

HOUSE OF ASSEMBLY
Monday 11 October 2010
ESTIMATES COMMITTEE B

Chair:

Mr T.R. Kenyon

Members:

Hon. S.W. Key
Mrs R.K. Geraghty
Mr L.K. Odenwalder
Mr A.S. Pederick
Mr P.A. Treloar
Mr M.R. Williams

The committee met at 10:01

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, \$136,273,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF ENVIRONMENT AND NATURAL
RESOURCES, \$21,821,000
ENVIRONMENT PROTECTION AUTHORITY, \$3,686,000

Witness:

Hon. P. Caica, Minister for Environment and Conservation, Minister for the River Murray, Minister for Water.

Departmental Advisers:

Mr A. Holmes, Chief Executive, Department of Environment and Natural Resources.

Mr R. Janssan, Executive Director, Corporate Services, Department of Environment and Natural Resources.

Mr R. Denton-Brown, Director, Financial Services, Department of Environment and Natural Resources.

Mr A. Gerace, Senior Management Accountant, Department of Environment and Natural Resources.

Mr M. Cooper, Manager, Management Accounting, Department of Environment and Natural Resources.

The CHAIR: The estimates committees are a relatively informal procedure