pomona Road, Stirling. I suggested at one point that, in deciding whether a road was an arterial road, it might be a useful rule of thumb, given a lack of definition, to think that, if a road has a regular public bus route with an articulated bus travelling along it, it might be reasonable to think of it as an arterial road.

The problem with those particular roads is that Old Mount Barker Road then continues in a straight line, but remains at 50km/h right down and through to the back of Bridgewater, basically—and it is very rural—and the other road, Pomona Road, which is a relatively major access road, I have numerous examples of people with unblemished driving records, who have been travelling on that road for years, suddenly being most upset because at the age of 65 or 70 they get a zinger for travelling too fast, when they are in no way being a risk on the road. I am very interested in road safety, but these people are being upset for no reason and having to pay a lot of money.

Dr McFETRIDGE: Can I ask Mr Hallion to have a look at Military Road, West Beach, where the speed limit is 50? He mentioned in his answer before about the 85th percentile rule being part of the assessment but also the local built infrastructure. I am always puzzled that Military Road, West Beach is zoned 50, yet Sturt Road, Marion, where you have the biggest shopping centre in the southern hemisphere (as some people claim) with a bus interchange, pedestrian crossings and commercial both sides, is 60. I do not want to slow down the speed on that road, because it is obviously judged safe by the engineers, but Military Road is a very wide road.

The ACTING CHAIR: That is what happens, Mr Hallion, when you admit to something in estimates. It does not happen very often that somebody will admit to anything in estimates, but you certainly drew the line today.

Dr McFETRIDGE: Can Mr Hallion also look at the signalling sequences at the tram crossing on Morphett Road and their linkage with the Anzac Highway lights? It is still a pain, and I think it cost \$400,000 to put that in.

The ACTING CHAIR: It might be a good idea if we got back to estimates.

Mrs REDMOND: I return to Budget Paper 4, Volume 1, page 6.19, still with reference to Road Safety—Reaching the Target. Can the minister explain why the estimated cost is not revealed when it was revealed in the 2008-09 budget as \$14.712 million and in the 2007-08 budget as \$9.462 million?

The Hon. M.F. O'BRIEN: Could you repeat that reference?

Mrs REDMOND: Road Safety—Reaching the Target appears about halfway down the page. I think the question, when written, was meant to ask about the total overall cost of the program not being revealed in the budget. I am happy if you take this on notice, because I am not sure exactly what was in my mind when I wrote the question, and it has been a while.

The Hon. M.F. O'BRIEN: We can take that on notice.

Mrs REDMOND: More importantly, on the whole Road Safety—Reaching the Target initiative, still in that area, we are all no doubt very aware of the number of road deaths that have happened this year. It is clearly a major spike, given that I think last year the number was under 100. That is a fantastic improvement compared to the figures that we used to have, but this spike has occurred.

I am not persuaded that all of the people involved in that increase are youngsters, but when four young people are killed in quick succession it is a tragedy in any circumstances. Has there been any revision of the current projections to determine what sort of a figure we are likely to reach this year? I think we are 50 per cent over where we were at the same time last year. Is there a revised prediction for where we are likely to end up, and is the minister able to provide a breakdown of the figures?

When I was on the Road Safety Advisory Council we used to get (from what was then SGIC but which is now MAC) a pie chart that told us how many people were in what age group, how many people were of each gender, how many people were P-platers, and how many were pedestrians or cyclists, etc. Do we have that sort of information available on the current road deaths for this year?

The Hon. M.F. O'BRIEN: We do. There has been no change in the projected outcome. In fact, we do not have a projected outcome, we have a target. It may well be that, ultimately, we are not going to reach our target, but these things are difficult to predict, because there is a high degree of statistical unreliability in terms of trends.

To illuminate the position, other states have also had a disappointing year to date. New South Wales is up 35 per cent, Queensland is up 17 per cent, and Western Australia is up 8 per cent. Victoria is probably the stand-out with a decrease of 5 per cent. So, for whatever the reason, South Australia, New South Wales, Queensland and Western Australia have seen a bump away from the trend line. As for the underlying reasons, I think we are going to have to do quite a deal of work, but we know that, predominantly, the increase has been the result of the behaviour of young drivers, unlicensed drivers and those who have been disqualified.

As you would know from your experience on the Road Safety Advisory Council, there are three elements—

Mrs REDMOND: Yes, driver behaviour, vehicle design and roadside furniture.

The Hon. M.F. O'BRIEN: We have made great strides in terms of motor vehicle design over the last two decades in the use of safety belts and crumple zones in motor vehicles, and we are now looking at mandating stability control within the next 18 months.

I think the difficulty in that area is the age of the vehicle fleet. By international standards we have a very old fleet on our roads, particularly in South Australia. We are not fortunate enough to be in the same position as the Europeans with fairly compact countries, high GDP, and the ability—as the Swedes have—to basically partition their roads and run-offs with wire fencing. It is beyond our financial ability to do what the Germans and Swedes do, but we are doing a lot with shoulder sealing, particularly in the Barossa, and over 50 per cent of our expenditure in the next 12 months will go into that particular area.

The third area is driver behaviour, and the Commissioner of Police has a proposition which I think is quite focused—

Mrs REDMOND: Or draconian.

The Hon. M.F. O'BRIEN: Or draconian. The commissioner says that we have addressed, and are addressing, two of the three elements: vehicle design, and road infrastructure. The third

element is driver behaviour, and the commissioner has said that while we have made massive strides over the past three decades—I think in 1974 it was something like 384 deaths and last year it was brought down to 99—we have hit bedrock. We are actually dealing with a bedrock situation with a cohort of highly irresponsible, predominantly young, male drivers, and we will not achieve significant gains in motor vehicle design—although the statistics for electronic stability control are highly promising. It is a similar situation with improvements to our roads.

Where we will make the most significant gains—and this is probably borne out by what has happened over the past 12 months in four other states—is in addressing driver behaviour, and not only inexperienced P-platers but that group that does street racing, that drives under the influence, and that is generally quite reckless in driving behaviour. That is the view of the Commissioner of Police, and I am persuaded by the proposition that we ought to be looking at this group of predominantly young males who have a string of traffic and speeding convictions. A lot of them drive unregistered vehicles or drive unlicensed, and I think their behaviour can be categorised as criminal in its implications.

That will probably be the focus. Certainly, we will be pushing very hard with the auto manufacturers and importers, because the situation is that a lot of vehicles coming from Japan and other places do not have the same safety features as you can get in Europe. A couple of years ago I had a Swedish road safety expert express surprise at what was available on imported motor vehicles; he actually said that they were stripped down in terms of safety features. There are those propositions that we can address, but I am very much convinced by the proposition put forward by SAPOL that we ought to be going in fairly strongly with this problem group.

Mrs REDMOND: I would like to put this to the minister. I agree that there are three issues—driver behaviour, vehicle design and roadside furniture or infrastructure—but my view, from my understanding of the literature (at least when I was on the Road Safety Advisory Council, which was some years ago), is that we have actually addressed the first two but failed to really address roadside infrastructure and design.

I further put to you, minister, that the government's Road Safety Action Plan 2008-2010 states, on page 6, that hitting fixed objects is South Australia's number-one crash problem. Now, that is your government's document. So, whilst I agree that we do have a problem group of drivers and we need to figure out how to target them, it seems to me that there is still a major issue of roadside infrastructure and how to manage that. In terms of driver behaviour I know, from having watched my now adult children grow up and go through the driving thing, as well as all their friends, that they are conscientious and adamant that none of them would ever think of drinking and driving, or of getting into a car without putting on their seat belts, and all those sorts of things.

I think that we have largely addressed that, although I agree that there are some hard-core people who we need to fix. However, I am not persuaded that that should be our only target; I think we need to concentrate on roadside infrastructure.

The Hon. M.F. O'BRIEN: I think about 42 per cent of fatalities occur as a result of collisions with fixed objects—which are, by and large, trees and Stobie poles. That could be the result of inattention and getting onto the shoulder, losing control and then going off the road and impacting with a tree, or it could be the result of being intoxicated, or the result of speed or fatigue. This government has allocated \$23 million over the next four years to the Safer Road Network program, what we have called the Rural Road Safety Program.

I think something like 40 to 45 per cent of fatalities occur outside the metropolitan area and, in turn, a large percentage of those—40 to 45 per cent—involve people going off the road and impacting a fixed object.

In 2009-10 we will be putting a considerable amount of money (\$7.2 million) into the sealing of shoulders, and over half of that is going into the Barossa which has had a fairly difficult 12 months with the number of fatalities, particularly from young males living in Barossa communities. I know that it has had quite a profound impact on the Barossa townships. In addition to sealing the shoulders, so that if people inadvertently stray they do not lose control of the vehicle and either roll or run-off the road even further into a tree, we will be putting in place a lot of guards around major red gums.

I have written to the Barossa and Light district councils within the past four or five days, congratulating them in the first instance on their decision to reduce the speed limit on roads effectively under their control (but obviously referred to the commissioner) from 100km/h to 80km/h on the basis that to remove all fixed roadside objects in the Barossa Valley would basically amount to the deforestation of the area.

Mrs REDMOND: You have got to stop those trees from jumping out and hitting the cameras.

The Hon. M.F. O'BRIEN: These majestic red gums are basically a part of the tourist experience. I also informed them that in excess of half the money that would be spread around the state would be spent on shoulder sealing, but it really was a combination of our improving the roads and their making the decision that they did in terms of reducing the speed limit to reflect not only the condition of the road proper but also what sits alongside the road.

We have also got \$7.73 million allocated to the state Black Spot program. The federal government recently announced a boost in expenditure on black spots in 2009-10; \$9.5 million has been allocated to fix 22 black spots on local roads. We are addressing that particular issue with some determination.

Dr McFETRIDGE: I thank the minister for his answer about the roadside furniture. If Mr Hallion has his pen there, could he put down this short section (and I know it is local government road), King George Avenue, Somerton Park. It is between the Brighton Secondary School and Minda Home. If you go to duncanmcfetridge.com you will see the bus stop that was demolished not long ago. They missed the trees but went through the bus stop. I have been lobbying to try to have some slip lanes put in there. It was a buck pass between DTEI, the former but former minister for road safety (the Hon. Carmel Zollo's reign) and the Department of Education to try to have something done about that.

I see that Mr Hallion has that in his notes. What I really want to ask about is the problem group to which you referred earlier, the hoon drivers, I suppose. Is the government still of the opinion that we should not be investing money in building a drag strip in Adelaide for these people? I have been sent a copy of a letter from the Australian National Drag Racing Association in which it says that the Minister for Trade and Economic Development, the Minister for Sport and Recreation and the Attorney-General in the Rann Labor government support a drag strip.

I understand that the one being mooted is at Port Adelaide. It is all private money; it will not cost the government a cent other than the LMC granting a lease to some land which is pretty ordinary land at the moment.

The Hon. S.W. KEY: Do you support it?

Dr McFETRIDGE: I do, actually. Kevin Rudd has put \$10 million into V8 racing in Townsville and Kate Ellis also gave \$3 million to Darwin to build a drag strip up there. So, it is the feds as well. I think that Butler supports it down there, as well.

The Hon. M.F. O'BRIEN: I had a discussion with the Mayor of Port Adelaide Enfield at a Central District football match in Elizabeth. We had a chat and I asked him to—

Mrs REDMOND: Did they win?

The Hon. M.F. O'BRIEN: Yes, they did. I asked him to send me the supporting material, which he has done. He has sent me a pack; it arrived in my office a few days ago.

The ACTING CHAIR: I ask the member for Morphett to put that reading material away.

Dr McFETRIDGE: I confess, Madam Acting Chair, it is *Tiger Talk* from the Glenelg Football Club—this year's premiers, I hope.

The ACTING CHAIR: This session seems to be degenerating a bit into the *Oprah Winfrey* Show. I think we had better adjourn to the bar the way we are going. Minister, do you want to finish your answer?

The Hon. M.F. O'BRIEN: I think we have exhausted the time made available.

Membership:

Mr Venning substituted for Mr Goldsworthy.

Mr VENNING: This issue of speed zoning is very close to my heart and my wallet. The Barossa, as you know, minister, has just put in an 80km/h speed limit over the whole Barossa and it has caused a furor; people really are complaining about it. Even some police officers who have spoken to me are very concerned about having a blanket 80km/h limit over the whole Barossa. I am very concerned about the inconsistency of the speed zones. Is there any way that we as a

parliament can legislate so that people can have a fair idea of what the speed limit is? I ask that question, because at the moment it really is a dog's breakfast. You have got 80s, 70s and 60s. It is one of the single biggest issues of concern in the district. As a member of parliament you are always very critical of an issue that could lose you your seat, and this one could lose me my seat—speed zones. It really is an issue.

The Hon. M.F. O'BRIEN: I do not know how to answer that, Madam Acting Chair.

The ACTING CHAIR: I suggest to the member for Schubert that, if he was here earlier—

Mr VENNING: Consistency of speed limits is a problem and I just wonder whether we can legislate to tidy it up. To give one instance, it is probably not the fault of the minister, but the council asked for the speed zoning and apparently the minister said, 'Yes, no worries'.

The Hon. M.F. O'BRIEN: In quick response to the question of the member for Schubert, I have given a reference to the Road Safety Advisory Council and spoken with Sir Eric Neal on two occasions. The reference is to get some consistency through the state on speed limits. There is an underlying methodology that applies nation wide, but we have an issue, over moderately short stretches of road, with the speed limit changing. For some people it is inexplicable, and we have inconsistency on roads coming through the Adelaide parklands.

With the issue of the Barossa Valley, we dealt with that matter prior to the honourable member's arrival, but the issue there is that 40 to 45 per cent of fatalities are as a result of people running off the road and striking a fixed object, predominantly gum trees. The difficulty that confronted council and would confront us is that one would not want to have the wholesale felling of majestic red gums as it would detract from the tourist appeal of the Barossa.

Of the money we are allocating in the budget under discussion, more than 50 per cent of it is going into the Barossa, basically for shoulder sealing and guards around major obstructions like trees. You are getting the lion's share of the funding which, in conjunction with reducing the speed limit to 80km/h and boom gates for rail crossings on the Gawler to Angaston rail line, for which we have allocated \$2 million, hopefully will bring down the toll, as I understand it is causing a great deal of distress to communities in the Barossa.

Mrs REDMOND: I thank the minister and his advisers for being indulgent as we have gone well beyond the time agreed. I thank you for taking questions from committee members.

The ACTING CHAIR: This session has proved that we are all experts on road safety and all know how to solve the problems: I wonder why we do not. I declare the examination of the vote completed.

Membership:

Mr Goldsworthy substituted for Mr Venning.

Mrs Penfold substituted for Mrs Redmond

Departmental Advisers:

Mr R. Garrand, Chief Executive Officer, Department of Further Education, Employment, Science and Technology.

Mr C. Fowler, Deputy Chief Executive Officer, Department of Further Education, Employment, Science and Technology.

The ACTING CHAIR: I declare the proposed payments reopened for examination and refer members to the Portfolio Statement, Volume 3, Part 13. Minister, I understand you are not going to make an opening statement.

The Hon. M.F. O'BRIEN: Mr Fowler has particular responsibility for the science and technology component of the portfolio.

The ACTING CHAIR: Thank you. I think we have agreed to a timetable. I will not need to read out all the opening remarks, except to remind the minister that all information must be submitted to the committee secretary by no later than Friday 17 July 2009. This year, the *Hansard* supplement which contains all estimates committee responses will be published on

2 October 2009. Member for Morphett, I understand you have a list of questions you wish to present.

Dr McFETRIDGE: Yes; gruelling. The omnibus questions have been read in so I will not need to do that. My first question is about a favourite area of mine—I do not understand the physics of it completely—at Budget Paper 3, page 2.31: photonics. I think the member from Kavel (the marvel from Kavel) can explain it to us if he likes. How much is the total cost of the photonics and advanced sensing facility at the University of Adelaide? How much has the state government contributed? Can you tell the committee a little about this facility and the benefits for South Australia?

The Hon. M.F. O'BRIEN: The total amount that will go into the photonics institute is \$28.8 million over three years from the commonwealth. This will establish the Institute for Photonics and Advanced Sensing at the city campus. The state government is contributing \$5 million and the university is matching that, which will bring the total investment to \$38.8 million. This is a bit of a coup for Adelaide University.

The institute, in a broad sense, has integrated experimental laboratories for research in photonics and sensing as well as facilities for projects with industry and the defence sector. That is one of the aspects that is of particular importance to South Australia, in that it can be done for defence research work. The institute will integrate physicists, chemists and biologists to develop new photonic and advanced sensing platform technologies and translate technology through to application by working with end users and industry.

Photonics, to my understanding, is the study of subatomic particles (photons) and, from the limited briefing that I have had, it is akin to a form of radar in terms of bouncing photons off objects, so it has a sensing capacity. I will take the science on notice!

Dr McFETRIDGE: You could tell us anything because I do not think anyone here is going to know anyway. I will put on the record that Professor Tanya Monro's—

The Hon. S.W. Key: You shouldn't make that assumption.

Dr McFETRIDGE: No; you are right. For the record, the member for Ashford is an expert in photonics.

The Hon. S.W. Key interjecting:

Dr McFETRIDGE: Professor Monro is certainly a world expert in photonics and it is a real coup, as the minister said, for South Australia. Along the same lines, at Budget Paper 3, page 2.31, table 215—Materials and Mineral Science Learning and Research Hub. How much has the state government put into this facility at Mawson Lakes? Can you tell the committee a little about what the research hub does?

The Hon. M.F. O'BRIEN: There is an identical level of funding from the state government of \$5 million. UniSA will receive \$40 million over four years for the Materials and Minerals Science Learning and Research Hub. That will come from the commonwealth. We will put in \$5 million; that brings it up to \$45 million, and the balance, which is \$28 million and which will bring the total value of the development up to \$73 million, will come from UniSA.

The facility will house innovative multidisciplinary laboratories and learning spaces designed to grow the next generation of engineering, material and mineral science graduates. It is an opportunity to leverage a number of existing world class capabilities for the development of high level skills and also research to industry collaboration outcomes. If you aware of the strength of UniSA at Mawson Lakes, it is the very strong integration between its research activity and industrial application, particularly in the northern and north-western suburbs in the electronics, defence and advanced manufacturing capability. This will be of great assistance in developing our mineral resource sector.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 13.25 and the broadband development fund. I read in today's online *Advertiser* that the federal government has announced that Victor Harbor will be the first town in South Australia to benefit from the broadband roll-out. I am concerned that the \$3.8 million in the broadband development fund was not expended last year. Why is that so, and what is happening with the broadband roll-out in South Australia generally?

The Hon. M.F. O'BRIEN: Without pre-empting an announcement, because the contractual details have yet to be finalised, we are on the cusp of making a major announcement in terms of the expenditure of that \$3.8 million. It is probably a matter of a week away. I cannot give you any

detail, but it will be expended. We have spent the better part of six to eight months on this. It is no secret that we put a proposition out into the marketplace and went through a short-listing process with a number of potential contractors, if I could describe them as such. We have been engaged in a due diligence process over the past couple of months and intense discussions with the commonwealth government in the past three to five weeks.

We think we have pretty well nailed it down, and when the project is implemented on the ground I think it will have great benefit for the state. I have also had discussions with Senator Conroy about the roll-out of the national broadband initiative. Senator Conroy has explained that this has a nation building capability probably in excess of that of the Snowy River scheme, and we want to ensure that South Australia is very much at the heart of the early stages of that program.

Dr McFETRIDGE: You mentioned Senator Conroy. Have you had any discussions with him on one of my areas of concern, which is the fact that we are putting in broadband to speed things up, yet he is wanting to put in an internet filtering system, which people far more knowledgeable than I am in this area say will slow things down again? Have you had discussions with him about this?

The Hon. M.F. O'BRIEN: No; no specific discussions, but in the IT Directorate within DFEEST we have looked at the issues of informing parents in particular on giving advice to young children on the use of the net. Our view is that that is a more practical way of approaching things. We have noticed that the commonwealth is setting up a similar program, and I asked DFEEST to pull back a little in that we were looking at establishing an advisory group drawing particularly on young people, and I think the commonwealth was looking at setting up something similar. I think the best way to deal with that issue is by way of advice and self censorship rather than the filter proposition than Senator Conroy was proposing. I agree that it has been shown to have a lot of adverse consequences in terms of speed and the like.

Dr McFETRIDGE: I refer to Budget Paper 3, page 2.32, table 2.15 regarding savings initiatives. How will the \$2.86 million in savings efficiencies for education delivery be achieved, and what will be the impact on education programs?

The Hon. M.F. O'BRIEN: The way that we intend to obtain those savings (and I think that was an astute reading of the financials) is that at the moment we have three separate directorates: one for science, one for innovation and one for higher education. We intend to bring them under one structure, which will basically streamline administrative processes and have them reporting to one individual as opposed to three, so that is how we intend to achieve those savings.

Dr McFETRIDGE: I was concerned that the education programs that are being offered in schools now may have been victims, but I am pleased to hear that is not the case. To continue the education theme, has the government considered the re-establishment of an investigator science centre type facility to educate children in science?

The Hon. M.F. O'BRIEN: It is our view that the Royal Institution will probably do better, if I could use that grammar, in getting the science message out to schools, than did the investigator science centre. The Royal Institution is being established in Adelaide to promote an understanding and interest in science within our schools and also within the general community.

Interestingly, outside the borders of South Australia it is now being recognised by the commonwealth government and various state governments as being an agency that can deliver an interest, if you like, in science in the other states. I think Victoria is currently engaging with the Royal Institution—I think it has actually committed to the Royal Institution delivering a science message through Victorian schools. The problem with the structure that was located at the showground was that it was a static structure and to try to upgrade it and keep it interesting was prohibitively expensive.

Dr McFETRIDGE: I refer to savings initiatives on the same page, page 2.32. There are \$4.7 million worth of savings initiatives identified for 2012-13. How will these savings initiatives be achieved for these programs? I think you mentioned previously bringing some directorates together. The department has a savings target of \$1.6 million, I understand.

The Hon. M.F. O'BRIEN: It has been explained to me that, in part, the savings will be achieved by the integration of the three directorships—science, innovation and higher education—into one. However, it also relates to the timing of grants. So, a reduction in outlays is really a timing issue rather than a winding back of the commitment to the science, technology and innovation area.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 13.23, Sub-program 3.1: Science and Innovation, net cost of sub-program. Why is the 2008 estimated result of the sub-program \$7.49 million more than the 2008-09 budgeted amount?

The Hon. M.F. O'BRIEN: The explanation, in part, is very similar to the answer to the previous question. It is the timing of grant expenditure, which is treated as an expense but effectively it is the making of a grant. So, although it does not occur in this financial year, the two grants of \$5 million to UniSA and the University of Adelaide would actually be dealt with in the accounts as an expense whereas, effectively, they are a grant. It is a budget line there, anyway, grants and subsidies. So, in part, it is a timing issue rather than an issue related to a blow-out.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 3, page 13.26, Sub-program 3.4: Innovation Investment, Playford Capital. Can the minister provide details of the four South Australian innovative technology companies that have received \$1.4 million in funding from Playford Capital? It is the Commonwealth ICT Incubator Program, I think.

The Hon. M.F. O'BRIEN: I will just list their current investments. I have had an in-depth briefing by Playford Capital on each of these investments and an explanation of the companies and the technologies that they are working up. I am not sure that I could rely on memory to give an in-depth account of that briefing. They are:

- e-Channel Online Pty Ltd (developing online advertising technology);
- Ember Technologies Pty Ltd (which is power management: I know that relates to the standby capacity on things such as computers and televisions. It has a technology which it claims the European Union is particularly interested in because the potential power savings are massive);
- Neuro Vision Technology Pty Ltd (an assessment and training of eyesight after brain injury);
- Reproductive Health Science Pty Ltd (foetal chromosome testing);
- Signostics Pty Ltd (hand-held medical devices, which the member for Morphett would be interested in, and I think they also have veterinary applications for ultrasound testing and the like); and
- Waterfind Pty Ltd (water rights trading).

Dr McFETRIDGE: I am interested to see the companies prosper, because Playford Capital certainly has been a real boon to South Australia.

I refer to the same budget reference and BioInnovation. Why has there been a \$100,000 cut in grants for operating costs to BioInnovation in South Australia?

The Hon. M.F. O'BRIEN: They are subject to the same budget discipline, as are all other areas of government. They were engaged in a building program. I think they opened stage one of bioscience innovation house, if that is the correct title, in July last year. I would say that some of those costs would have been associated with project construction costs. Also, we are imposing an efficiency regime on them, as we are right through DFEEST.

Dr McFETRIDGE: I refer to Budget Paper 5, page 63, the Thebarton Biosciences Precinct. Why was the \$1.5 million that was carried over from 2007-08 for the Thebarton Biosciences Precinct extension not expended in the year it was allocated?

The Hon. M.F. O'BRIEN: We will take that on notice.

Dr McFETRIDGE: I know this question is more for the Minister for Environment and Conservation, but I just wanted to make you aware of this and to see whether you have any information for the committee. I refer to Budget Paper 4, Volume 3, page 13.22: Supplies and Services. I understand that there have been cuts in staffing for the Information, Science and Technology Directorate (which includes work at the Botanic Gardens), which is run through the Department for Environment and Heritage. Are you aware of any issues in relation to that directorate that you can advise the committee about, or can you at least make some inquiries to see that what I would have thought is a very important directorate is not downgraded in any way?

The Hon. M.F. O'BRIEN: I will make those inquiries. I am unaware of any issues. I have had a reasonable amount to do with that directorate. My contacts with Senator Conroy have, in large part, been underpinned by the work done by that directorate. Similarly, the expenditure of the \$3.4 million to which you alluded has been very much at the heart of that particular work.

That directorate nationally is held in extremely high regard for the work it does on Yorke Peninsula with what is described as the wire mix proposition, which is the running of cable to a wireless node. We know it is the first time it has been done in Australia and probably the first time it has been done internationally. It has brought broadband access to virtually everyone on Yorke Peninsula. It has been a great boon to that community, with \$29 million per annum in economic benefit to Yorke Peninsula. That unit was very much at the heart of that work.

We have an expectation that that unit will be of some significant importance in what the commonwealth wants to do with this rollout of national broadband. As you would be aware, the fibre optic proposition will cover 90 per cent of Australia, but 10 per cent will not be covered. We have a very strong hunch that the proposition we piloted in Yorke Peninsula will be the model the commonwealth will ultimately use through regional Australia. So, we are talking not only about South Australia but also Western Australia, New South Wales and Queensland in particular. That unit, that group of individuals, is quite important to us. So, if there are issues there, I will certainly have a good look at it.

Dr McFETRIDGE: Just a quick rider on that point (and it harks back to your previous session on road safety): I was recently at Bollards Lagoon Station and then went across to Cameron's Corner, where communications, never mind broadband, are somewhat difficult. They are having great difficulty with UHF radio communications out there, and that is a real road safety issue, as well as science and ICT. There is a Telstra tower on Bollards Lagoon Station that has been decommissioned. They have put fibre optic cable through to Moomba, and that tower has been decommissioned, but it would make an excellent site for a UHF radio aerial. If you could look at that, it would be terrific. I have no more questions for the minister.

The ACTING CHAIR: There being no further questions, I declare the examination of the proposed payments completed.

DEPARTMENT OF WATER, LAND AND BIODIVERSITY CONSERVATION, \$88,000,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF WATER, LAND AND BIODIVERSITY
CONSERVATION, \$10,865,000

Membership:

Mr Williams substituted for Dr McFetridge.

Mr Pederick substituted for Mr Goldsworthy.

Witness:

Hon. K.A. Maywald, Minister for the River Murray, Minister for Water Security.

Departmental Advisers:

Ms A. Howe, Chief Executive Officer, SA Water.

Mr P. Mendo, Chief Financial Officer, SA Water.

Mr J. Ringham, Chief Operating Officer, SA Water.

Mr G. Henstock, Corporation Secretary, SA Water.

Mr P. Prodanovski, Financial Controller, SA Water.

The ACTING CHAIR: I declare the proposed payments reopened for examination and refer members to the Portfolio Statement, Volume 3, Part 11. Minister, this is your first appearance here but I will not read out all the opening remarks. However, I will remind you that if the minister undertakes to supply information it must be submitted to the committee secretary by no later than Friday 17 July 2009. This year the *Hansard* supplement, which contains all estimates committee responses, will be published on 2 October 2009. There is no formal facility for the tabling of documents; 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 of Assembly, that is, purely statistical and limited to one page in length.

I remind opposition and government members that all questions are to be directed to the minister and not the minister's advisers. I understand a timetable has been agreed, which is 5.15pm to 6.15pm for SA Water and 6.15pm to 7.15pm for the Department of Water, Land and Biodiversity Conservation, but I understand this may be shortened. Have you agreed on that timetable?

The Hon. K.A. MAYWALD: Yes.

Mr PEDERICK: Yes.

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

The Hon. K.A. MAYWALD: I do. This state government's number one priority is ensuring that South Australia has sufficient water supplies for future economic and population growth, and this week we outlined a comprehensive plan to guarantee South Australia's future water security to 2050 and beyond. Through the more than 90 actions outlined in 'Water for Good', we will ensure that there is enough water available to the state to fully capture emerging economic opportunities while reducing our reliance on the River Murray and other rain-dependent water sources.

The Adelaide desalination plant, at a cost of \$1.83 billion, will deliver up to half of Adelaide's drinking water needs, even in times of drought. Bulk earthworks are under way and about \$833 million in capital will be spent in 2009-10. The first water will flow from the plant in December 2010. By 2014 the state will have independent economic regulation of our water and waste water services, while maintaining state ownership of our water infrastructure. We will have opened it up to private third party access and new entrants. Of course, we intend to put out a discussion paper later this year with the intention that legislation will be introduced next year.

We will have a single overarching water industry and planning act to manage a more competitive and diverse water industry, and across regional South Australia demand and supply plans will be in place to ensure that long-term solutions for each region are based on local needs and local knowledge. Of course, we have completed the process on the Eyre Peninsula and it is under way on Yorke Peninsula and Kangaroo Island. As a result of that work on Eyre Peninsula, additional water resources, including desalinated seawater, will supplement supplies on Eyre Peninsula, subject to site and environmental investigations, by 2014.

By 2013 our stormwater reuse will have more than doubled, by 2025 we aim to be harvesting 35 billion litres, and by 2050 we expect this to have increased to 75 billion litres in urban areas across the state. The targets for Greater Adelaide are informed by the Urban Stormwater Harvesting Options Study, which was also released this week. This study was commissioned by the Stormwater Management Authority, and is the most detailed investigation of urban stormwater harvesting opportunities on a metropolitan scale in any Australian capital city. The study identifies a significant number of potential sites across Adelaide where stormwater capture and storage schemes could be developed, with a total stormwater harvest potential of about 60 billion litres per year.

The Urban Stormwater Harvesting Options Study has also informed the state government submission for commonwealth funding to contribute to important stormwater initiatives worth \$145 million across Adelaide, from the airport to new developments in Adelaide's south and to our northern suburbs. In 2009-10 the state government, through SA Water, will continue to deliver key projects to provide new sources of water through desalination and recycling, and to better manage the resources we have through efficient water use and catchment care.

This state continues to lead the nation in waste water recycling. In 2007-08 we reused about 31 per cent of our metropolitan waste water compared to a national average of about 13 per cent. Around \$165 million will be spent on major waste water recycling projects in 2009-10, and \$414 million will be spent between 2009-10 and 2012-13. Most of this will be spent on expanding waste water treatment plants and water recycling infrastructure.

The \$272 million Christies Beach waste water treatment plant upgrade works are under way, with \$80 million to be invested in the coming year. In 2009-10 the sludge dewatering facility will be fully operational and the outfall pipe completed. The plant upgrade is scheduled for completion in early 2012. The \$75 million Glenelg to Parklands project, bringing recycled water into Adelaide's CBD, is also more than 50 per cent complete, with first water scheduled for irrigation of the Parklands by the end of 2009.

In the five years to 2007-08, SA Water's total capital expenditure has increased to nearly \$841 million, a 60 per cent increase on the previous five years. Looking to the future, we see this massive investment continuing, with an increase of about 332 per cent forecast to 2012-13. From

2009-10 to 2012-13 there will be a \$2.95 billion capital investment. Water prices will increase by an average of 17.9 per cent in real terms this year, starting today, in recognition of the substantial investments required for desalination and other projects needed to ensure future water security.

From 1 July, quarterly billing of water use charges will apply to all customers, so that bills more closely reflect water use, better informing customers and encouraging more responsible water use. I think it is important to note that in 2008 the South Australian community reduced its water use by 28 per cent compared to the previous comparable drought year of 2002, a significant achievement. Well done to the South Australian community. This year we are also on track to keep our consumption well below our target levels. The investments I have outlined today will ensure that South Australia remains a world leader in water management to support our economy, lifestyle and environment, and to protect and supplement our water supplies both now and for the longer term.

Mr PEDERICK: I refer to Budget Paper 1, page 12. Will the minister provide a breakdown of the \$52.3 million for stormwater harvesting and, for each project detailed, what is the estimated total cost and what proportion of that total cost is to be funded by the commonwealth government, the state government, local government and other parties; and is the state government's \$52.3 million the full extent of its commitment to achieving the stormwater targets set out in the Water for Good plan?

The Hon. K.A. MAYWALD: Specifically, the \$145 million which we have earmarked for the seven projects and for which we put in an application to the federal government is a breakdown of \$65 million from the federal government and \$26 million (or very close to that) from the South Australian government. The \$52 million that is outlined in the budget line, the total amount of those projects and the breakdown of who is contributing is detail that I will provide to the honourable member. I will take the question on notice and provide the honourable member with all the details of those projects.

Mr PEDERICK: You will provide that later?

The Hon. K.A. MAYWALD: Yes, I can.

Mr PEDERICK: I refer to Budget Paper 1, page 12. Does the \$52.3 million include the \$45 million state contribution announced in the minister's press release on Monday this week, and will the state government contribution to the \$45 million stormwater harvesting projects be in the name of SA Water and managed by SA Water?

The Hon. K.A. MAYWALD: With respect to the projects to which we referred on Monday this week, \$145 million is the total project cost. The projects will be in partnership with the federal government funding support, but, certainly, they will be partnered with local government. The assets mostly will be retained by local government given that they will be projects that will be led by local government, as most stormwater harvesting projects are still the responsibility of local government.

We intend to support those projects through the Stormwater Management Authority, as well as state government contributions to those projects. The state government contribution to those projects, I understand, is over and above that \$52 million, but I will get that checked for the honourable member.

Mr PEDERICK: Again, I refer to Budget Paper 1, page 12. Considering that the government has ruled out using stormwater for potable use, are any distribution network costs factored into the government's commitment of \$52.3 million? Is the government proposing to have a single distribution network controlled by SA Water, or will water be supplied direct to the user by the operator of the project?

The Hon. K.A. MAYWALD: Generally speaking, the operator of the project will supply the water directly to the consumer unless they are using SA Water assets. Each project will be unique and will be developed in partnership with the proponents of the project. Generally speaking, the proponents of the stormwater reuse projects are responsible for the supply and charging of that water to the users.

Mr PEDERICK: In reference to the same budget line, will there be access to the current SA Water network?

The Hon. K.A. MAYWALD: Not into the potable network system for stormwater, no. What the state government does intend to do, however, is to open up the SA Water network for fit-for-purpose water for third party access. The third party access will be for drinking water supply into

SA Water's potable system. We will not be putting stormwater into SA Water's potable network. Stormwater is about fit for purpose: gardens, parks, flushing toilets, third pipe systems, and the like.

Mr PEDERICK: Referring to the same budget line, will SA Water be engaging in urban stormwater harvesting and, if so, how many of the identified projects proposed will be undertaken by SA Water, and what is the estimated revenue impact for SA Water?

The Hon. K.A. MAYWALD: Certainly, some of the projects will have SA Water involvement, but, as I said, stormwater management is in the realm of local government. The assets will generally be owned by local government and the capture assets will be owned by local government. SA Water, of course, will play a role in that; and SA Water will, of course, be a significant stakeholder in ensuring that that water can be delivered effectively through the project proponents.

SA Water will have a role but, in most instances, it will not have ownership of the projects. For example, work on a number of projects that will possibly be going into a subsequent round may have more involvement with SA Water, but that is yet to be determined.

Mr PEDERICK: I refer to the same budget line. The sale of stormwater is currently not regulated other than for environmental and health needs. Is the government's licensing proposal a form of market development regulation or will it be limited to environment and health?

The Hon. K.A. MAYWALD: Through the release of the Water for Good strategy earlier this week, the government announced that we would be looking to introduce new legislation for a new water act and a new water planning act. The intention there is not only for third party access but also to set the regulation for new innovative suppliers of water to have third party access. We will also be putting in place legislation that deals with the regulation of the sale and distribution of other water products other than potable supplies, which the existing legislation does not account for. The legislation that we intend to introduce next year will deal with that.

Mr PEDERICK: Referring to the same budget line, will the captured stormwater be injected into aquifers used for extracting ground water for potable uses?

The Hon. K.A. MAYWALD: It is not our intention to use stormwater for potable uses.

Mr PEDERICK: So it will not be injected into aquifers?

The Hon. K.A. MAYWALD: We do not extract from the aquifers for drinking water supply in Adelaide.

Mr PEDERICK: In reference to the same budget line, what work has the government undertaken on assessing the market opportunities for stormwater, and on grounds does the government consider there is insufficient market for stormwater, considering Salisbury council has been able to find a market for all its stormwater?

The Hon. K.A. MAYWALD: Each individual project has a component of investigation to determine likely customers for that water. Currently the Salisbury council is able to harvest and re-use up to six gigalitres of water, and with the projects we have announced we intend to more than double that amount of water. The projects that have been forwarded to the commonwealth government for support for funding have local government involved in them. Local government has identified where it believes the customer base will be for those projects. For the full 60 gigalitres, as we work up the projects for those 60 gigalitres, customers will be identified as part of the ongoing process of developing those projects over time.

Mr PEDERICK: In reference to that answer, and on the same budget line, does that mean that local governments will be operating this at the sharp end with state and federal government support? Is that the short version of it?

The Hon. K.A. MAYWALD: Yes; that is what happens now. Stormwater management is in the realm of local government. The federal and state governments have a role to play in supporting it in those projects and that is what we intend to do.

Mr PEDERICK: In light of that answer, the government has no intention to take over the sharp end of the equation in stormwater capture and re-use: take full control instead of running through the local councils?

The Hon. K.A. MAYWALD: No; we do not intend to take over full control, as we believe local government is the appropriate level of government to manage stormwater for two reasons: for flood mitigation and, where appropriate, for recycling and re-use. Our major role will be supporting it in the recycling and re-use components of its projects. We have also established, as the

honourable member is aware, the Stormwater Management Authority to assist it with its planning for flood mitigation, which is part of this process. Also, the assets of stormwater management belong with local government and are owned by local government, and we will work with it in a very proactive way to ensure we can maximise the recycling content of those projects.

Going forward we intend to revisit and review the governance of the Stormwater Management Authority, and we have been talking to local government in that regard. That will be part of the process we will go through over the next few months, and it will be part of the information about the Stormwater Management Authority. The consultation on what we might need to do in future will be part of the discussion paper we put out later this year.

Mr PEDERICK: On the same budget line, is the government taking any action to reserve suitable open spaces for wetlands to store diverted stormwater?

The Hon. K.A. MAYWALD: When you develop a project such as Cheltenham you make provision for open space to deal with stormwater: 4.5 hectares has been set aside for stormwater management. With the projects in Waterproofing the South and projects we are working on with the Salisbury council in the north, the state government has been very much involved in the provision of land for open space. The LMC provided a substantial amount of land to enable the Salisbury project to go ahead. Without that land the Salisbury council would not have been able to harvest what it is harvesting right now. The answer is that we have been and will continue to do so.

Mr PEDERICK: I refer to Budget Paper 5, page 54 and the works in progress on the Adelaide desalination plant. When is the commonwealth scheduled to provide its grant for the second 50 gegalitres of the plant, and what conditions must be fulfilled before that grant is transferred, such as reductions in our take from the River Murray?

The Hon. K.A. MAYWALD: We have agreed with the federal government that the increase in the desalination plant capacity is conditional upon us meeting one condition, namely, to ensure that we reduce our reliance on the River Murray. That does not mean we will reduce our licence, but that we will manage it differently to ensure that our draw on the River Murray during drought years is significantly reduced, particularly when the River Murray is in drought. We have also negotiated access to storages of Hume and Dartmouth Dams, which enables us to manage our metropolitan licence more effectively to deal with the variability we have seen most recently in this extreme drought and also to deal with variability that climate change may bring in future.

As to when the commonwealth is due to deliver, the Adelaide desalination plant is expected to provide 50 gegalitres. We are getting \$50 million in 2009-10 and a second \$50 million in 2010-11 from the first \$100 million committed. For the expansion, \$114 million is forecast to be provided to South Australia in 2009-10 and \$114 million is to be provided in 2010-11.

Mr PEDERICK: I refer to Budget Paper 5, page 54 and the works in progress for the Adelaide desalination plant. When will construction commence on the additional modules to increase the capacity of the Adelaide desalination plant to 100 gegalitres, and what triggers will the government use for switching off all or part of the Adelaide desalination plant?

The Hon. K.A. MAYWALD: The initial 50 gegalitre plant included building the offtake and transfer pipeline to a capacity of 100 gegalitres; that work has already commenced. The actual desalination component, which is the reverse osmosis infrastructure, is developed in modules, so you add bit by bit. The first part of the plant will provide first water by the end of December, and the full 50 gegalitres will be up and running by the middle of the following year. We expect the full 100 gegalitres to be online by 2012. There will be a progressive 'bringing on' of the new modules as they are added to the system; but, upfront, the initial investment in the offtake and the access pipeline into the distribution network has already commenced.

Mr PEDERICK: I appreciate that, yes, the major pipework intake and outlet will suit the 100 gegalitres, but can you give me a definite start date for the additional actual module on the plant for the—

The Hon. K.A. MAYWALD: It is an ongoing process. Once we finish one module, we will move to the next one. Given that water coming on line for the 50 gegalitres plant in full will be in the middle of 2011, I suggest that work towards the establishment of the other modules will have well and truly commenced prior to that as well; it will be in the rollout. There will be some fundamental bits that they will do at the same time, given that they now have the go-ahead to build the 100 gegalitre plant within the initial contract. They will commence construction in relation to the site works for the full 50 gegalitre reverse osmosis modules now, and then they will bolt in the bits as they complete each section.

Mr PEDERICK: I refer to Budget Paper 5, page 54. Will the Adelaide desalination plant be fully powered by wind generated power?

The Hon. K.A. MAYWALD: It will be fully powered by renewable energy. That is the commitment that the government has given. We have released a tender for the private sector to provide us with ideas and options on how that might be achieved. That tender closes at the end of July. We will assess the submissions from that, and that question will be better answered once we fully review those submissions.

Mr PEDERICK: I refer to the same budget line. In light of that answer, in the current tender for power, what are the details of the sorts of power that can be offered by potential suppliers and being sought by SA Water? I include black energy, green energy, black energy with renewable energy certificates, and so on.

The Hon. K.A. MAYWALD: For the 50 gigalitre per annum plant, we are procuring up to 255 gigawatt hours per annum of accredited renewable energy. For the 100 gigalitres per annum plant, we are procuring up to 514 gigawatt hours per annum of accredited renewable energy. In that tender, however, we are also including our major pumping electricity requirements, which, of course, will be standard grid electricity; that is, pumping from the River Murray and the like. The tender includes more than just the Adelaide desalination plant's electricity requirements. However, the part that is specific to the desalination plant will be achieved through accredited renewable energy sources.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.57: Performance Commentary. What alternative water supply options is the government considering for Eyre Peninsula and adjoining areas now that the government has pulled out of the Upper Spencer Gulf desalination plant? Will the previously committed \$160 million be diverted to providing alternative sources of water for mining, industries and the community?

The Hon. K.A. MAYWALD: First, the \$160 million was a commitment from the federal government out of its rural and remote water supply program; and \$160 million was committed to the BHP project if the state government committed to extending that project to include the supply of potable water. None of the \$160 million was to be directed towards supply for BHP or any other mining opportunity; it was specifically for the state government's potable supplies.

In terms of not going ahead with the BHP desalination extension, the South Australian government made that decision for a number of reasons. The extension to the desalination plant in Adelaide has the capacity to reduce the draw on the River Murray by an extra 50 gigalitres, whereas the Spencer Gulf project was looking at between 20 and 30 gigalitres. The capacity that we now have for storing our metropolitan and other licences in the Hume and Dartmouth dams gives us greater flexibility in the management of our water, particular during drought years. The other reason is that the cost per unit of water produced in the desalination plant in conjunction with BHP would have been higher than the cost associated with production at the Port Stanvac site.

The South Australian government is committed to ensuring that Eyre Peninsula has appropriate and sufficient water supplies to meet future growth, future demand and future prosperity. We have been working with the community over some time and have developed our long-term management plan. It was initiated on 7 March from a water summit that we held, and the plan was launched in December last year.

As part of the launch of that plan, we also committed to \$500,000 through the course of 2009 to put in place the initiatives outlined in the long-term plan, including the full investigation of options for desalination to supply local demands on Eyre Peninsula. That work is currently being undertaken. It also looks at the capacity within the Iron Knob to Kimba pipeline, which, of course, is running at about 800 megalitres at the moment and has the capacity to go up to 2.3 gigalitres in the future, if required.

We are able to say that those two sources are actively on the books. We certainly will have information regarding a suitable site and options for desalination towards the end of this year for Eyre Peninsula.

Mr PEDERICK: Again, I refer to Budget Paper 5, page 54, and the works in progress, Adelaide Desalination Plant. I do not think you picked up on this part of the question. What triggers will the government use for switching off all or part of the Adelaide Desalination Plant?

The Hon. K.A. MAYWALD: Climatic conditions will be the triggers that will determine where we will source our water from on an ongoing basis. We have far more flexibility in the system now which will enable us to have a lot more choices, particularly in dry years. Of course, we will

continue to ensure that we can minimise the costs associated with the provision of water to consumers in South Australia through SA Water by using that mix of sources of water, reflecting climatic conditions.

If it is a dry year we would use more desalination. If it is a wetter year and there is less impact on the environment then, of course, one of our cheapest sources of water is from the River Murray, so we will call on that. If we have greater flows into the Mount Lofty Ranges that is by far the cheapest source of water for Adelaide, so that would be the first call on water; the second would be River Murray, if it is available; and the third would be desal. The triggers will be worked out on an annual basis or a seasonal basis, depending on the amount of water that is available. Not only will we minimise the cost but we will also maintain security by having that diversity of products available to us.

Mr PEDERICK: In light of that answer, and with reference to the same budget line, what is the shutdown time of the plant and what cost does it create? What is the start-up time for the plant? I guess what I am asking is: what is the cost to shut down the plant and what is the cost to reinvigorate the plant to bring it back online?

The Hon. K.A. MAYWALD: The way in which we have contracted the management and operation of the plant in the longer term, I understand, and as I have been advised by SA Water, is that we have a flat rate that is the fixed cost associated with the management of the plant and then there is the ongoing cost associated with how much water they produce. When the plant is shut down and is not using water, it will still be a cost to the consumer as far as the flat charge goes. The actual costs I do not have the details of here today. The contractor has a provision to be able to either fire it up very quickly or close it down as required by the operating plan that will be established according to the seasonal conditions.

Mr PEDERICK: I refer to the same budget line regarding the Adelaide Desalination Plant. What is the current capacity of the water network to receive desalinated water from the Adelaide Desalination Plant, without it being stored in reservoirs, etc? What storage elements will there be either at the plant itself, in the Happy Valley Reservoir or elsewhere?

The Hon. K.A. MAYWALD: The water will not be stored in the Happy Valley Reservoir. There will be limited storage capacity at the Port Stanvac site and that it will be pumped through to the storage facilities that are just downstream of the Happy Valley Treatment Plant. It will be fed into the network from there, so it will be blended with the treated reservoir water in the storages downstream from the Happy Valley Treatment Plant. There will be limited storage on site.

We will be enhancing the capacity with the integration of the pipeline network from the north to the south of the city so that we can get more water through the system. Just to add to that, we can currently utilise the full 50 gigalitres at this stage. To bring the full 100 gigalitres online we will need to do the augmentation of the pipeline system between the north and the south of the city.

Mr PEDERICK: I refer to the same budget line. Have any funds been allocated for the north-south interconnector, and what is the estimated cost of this interconnector?

The Hon. K.A. MAYWALD: We have \$403 million in our forward estimates out to 2013 for the augmentation of the pipeline system between the north and the south. The details of that project have not been developed in full at this stage. We are in a very preliminary stage of working out the best options for augmentation of that system.

Mr PEDERICK: Do you believe that the cost of that project is built into the \$1.8 billion for the desalination project?

The Hon. K.A. MAYWALD: No, it is in addition to the \$1.8 billion.

Mr PEDERICK: How soon do you believe costings for that project will be available?

The Hon. K.A. MAYWALD: Probably in the middle of next year, that work will be concluded.

Mr PEDERICK: I refer to Budget Paper 1, page 12. Considering it is a requirement of the commonwealth grants program that projects be carbon neutral, how is the government proposing to provide power for its stormwater sites and the distribution networks? Does the government expect that there will be sufficient renewable energy, considering the likelihood that the desalination plant may consume most of the renewable energy market in South Australia?

The Hon. K.A. MAYWALD: Certainly we will meet all requirements for the federal government funding for all projects: there is no doubt about that. The need for renewable energies

will increase as the emissions trading schemes and the other requirements of the federal government come on line. I believe it will develop further innovation in those markets in the future. As we have said, we are committed to renewable energy to supply the desalination plant, and we are committed to meeting any requirement of the federal government in regard to carbon neutrality of any future projects.

Mr PEDERICK: I refer to Budget Paper 5, page 55: Works in Progress, Maintain Business Program. What arrangements are being considered for the provision of operations and maintenance in the Adelaide region post the conclusion of the current contract with United Water?

The Hon. K.A. MAYWALD: There have been no decisions made in that regard at this stage, and we are working through those matters currently.

Mr PEDERICK: In light of that answer, does the budget include any resources allocated towards the future arrangements for the operations and maintenance function in the Adelaide region post the conclusion of the current contract with United Water?

The Hon. K.A. MAYWALD: Yes.

Mr PEDERICK: What are the contingencies allowed in the budget for that operation?

The Hon. K.A. MAYWALD: We certainly do not make available to the public the contingencies, particularly when we are negotiating going forward. It is a major project and we will be providing information to the public about the future of that contract once we have concluded the work we are undertaking reviewing the current situation and making decisions on the next step for government in that regard.

Mr PEDERICK: I refer to the same budget item. What was the total cost of relocating and building the new SA Water premises at Streaky Bay? Can the minister advise whether there was a cost overrun for the relocation to the new depot?

The Hon. K.A. MAYWALD: I do not have that detail with me, but we will take that question on notice.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.46: 2008-09 Highlights. The fifth dot point refers to 201 gigalitres of water for critical human needs. What is the allowance in the budget for the purchase of this water in 2009-10, and when will that be paid?

The Hon. K.A. MAYWALD: During the course of 2009-10, we are required to accumulate 201 gigalitres for 2010-11. That water will be accumulated through two sources, one of which is through the allocation of improvements in the system that South Australia determines to hold in reserve, and also water purchases. Our water purchase profile will depend largely on rain that is yet to fall in the catchment, and the funds we would need to call upon will come from Treasury contingencies. As you would be aware, Treasury holds a range of contingency moneys for wages outcomes, drought and unforeseen expenses, and we will call on that contingency, as required. We will not know how much we will need until we know how much rain falls in the catchment. So, we will have to wait and see.

Mr PEDERICK: In light of that answer, I assume that any money for purchasing water will have to come out of the Treasurer's slush fund account, so to speak, which I think is around \$473 million.

The Hon. K.A. MAYWALD: We do not have any slush funds. Like any responsible government, we make provision for unforeseen expenses, which includes responding to drought. We will certainly make application for funds, as required, from Treasury, should we need to secure critical human needs water. I do not think anyone would suggest that investing money in critical human needs water would be a slush fund exercise.

Mr PEDERICK: I refer to the previous budget line. How much water was purchased for critical human needs in 2008-09, and how much did this water cost?

The Hon. K.A. MAYWALD: During 2008-09, the government purchased temporary water for various drought and water security initiatives. We purchased a total of 217 gigalitres in 2008-09, and 61 gigalitres of that was for critical water allocations; 50 gigalitres for the Lower Lakes environment; and 106 gigalitres for critical human needs. The critical human needs water is not necessarily all for the 2009-10 water year: 39 of that is the beginning of the reserve for the following year, 2010-11. The cost associated with the purchase was just over \$77½ million.

Mr PEDERICK: Do I take it that is for the total 217 gigalitres?

The Hon. K.A. MAYWALD: Yes. For 217 gigalitres, the total cost was \$77,573,000, plus the statutory and admin fees on top of that; but that is the actual water purchase price.

Mr PEDERICK: I refer to the same budget line. From where was the water purchased and in what amounts?

The Hon. K.A. MAYWALD: It was purchased in 600 transactions, including Murrumbidgee water; Coleambally water; Victorian water, from the Goulburn Valley, I believe; and some water purchased locally from South Australia.

Mr PEDERICK: Will you be able to produce those amounts later on?

The Hon. K.A. MAYWALD: The individual amounts for the 600 transactions, or do you just want us to advise what it is per district?

Mr PEDERICK: Let us bulk it out and make it in respect of the areas.

The Hon. K.A. MAYWALD: That is probably better. I would rather not go to 600 transactions.

Mr PEDERICK: No; I do not want to go to that level. I refer to Budget Paper 5, page 53: New Works: Adelaide Plains Water Supply Study. What progress has been made on the Adelaide Plains water supply study?

The Hon. K.A. MAYWALD: The study has not quite been concluded as yet, but we have had some preliminary findings on it that have indicated that there is potential for what I think is around about 10 gigalitres per annum that could be called on from the bores if required. I will get the details for the member, however, and provide him with a response. I will take that one on notice.

Mr PEDERICK: On the same budget line, other than the Adelaide Plains water supply study, what contingency measures is the government considering in the event of there being insufficient water for critical human needs in the 2009-10 summer?

The Hon. K.A. MAYWALD: There will not be a shortage of water in the 2009-10 summer, because we already have our 201 gigalitres in the dams in Hume and Dartmouth in the system.

Mr PEDERICK: On the same budget line, and I may be stretching it a bit, I acknowledge that you have said that we have the 201 gigalitres secured. Is the conveyance water secured?

The Hon. K.A. MAYWALD: The conveyance water is secured, yes. There has been agreement with the states on the water sharing arrangements. The first ministers are currently reviewing that and will sign off shortly, I understand. The water sharing arrangements provide for contingencies to cover off on any shortfall in the conveyance water in the 2009-10 year to deliver the critical human needs and at least 80 per cent of carryover water at this stage.

The contingencies include things like the lowering of the weir pools, Snowy advances, tributary waters from New South Wales and Victoria and also holding some private irrigator carryover in contingency, which is the first contingency that is repaid as inflows improve. To date, we initially thought we would need to hold back 40 per cent of irrigator carryover. It has now been announced today that that has been decreased to 20 per cent and, as inflows occur, we use those new inflows into the system to counter those contingencies: first and foremost private irrigator carryover, then the weir pools, then Snowy, and then South Australia is required to contribute our third share towards the tributary waters from inflows that will be allocated to South Australia from future improvements.

That means that we will have a deficit starting at the beginning of this water year that will require us to pay it back at the rate of 50 per cent of our improvements, as we did this year. However, at the beginning of this water year, the numbers have been better defined as a consequence of the independent report undertaken by Peter Noonan, and the accounting processes of the commission have now been changed to ensure that there is a fairer and more equitable process and a more transparent process in relation to any account imbalances arising from new water sharing arrangements. South Australia was successful in getting a positive outcome from that investigation earlier this year.

Mr PEDERICK: I refer to the Budget Statement, page 2.12 and the second last paragraph referring to the construction of a \$105.5 million pipeline from Jervois to Langhorne and Currency creeks. Minister, given that this program is described as costing \$120 million, and given that the provision of potable water to Point Sturt and Hindmarsh Island has been noted as conditional upon

the final cost of the creeks pipeline, can the residents at Point Sturt and Hindmarsh Island anticipate the installation of pipes to their communities which will cost \$7.3 million combined?

The Hon. K.A. MAYWALD: Well, we certainly hope there will be enough in the contingencies. The \$120 million for the pipelines included the pipeline around to Narrung as well as the irrigation pipeline. The project, as you are aware, does have contingencies built into it. We are hopeful that sufficient funding will be available at the conclusion of the project to enable us to be able to subsidise pipelines to those two communities. Of course, those decisions will be determined as the project progresses.

Mr PEDERICK: When is there likely to be any light at the end of the tunnel for that decision, minister?

The Hon. K.A. MAYWALD: As I have advised publicly, and those communities in written correspondence, probably September, but earlier if we can.

Mr PEDERICK: My second question is in direct relation to that budget line. Why have those communities been denied assistance with water supplies for critical human needs while state funds have been committed to other much more expensive projects to supply irrigators in the region?

The Hon. K.A. MAYWALD: The communities that you refer to were not part of the original Murray Futures program to supply water to communities around the Lower Lakes. We made application to the federal government for funding. They supported it with \$120 million. Many communities around South Australia do not have access to SA Water's water supply system.

Any community that wants to connect into SA Water's supply system can do so through the normal process of applying to SA Water for an extension to the potable supply network; developers do that all the time. Communities need to get support from their neighbours. A certain percentage of the population in a region must sign up to a pipeline extension, and then a cost is associated with that delivery.

Hindmarsh Island and Point Sturt could do that right now; however, they are seeking subsidised connection into the SA Water network and, as we have said to them, we are prepared to work with them to determine whether any funds are available out of the federal government's Murray Futures program to support their project and subsidise their connection.

Right across South Australia people pay the normal connection costs associated with SA Water's policy on extension of main supply, and they are no different in those communities. They have been advised of that, and we have also advised them that we have been more than happy to seek further funding from the federal government to support their project as well. However, the federal government has said that it will only be possible if it fits within the \$120 million. So, we are endeavouring to do that by making sure as best we can that the contingency moneys are not needed in the project.

Mr PEDERICK: In reference to the same budget line and in reference to that answer, I was very pleased that Meningie and Narrung had access to potable pipelines even though they have lost their right to irrigate. That was funded under the Murray Futures program, so they did not have to pay the same costs as developers, etc. I wonder whether it was a gross oversight by the department not to regard these communities in the projects. I note your comments to the effect of 'if they want potable pipelines' but until now, with the drying out of the lake, they have not needed to have potable pipelines, minister.

The Hon. K.A. MAYWALD: A whole range of communities across South Australia are in the same position when their dams dry up and they have to make alternative arrangements to supply water. There is nothing new in a drought causing problems with people's water supply drying up. We have that in the Adelaide Hills. We have people right throughout the Adelaide Hills who need to cart water during a dry period. So, first and foremost, that is nothing new.

Secondly, the people around Narrung and Meningie areas did not get it for free: they had to pay connection fees as well. They made a contribution to the pipeline, and the pipeline was subsidised by the federal government. The federal government had agreed to subsidise pipelines to the value of \$120 million. They are not prepared to extend that any further.

If the Point Sturt and the Hindmarsh Island communities choose to go down the path of connecting into the SA Water supply system, they will still be required to pay connection fees. However, it will be subsidised by any funding that may be remaining in that \$120 million funding bucket that came from the federal government to support connections around the Lower Lakes.

Mr PEDERICK: I refer to the same budget line. Traditionally, in times of low River Murray flows, such as now (which is obvious), fresh water supply to parts of Hindmarsh Island immediately east of where the Clayton embankment is being constructed are provided and maintained by the Finnis River and neighbouring tributaries. That will now be disrupted by the new regulators, thereby denying them their riparian right to water. Is the government aware of these facts?

The Hon. K.A. MAYWALD: Have we moved into the River Murray area or are we still on SA Water? If you want to move to the River Murray, we can do that, but I will need to change advisers.

The ACTING CHAIR: Member for Hammond, 6.15 is the time to move on to the River Murray. Do you want to continue or move to the River Murray now?

Mr PEDERICK: I will continue with SA Water for now; I have just a few more questions to ask. I can go back to that question, if that is okay, minister.

The Hon. K.A. MAYWALD: Sure.

Mr PEDERICK: I refer to Budget Paper 4, Volume 1, page 3.31: Administered Items for the Department of Treasury and Finance, SA Water Corporation. What is the expected impact on demand for recycled water supplied by SA Water as a result of the increase in the price of recycled water due to the projected rise in the potable water price to fund the Adelaide desalination plant?

The Hon. K.A. MAYWALD: As part of the legislative review that we will be undertaking, we will be including investigations into how we will price wastewater and reusable stormwater.

Mr PEDERICK: I refer to Budget Paper 3, page 3.6. How much does the government estimate the price of water may need to increase as a result of an emissions trading scheme?

The Hon. K.A. MAYWALD: When we know what the scheme is, we will be able to answer that question.

Mr PEDERICK: On the same budget line, I understand that the government is looking at transitioning non-residential customers to a single water price. As these increases will be on top of the post desalination price, will these prices be business competitive?

The Hon. K.A. MAYWALD: Yes is the answer to that question, quite simply. For large commercials it will actually result in a reduction in their prices.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.57: Water security, performance commentary. What has been the total cost of developing the Water for Good plan, and how much has been, and will be, spent on advertising the plan?

The Hon. K.A. MAYWALD: The plan has been developed over about a nine-month period. It has been developed out of the Office of Water Security, which has a budget line that you can see in the paper. So, much of the work has been undertaken by the staff in the Office for Water Security. A number of consultancies have also been let to support the Water for Good document. Some of those consultancies include: WorleyParsons, which looked at the life-cycle costing of nine augmentation options for Greater Adelaide; Frontier Economics were involved in a report on the economic regulation framework; KPMG; Clemengers were involved in the preparation of media advertisements; MartinsIntegrated.com did some design work and printing of the plan; and Starcom was involved in the running of media advertisements. Some of those companies were involved with the development of the plan and others are involved in the ongoing costs of the communication and education program.

Funding of \$2.4 million has been allocated for information provision, communications and education for the Water for Good plan, and that information was made available on Monday also. Those activities are very important in ensuring that the public is aware of what is happening with security and how they can participate in ensuring that we have water for the future, and to educate the public about their role in being waterwise and more informed about broader water issues in this state. The funding for budget purposes now is \$2.4 million, and the other costs associated with the development of the plan have been incorporated in the Office of Water Security costs.

The ACTING CHAIR: Member for Hammond, are you ready to move on to the River Murray?

Mr PEDERICK: We can do that.

Departmental Advisers:

Mr S. Ashby, Chief Executive, Department of Water, Land and Biodiversity Conservation.

Mr P. O'Neill, Executive Director, Water Resources, Department of Water, Land and Biodiversity Conservation.

Mr T. Goodes, Executive Director, Corporate Science and Information, Department of Water, Land and Biodiversity Conservation.

Mr D. De Cesare, Director, Finance and Organisational Improvement, Department of Water, Land and Biodiversity Conservation.

Ms L. Carruthers, Manager, Policy and Strategy, Office for Water Security, Department of Water, Land and Biodiversity Conservation.

Ms C. Kiesewetter, Executive Director, Major Projects, Office for Water Security, Department of Water, Land and Biodiversity Conservation.

The Hon. K.A. MAYWALD: I have a short opening statement in lieu of questions from the government. Drought conditions have persisted over the southern connected Murray-Darling Basin, with inflows into the River Murray system for 2008-09 being the third driest in 118 years on record. Irrigator allocations have remained at 18 per cent in the last water year, and water storage across the basin is currently at 15 per cent capacity, well below the long-term average and below what we had at the same time last year.

The severe conditions are also having a detrimental impact upon the environment. South Australia has risen to the challenge and the government is playing its part in progressing key short-term drought response measures and putting in place long-term sustainable water solutions that will reduce our reliance on the River Murray and ensure the future economic prosperity of the state.

The South Australian government has secured the 201 gigalitres of water for critical human needs in 2009-10, and we have also secured 39 gigalitres towards our critical human water needs in 2010-11. In addition, 50 gigalitres of temporary water has been purchased for the Lower Lakes and approximately 90 gigalitres has been reserved to meet anticipated total private irrigator carryover commitments in 2009-10.

Irrigators will commence the 2009-10 water year with a 2 per cent opening allocation and access to 80 per cent of their approved carryover water. The government has progressed a number of short-term drought measures to ease the pressure on irrigators and regional communities to protect the environment over the last 12 months. The Critical Water Allocations Scheme secured over 60 gigalitres of water to ensure the survival of critical plantings. We waived fees to transfer water purchased by licensed water users and provided relief from NRM water levies.

We continued to provide affected communities with updated information on a regular basis, with many public meetings and community group meetings. We have installed 130 emergency moorings for commercial houseboats, commenced implementation of the Goolwa Channel water level management project and provided additional compliance and enforcement effort along the River Murray. We have also put in place a very significant risk management profile for riverbank slumping in the river system below Lock 1. Many of these initiatives and other measures outlined in the budget documents will continue in 2009-10.

As the committee is aware, South Australia has been instrumental in negotiations to facilitate the federal government's Water for the Future strategy for the management of the Murray-Darling Basin. The new independent Murray-Darling Basin Authority that was established in the past 12 months is charged with the responsibility to prepare a basin plan that will set enforceable, sustainable diversion limits for groundwater and surface water in all the water resources in the Murray-Darling Basin.

Water sharing arrangements, which are currently under consideration by first ministers and which have been agreed to by state water ministers but which need to be signed off by the first ministers, include water for critical human needs for each state. We will also have an extra 25 gigalitres of water upfront to each state, following the provision of conveyance water, critical human needs and other water carried over by the states.

South Australia will need to repay water received in advance at a rate of 50 per cent of its shared improvement in the shared resource. That is our third share of those tributary waters that have been provided by New South Wales and Victoria. Governments may enter the market to purchase water for environmental or critical human needs in 2010-11 but may not enter the market

to purchase water for irrigators. These arrangements have ensured that we are able to get the conveyance water necessary for management planning in 2009-10.

In other matters, the South Australian government was the first jurisdiction to secure its target volume of 35 gigalitres of permanent water under the Living Murray initiative. This initiative involves recovering 500 gigalitres of permanent water for environmental purposes by 2009.

The Murray Futures is another South Australian priority project under the intergovernmental agreement on Murray-Darling Basin reform. It is an integrated package of works and measures, valued at \$610 million over 10 years and includes: \$120 million for the integrated pipeline network around the Lower Lakes, \$110 million for industry renewal, \$200 million for Lower Lakes/Coorong long-term recovery and long-term planning, \$100 million for riverine recovery, and \$80 million for water purchases. With these significant investments, a real and material benefit will be realised for communities that rely on the River Murray in the long term and also for all South Australians who rely on the River Murray.

As I said earlier, the Water for Good plan, publicly released on 29 June 2009, is the blueprint for securing South Australia's water supply to 2050 and beyond. The implementation of the plan's 90 actions will ensure security of water supply in meeting current and future demand, while reducing the reliance on the River Murray as a source of water. With all these initiatives in train, together with the Murray-Darling Basin reform program, the government and I are confident that our state is well positioned to manage our water needs during these unprecedented circumstances and into the future for the benefit of South Australians.

Mr PEDERICK: I refer again to page 2.12 of the Budget Statement, where the second last paragraph refers to the construction of a \$105.5 million pipeline from Jervois to Langhorne Creek and Currency Creek. Traditionally, in times of low River Murray flows (such as now), fresh water that supplied parts of Hindmarsh Island, immediately east of where the Clayton embankment is being constructed, was provided and maintained by the Finniss River and neighbouring tributaries. That will now be disrupted by the new regulators, thereby denying them their riparian right to water. Is the government aware of these facts?

The Hon. K.A. MAYWALD: We have advised landowners recently of the situation in relation to the Goolwa Channel water level management project, and there will need to be a notice of restriction on taking water from those areas. The water quality for the next two years will not be of a quality fit for potable use or for irrigation. There is not a usable water supply there presently, as a consequence of the acidification that has occurred and the mobilisation of the acid and other nasties in the soils. Without this project the water would become acidic naturally and, therefore, there would be no water supply out of those areas. We are working closely with those communities and keeping them informed of these matters.

Mr PEDERICK: I refer to the same budget line. With respect to that answer, how do you propose to provide these people with an alternative supply of water, and will you compensate them for loss of that riparian right?

The Hon. K.A. MAYWALD: The loss of the riparian right is not as a consequence of the actions that have been taken by the government. What we are trying to do is preserve those environments from complete and utter ecological collapse, which would mean that they would have no access to water, anyway. We are working with those communities in relation to some other possible options, one of which is groundwater. That will all be determined by the science available, and we are working with those communities to see what options are available to them.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.46, the first dot point of the 2008-09 highlights: 'Provided critical water allocations to River Murray licensed irrigators for permanent plantings'. I think you have mentioned this before, but we may as well get it in *Hansard* again: how much water was purchased for critical water allocations for the Riverland in 2008-09, how much did this water cost, from where was it purchased and in what amounts?

The Hon. K.A. MAYWALD: The critical water allocation policy also provided water for other than Riverland irrigators. The temporary water allocations that were purchased were 61 gigalitres at a cost of \$23.008 million, and \$377 per gigalitre was the average price paid over the course of the purchase term. What was the other part of the question?

Mr PEDERICK: Where was the water purchased and in what amounts?

The Hon. K.A. MAYWALD: That is part of the 600; we took that on notice earlier.

Mr PEDERICK: With respect to that answer, was that average purchase price \$377 a megalitre?

The Hon. K.A. MAYWALD: Yes, per megalitre.

Mr PEDERICK: Was that price above the average current market value over the purchasing period?

The Hon. K.A. MAYWALD: We understand that the price for temporary water allocation trades across the whole year averaged about \$350 per megalitre. The government entry into the market did not appear to distort the price. We purchased at different times.

Our purchase profile is based on what sales have been achieved in the previous week to the purchase, and we purchase at that price. We do not inflate the price at all. So, the temporary allocation price for purchase is slightly elevated above the entire year purchase, because we concluded that purchase profile early in the year and later in the year the price dropped and then it went back up again. So, it is determined by when the purchase profile occurred. We did not buy at the lowest rate all year. We bought at market rate at the time that purchase was available to us.

If you look at the critical human needs purchase that we undertook, you will see that the average of that over the full course of the year was \$347 per megalitre, because our purchase profile was over a longer period of time.

Did we distort the market? The answer to that question is: the government does not believe so and, because of the way in which we operate within the market and only base the price we are prepared to offer on the historic data of purchases within the last week or so, we are not inflating the price.

Mr PEDERICK: In reference to the same budget line and in light of the fact that you had to pay, I think it is \$27 a megalitre over the average purchase price—

The Hon. K.A. MAYWALD: No, we did not. I will have to get for you the average purchase price for the period in which we purchased the critical allocations. The average price of the purchase period when the South Australian government was in the marketplace will not be the same as the average price over the full course of the year. I will need to get that detail for you.

Mr PEDERICK: In light of that answer as well, minister, did the government have to aim a bit higher to ensure that it secured that water?

The Hon. K.A. MAYWALD: No, as I said, we made our decisions on how much we paid on transactions that had occurred in the marketplace immediately preceding the purchase that we made. There is an exception to that where we actually entered into an arrangement with Coleambally. I am not certain whether that was for critical human needs or for critical water allocations for permanent plantings, but we did buy 10 gigalitres from the Coleambally district because they agreed to bulk up a number of licences into one purchase for us, which was economic to do so in relation to fees associated with water transfers, and we did pay a slight premium above the market rate for that particular purchase because it was a 10 gigalitre purchase, I believe.

Mr PEDERICK: In light of that answer, minister, would it be right to assume that the market price for that 10 gigalitres bought from Coleambally was about 10 per cent above the market value of water at the time?

The Hon. K.A. MAYWALD: The actual price per megalitre for the 10 gigalitres that we purchased from Coleambally was \$370 a megalitre, so that was less than the average we paid over the year for the critical water allocations for that period that we were in the market purchasing for critical water allocations.

Mr PEDERICK: I appreciate that, minister, but at that current point in time did you have to strike a figure about 10 per cent above the market value?

The Hon. K.A. MAYWALD: I do not recall that it was 10 per cent, but we will check that for you. At that time, the government determined that \$370 a megalitre was a fair and reasonable price to pay for such a substantial package of water and the associated reduction in administrative costs and the like.

Mr PEDERICK: Referring to the same budget line, with regard to the critical water allocation, how many irrigators were provided with this water and what terms of assessment were used to determine who received this water; and over what stage of the water year was this water delivered to irrigators?

The Hon. K.A. MAYWALD: The water was delivered to irrigators as they required it. There were no criteria that determined when it was delivered. Irrigators used their water according to their needs over the 12 month period. We announced the program, I think it was in September last year, and people who applied and were successful then had a minimum amount of water that they knew they could use over the period of the year, and they would set their irrigation profile according to what their permanent plantings needed.

The number of irrigators who applied for it did so through Primary Industries. It is actually a Department of Primary Industries and Resources SA program, not a River Murray program or a water security program. However, I can inform the member that the criteria used to assess viability were based on a portion of the criteria required to meet the federal government's EC for interest rate subsidies. The information I have just been given is that water was allocated under the scheme to over 1,350 irrigators. I have already provided the cost of the water previously.

Mr PEDERICK: I refer to the same budget line. I understood that 64 gigalitres were purchased for critical water allocations. Why was the full amount of water secured not used? What happened with the excess water that was not provided to irrigators?

The Hon. K.A. MAYWALD: In relation to the amount of water we purchased for all critical human needs, the critical water allocation, we set a notional amount that we would need to purchase for the critical water allocations, depending on the finalisation of all the applications. We were out in the market as the program was rolling out, so not all the applications had been concluded at that time we were in the market purchasing water.

We set ourselves a target of 64 gigalitres to ensure that we could cover off on the absolute top end of what the applicants would be eligible to receive. Once they were concluded, the applications determined that 61 gigalitres was the required amount to meet the program, and the other three gigalitres were transferred over to our reserve for critical human needs. It is now currently sitting as part of the 39 gigalitres we already have in the bank for the 2010-11 year for critical human needs.

Mr PEDERICK: I refer to the same budget line in relation to critical water allocations for the River Murray licensed irrigators for permanent plantings. Why is there no allowance in the current budget to continue to support irrigators in 2009-10?

The Hon. K.A. MAYWALD: Once again, it is the drought contingency program. We will be sourcing the funding for a continuation of that project from drought contingencies. The program, of course, cannot be delivered this year in the format it was last water year, given that the water sharing agreements reached with New South Wales and Victoria preclude state governments from purchasing temporary water for their irrigators.

On the basis that the situation this year is tighter than it was at the same time last year, there is less water available, and the pressure on New South Wales and Victoria to introduce a program similar to the South Australian critical water program would have necessitated three governments going into the market to purchase temporary water. It was decided by New South Wales and Victoria that they thought that would unduly impact on the market; therefore, they insisted that there be no governments in the marketplace purchasing water as one of the conditions of the new water sharing arrangements.

This state government is currently considering what we will be able to provide for the next year, and more information will be made available about that as the government considers the options presented to cabinet.

Mr PEDERICK: Can you confirm that, when the critical water allocation was announced, \$67 million was allocated for that program?

The Hon. K.A. MAYWALD: No; there was no funding allocated for the program. What was determined through the cabinet decision was that there would be a critical water allocation supplied. If the critical water allocation was to be based on the 11 per cent rate of allocation that was available to irrigators, and if all irrigators were able to take it up—and that meant that all irrigators passed the test—and if we had to pay \$1,000 a megalitre for it, it could cost up to \$67 million.

It was not an allocation of a certain amount of money; it was a notional indication to cabinet that this would be the outer bound if we had to pay up to \$1,000 a megalitre, if every irrigator who had permanent plantings was eligible and if irrigation allocations stayed at 11 per cent. A number of those things changed. Of course, we got water for \$377 per megalitre on average, and we were

able to provide an increased allocation of up to 18 per cent; therefore, that reduced the amount of water that was required for critical water allocations.

Once we went to 18 per cent, a number of irrigators no longer qualified for the critical water allocation because there 18 per cent covered off on the amount of water they needed to keep their plantings alive.

Mr PEDERICK: Let's hope they get through this year. I refer to Budget Paper 4, Volume 3, page 11.46, 2008-09 Highlights, dot point 9: the sustainable water level in Lake Albert to avoid acidification through pumping from Lake Alexandrina. My question is: what has been spent in total on this project, including bund construction and maintenance, pump installation and operation, and dredging of adjacent lake beds and ferry channel?

The Hon. K.A. MAYWALD: For stage 1 of the project, which ran from May 2008 to mid November 2008, the budget was \$5.22 million, with \$5.18 million actually being spent. For stage 2 of the project, which ran from mid November 2008 to the end of June 2009 (yesterday), the budget was \$8.1 million, with \$5.1 million being spent to date. The project was funded by the Murray-Darling Basin Commission, and then Authority, up to 13 June, so any funds that have not been expended on that project belong to the Murray-Darling Basin Authority. It is a Murray-Darling Basin Authority-funded project.

Mr PEDERICK: My understanding is that the authority was in charge of the project, and I believe South Australia, Victoria and New South Wales put funding into it. I am interested in what was spent by each individual body or state that contributed.

The Hon. K.A. MAYWALD: The way the Murray-Darling Basin Commission and Authority works is that we all make an annual contribution to the capital works and operating costs of the authority. The authority and commission then determine how that funding is distributed to operational and capital works through their corporate plan, which is endorsed by the Murray Darling Basin Commission Ministerial Council—and now it is the Murray-Darling Authority. All that money goes to run everything: it runs the system, the dams, everything. Some contingency money is made available out of that overall budget for emergency projects. This was one of those, and it came out of the emergency funding.

You ask how much we contributed overall to the budget of the Murray-Darling Basin Commission in the past 12 months: it was about \$23.3 million last year, and in this 2009-10 budget we will contribute \$24.388 million. The breakdown of who paid what is not really relevant, because it is all paid into one authority, which then distributes the money according to projects approved—and this is one of those projects. It is a big bucket of money that is distributed amongst all the projects around the state; it runs the locks, the weirs, the dams, the whole lot.

Mr PEDERICK: On the same budget line, what proposals or initiatives is the government taking to combat acidification in Lake Albert now that pumping from Lake Alexandrina has ceased?

The Hon. K.A. MAYWALD: A major program of bioremediation has commenced roll-out, and that includes cropping. We will also be looking at liming, as we have with the Finnis and Currency Creeks. The scale of the acid sulphate soil occurrence appears to be unprecedented anywhere in the world. We have a range of leading scientists and industry experts working with us, and they are involved in determining the best way to manage the exposed soils. Currently, up to an estimated 20,000 hectares is affected.

Revegetation has the purpose of adding organic carbon to the soils and reducing the amount of wind erosion, while bioremediation provides the conditions that encourage naturally occurring bacteria to counter the effects of acid formation in the soils. As we are working with the Australian government, the Minister for Climate Change and Water has advised that the \$10 million in funding has been committed for a program of bioremediation and revegetation at the Lower Lakes and their tributaries with a focus on community involvement. That funding is not reflected in our budget papers at this stage but that has been committed by the federal government. We will be working with the federal government and local communities on further development of the revegetation programs.

DH and Rural Solutions have developed the revegetation plan, and the trials have been undertaken around the Lower Lakes. Aerial seeding of some 4,500 hectares of exposed lake beds and sediments was carried out in May. Local landholders have been contracted to seed areas of Lake Albert and the northern shoreline of Lake Alexandrina. As I said, we are progressing other ways for local communities to be involved in this project. Seeding has also been undertaken in

parallel with limestone addition trials, which we are doing in the Goolwa channel and Currency Creek at the moment so that we can determine the success rate of those trials.

That trial of the limestone, the slurry mix and the aerial dosing to prevent mobilisation of acidic water will feed into the investigations on what will be most suitable for Lake Albert. Of course, with the rainfall that we are achieving at the moment, we are maintaining levels above the acidification trigger, so we are still within the time frame where we can work these up properly and to make sure that we do it as best we can.

Mr PEDERICK: Moving forward, do you believe that Lake Albert has a fresh water future, or is one of your proposals to prevent acidification of Lake Albert to introduce sea water into that lake?

The Hon. K.A. MAYWALD: Do I believe that it has a fresh water future? Yes. Do we have to consider all options about what might occur and what actions we might take? I believe that any responsible government would be doing that. If that means that we have to investigate whether or not, under a worse case scenario, a small amount of sea water may be needed to be introduced to prevent acidification, then that is what we would have to do. We believe there is a fresh water future. That fresh water future is, of course, dependent upon rainfall and seasonal conditions over which we have no control.

As a responsible government, we are taking what action we need to be ready for any scenario that may come forward, and that may include the need to introduce a small amount of sea water if the bioremediation does not work effectively.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.46, and dot point 10 of the 2008-09 Highlights: Acquired 50 gigalitres of water for the Lower Lakes. When was the 50 gigalitres for Lake Alexandrina purchased? How much was the purchase price of that water, when will that water be delivered to Lake Alexandrina and why was this option not pursued sooner to assist the Lower Lakes?

The Hon. K.A. MAYWALD: The purchase of the 50 gigalitres commenced, I think, around February this year—so, in the second half of the financial year. The average price has been about \$347 per megalitre. The decision to purchase the water was made, I guess, concurrently with the work that we are undertaking to look at whether or not we would continue pumping into Lake Albert. The pumping project into Lake Albert required 170 gigalitres to be pumped from Lake Alexandrina into Lake Albert to maintain it above the acidification triggers that would have caused a complete and utter ecological collapse of the lake, which was a consequence or an outcome that I believe everyone would be hoping to avoid.

The decision to cease pumping into Lake Albert means that we have an extra available amount of water for Lake Alexandrina, which does provide for a greater buffer for Lake Alexandrina in relation to meeting its critical acidification triggers. Just purchasing 50 gigalitres alone and sending it down to the Lower Lakes would not have made any measureable difference in relation to the acidification triggers had other decisions not been made to supplement that.

The combination of 50 gigalitres, plus the 170 gigalitres that we no longer pump, has the potential to extend the time frame within which triggers could be realised down in Lake Alexandrina for acidification. The 50 gigalitres will be delivered over the course of the 12 months and the 170 gigalitres will stay in Lake Alexandrina rather than being pumped, so that pushes out when Lake Alexandrina may reach that trigger level.

Mr PEDERICK: In light of that answer, obviously the 170 gigalitres of water does not just turn up unannounced.

The Hon. K.A. MAYWALD: It does. It is part of the 350 going into the lakes now. It is not an additional 170 into the lakes but 170 that is already going into the lakes, but it will no longer need to be pumped into Lake Albert because of the decision made not to continue that project. Therefore, it stays in Lake Alexandrina where it maintains the height of that lake for a longer period. Adding in the 50 gigalitres purchased gives a combination of the 220 gigalitres, which will stay in Lake Alexandrina. So, we will have the 350 going in there, plus an additional 50, and 170 will not need to be pumped over, so that will stay in Lake Alexandrina, which will keep it at a higher level than it would otherwise have been had the pumping project continued.

Mr PEDERICK: So in light of that answer, the magical 220 number will get the decision for the Pomanda Island weir and give us the winter of 2010. The trigger level, worst case scenario, for the weir is probably about March next year.

The Hon. K.A. MAYWALD: Worst case scenario—that is around the mark. We do a monthly assessment of the situation, but the next date we are working towards to make a decision on whether we need to construct is August. The reason for that is that we need nine months to build the weir, so we do all the modelling, throw it out forward—when could the triggers occur under a worst case scenario with what we have now; what we know; what decisions have been made to date—and do the modelling. If the triggers are looking like being reached within a nine-month period, we will need to commence construction of the weir.

There is another complicating factor, however: the issue of salinity increases in the Lower Lakes, in Lake Alexandrina, where the salinity levels are increasing as a consequence of no dilution flows getting out to sea. It is accumulating salt from the system in Lake Alexandrina and we are monitoring it very carefully. Under certain wind conditions we can see water from the lakes move up into the river channel, and in recent times we have seen a phenomenon where that water has gone up and, because of the low flows, it is taking longer to dilute the salinity.

The weir may be necessary to protect us next winter against the storm events that push water upstream to prevent them from pushing more salty water up to the Tailm Bend offtake. We are considering that as well in the mix of things we have to consider in maintaining potable water supplies to our communities.

Mr PEDERICK: In light of that answer, I take it that free flow of water as it is now in the system adds a third complication to the modelling. I believed that under the modelling the minus 1.5 trigger for the weir was roughly equivalent to the salinity trigger.

The Hon. K.A. MAYWALD: Roughly, yes. This is an issue that may resolve itself with further work being undertaken at the moment. We are looking at a whole range of options to manage that also. We received information recently, and normally in that event we would see the flow of the salty water back up into the river and then it would disperse rapidly, but we saw one event back in April where it did not disperse as quickly. We are now undertaking a significant amount of work through the Murray-Darling Basin Authority, which is currently upgrading its modelling, and that will give us more certainty about what we may expect. All of that will be fed into the mix of things we have to consider when making decisions on how we secure fit for purpose water.

Mr PEDERICK: On the same budget line, will you be purchasing more water for the environmental health of Lakes Alexandrina and Albert, and when will it be delivered?

The Hon. K.A. MAYWALD: Once again, that depends on rain.

Mr PEDERICK: I appreciate that, minister, but, obviously, there would be temporary water on the market, but do you rule out purchasing environmental flows for Lake Alexandrina?

The Hon. K.A. MAYWALD: No; we do not rule that out. As I said, it all depends on rain and whether there is a market. The issue that we have at the moment is that New South Wales has suspended temporary trade out of the Murrumbidgee, which is where we purchase most of our water, because it does not have sufficient water in its system for the inter-valley transfers necessary at this stage of the season.

We need to determine whether there will be a market and whether the rain that falls in the catchment will enable a robust market to cover our critical human needs as well as other needs of the system, such as critical human needs for the following year; and we will be working that into the mix. The environment is at the forefront of our minds, but our first and most important task is to deliver water for critical human needs. I am sure that you would agree that that would be the case and, if you were in government, you would be doing the same.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.53: Performance Commentary. Did Murray-Darling Basin jurisdictions achieve their collective target of 500 gigalitres for environmental water recovery by yesterday, 30 June 2009?

The Hon. K.A. MAYWALD: South Australia has certainly recovered its 35 gigalitres. We were very successful in achieving that through the purchase of water and the transfer of water that was held in government ownership. Much of that water was from our rehabilitation of irrigation systems in past decades. We are very pleased to say that South Australia has been able to achieve its target.

Other projects in New South Wales and Victoria will achieve water targets, but not all of them will be fully completed to deliver water, as a consequence of the time frames necessary to construct the infrastructure to deliver water savings. I understand that all states have met their

targets in identifying and registering the projects that will deliver the water, but not all of those projects are up and running at this stage. We expect that the projects will be up and running by the end of this calendar year, rather than 1 July. We are disappointed, of course, that they have been unable to deliver by the targeted date; however, we are very pleased that we have achieved the projects necessary to deliver the water and that the work is ongoing and will be concluded hopefully by the end of this calendar year.

South Australia took a very strong position on the Living Murray initially in that it was incredibly important that the Living Murray included the purchase of water from willing sellers. I must say that was not largely supported by other jurisdictions, and, in particular, it was not very well supported by local members in Murray-Darling Basin jurisdictions upstream. I recall that the federal government at the time was also not supportive of the purchase of water, but it was supportive of infrastructure projects being the first call on funds for the Living Murray to deliver water savings. It was only in the past two years that the federal government embraced the notion of the purchase of water in the marketplace, and that was when Malcolm Turnbull released his national plan.

Water purchase out of the marketplace, which is the most effective way of delivering water for projects such as the Living Murray, was enabled only three years into the project in a number of jurisdictions. Certainly, the former commonwealth government was not supportive of projects that were not infrastructure-driven. New South Wales did follow our lead, and it went into the market and started purchasing water. It, too, has secured much of its water savings through the purchase of water, which is a good thing.

However, I reiterate: it was not until only very recently that the federal government embraced water purchase for any of these projects to get water back into the marketplace. I recall that the federal member for Barker, who is the federal member for most of the River Murray in South Australia, was part of a rural standing committee of the federal government that put out a report at the time that the Living Murray was being established. He said that we did not need more water but that we needed more science; and that was not so long ago.

The purchase of water has been critical to getting these projects up and running and critical to getting water back into the marketplace. With the Living Murray, 35 gigalitres from South Australia has been achieved mostly through the purchase of water.

Mr FEDERICK: I refer to Budget Paper 4, Volume 3, page 11.54, and to the performance commentary, paragraph 5, which states:

Due to low water levels in the river, there were a number of riverbank slumping incidents. Responses have focused on minimising risk to public safety, including navigational hazards.

Will the government reimburse or compensate local councils, irrigation trusts and private individuals who have had to spend substantial sums of money on slumping prevention and repair?

The Hon. K.A. MAYWALD: The answer to that question is no. The state government is not responsible for the low flows coming into South Australia; it is not responsible for the lack of rainfall in the system; and it is also not responsible for the drought. However, it is doing its best to manage the consequences of those circumstances.

The Department of Water, Land and Biodiversity Conservation has received approximately 35 reports in relation to riverbank slumping, some of which involve extensive cracking and with a high likelihood of future slumping. Approximately 1,000 metres of riverbank has slumped into the river, some of that being in the care and control of councils, some of it being state government infrastructure, some of it being private infrastructure, some of it being marinas, some of it being banks where irrigation structures have been in place.

We are working with communities to manage the risk on properties associated with the prospect of riverbank slumping in their areas. We are working very closely with councils on matters of public safety. High risk locations have been identified, and local communities and key stakeholders have been consulted. We have established a 24-hour telephone hotline for public reporting. Fallen trees in the river have been secured or removed and all navigation hazards have been marked appropriately. Geotechnical and river experts have been engaged to assess the incidents and to establish appropriate methodology to manage them.

We have placed public notices in relevant newspapers, and property owners have been contacted individually to advise them of incidents and risks. Legal advice has been received from the Crown Solicitor's Office in relation to the legal obligations of the Crown. Of course, we are responsible to ensure that we minimise the risks where we have a responsibility for crown land. An

amount of \$500,000 has been allocated from the Save the Murray Fund to undertake activities to support the works that we are undertaking in partnership with the community.

Next year we will continue the close monitoring of high risk areas and will liaise with key stakeholders, including local councils and ETSA. A focused geotechnical assessment of the riverbank by a panel of experts will be available early in the new financial year. An establishment of methodology to mitigate the risk to public safety and property damage, in the case of an increase in riverbank slumping incidents, is also being established. This government will meet all of our legal obligations in relation to riverbank slumping.

Mr PEDERICK: In light of that answer, does the state government propose to approach the federal government for assistance for people along the River Murray who are suffering from slumping to assist them with these costs?

The Hon. K.A. MAYWALD: I understand that some councils have written to the Murray-Darling Basin Authority to seek support for the work that they need to undertake. The Murray-Darling Basin Authority has responded and said that it has a small contingency for emergencies. There is only about \$5 million in its budget for emergency contingencies, so it does not have a lot of leeway there. However, it has agreed to assist with technical support where it is practical to do so.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.29, the performance commentary and paragraph 1 referring to the Murray Futures program. How much has so far been spent of the Murray Futures funds allocated by the commonwealth government to secure the future of the River Murray?

The Hon. K.A. MAYWALD: There is \$610 million, of which we have responsibility for \$530 million. The federal government is managing the \$80 million that is allocated to water purchase. We have spent \$675,000 on the Riverine Recovery Project; \$57.29 million on the irrigation pipeline project; \$27.8 million on the Lower Lakes potable pipeline; \$3 million, to date, on the Lower Lakes and Coorong recovery; and \$370,000, to date, on industry renewal.

Mr PEDERICK: What other projects are proposed along the river channel in South Australia, on top of those you have just listed?

The Hon. K.A. MAYWALD: They are the Murray Futures project and, within each of those projects, such as the Riverine Recovery, there is a number of different projects that will be supported. The Riverine project aims to relocate infrastructure on the flood plain that inhibits our capacity to manage the river system in an environmentally friendly way—that is, pumps on back waters mean we must maintain river levels at certain heights, which means that we have permanently inundated water bodies on the flood plain, which means that we have high evaporation and unhealthy flood plains. What we are looking to do with the Riverine project is prioritise the actions necessary to remove pumps where we can improve the environment on the flood plain by introducing wetting and drying cycles. So there will be a number of Riverine Recovery projects that will be invested in as part of that project.

It is an extremely good project given that, already, in recent years we have had about 27 of these flood plain management projects developed and implemented, and they involve a management plan on the flood plains and structures to introduce wetting and drying, and the results are absolutely fantastic.

In regard to the irrigation pipeline, of course, the member will be aware that that may include subsidies for the pipelines to the Hindmarsh Island community and Point Sturt. However, that depends on contingencies not having to be expended in the irrigation pipeline. Work on the Lower Lakes potable pipeline, of course, is completed.

In regard to the Lower Lakes and Coorong recovery project, \$3 million has been allocated towards a number of investigations that are being undertaken into the long-term planning for recovery and long-term management of the Lower Lakes and the Coorong; and, as you are aware, a consultation process is under way at the moment with a draft plan to be released in July or August, and that will go out for further consultation. That involves \$200 million over 10 years to be invested in different projects to manage the Lower Lakes.

Of course, the Goolwa level management project is a combination of funding from the Murray-Darling authority, which is 50 per cent, and we have sought funding from the federal government out of the \$200 million for the Lower Lakes and Coorong recovery project. It has supported in principle the remaining component of that project—up to 90 per cent of the remaining

funds—and we are looking forward to working out the finer detail on that with them. The Lower Lakes and Coorong recovery project will have a whole range of different components to it.

We are still working through the detail of industry renewal with the federal government as to what it will allow us to spend that money on and, as we negotiate through to a conclusion on that, we will make that information available to the irrigation community.

Mr PEDERICK: I refer to Budget Paper 4, Volume 3, page 11.29: Performance Commentary. In paragraph 2, it refers to the Directions for a Healthy Future, and the minister has just mentioned the work being carried out at Goolwa and Clayton. I am concerned about community input being recognised by the government and also about whether the information flow is coming from the government as it should. Given that similar community consultation meetings were held to discuss the installation of regulators in the Goolwa-Clayton part of the river and given that the Taylor report commissioned by the government, which was highly relevant to the subject, was completed in December 2008 but was not made available to the community until after those meetings in January, what assurance can the minister give me that all available studies and information will be fully canvassed and presented to the public for consideration and comment before the presentation of the final report?

The Hon. K.A. MAYWALD: We will certainly give an undertaking to conduct a thorough, open and transparent consultation with the community on all projects, as we have endeavoured to do in the past. This government certainly has no intention of doing anything by stealth. I guess there are a number of people out there who would like to be conspiracy theorists but, in all the things we are doing around the Lower Lakes, we are doing our best to do our best for the communities around the Lower Lakes, and this government has no intention of doing otherwise.

Mr PEDERICK: In light of your answer regarding community consultation, why was a well prepared and presented, scientifically-based submission by community members Mike South and Neil Shillabeer on the subject of the management of acidification risk in Finniss River and Currency Creek, which was presented to the department in February 2009, not even acknowledged by the department?

The Hon. K.A. MAYWALD: I understand that the submission you are talking about is a public circulation document. I do not believe it warranted a response. It was a newsletter that was sent out to the community, basically, expressing a number of opinions from different people who have been involved in the process. I certainly received a copy of it. I thought the community people who had input into that newsletter were genuine in their views and in their representation of how they saw things around the Lower Lakes. It was a community information document.

Mr PEDERICK: The following are my omnibus questions:

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 2008-09 for all departments and agencies reporting to the minister, listing the name of the consultant, the contractor or service supplier, the cost, the work undertaken and the method of appointment?

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2009, 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 2008-09 for all departments and agencies reporting to the minister what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2009-10; and how much was approved by cabinet?

5. (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 2009; and

- (ii) Between 30 June 2008 and 30 June 2009, will the minister list the 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?

6. For the year 2008-09, will the minister provide a breakdown of expenditure on all grants in excess of \$10,000 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?

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

The Hon. K.A. MAYWALD: I have a point of clarification on the question of consultants.

Mr PEDERICK: In question 2, 'a detailed breakdown of expenditure on consultants and contractors in 2008-09' relates only to sums over \$10,000.

The ACTING CHAIR: There being no further questions for the minister, I declare the examination of the proposed payments completed. I lay before the committee a draft report.

The Hon. S.W. KEY: I move:

That the draft report be the report of the committee.

Motion carried.

Mr PEDERICK: I would just like to make a closing comment. I would like to thank all the departmental people and the staffers here today for all the work they have done on these portfolios: thank you.

The ACTING CHAIR: Thank you to everyone.

At 19:16 the committee concluded.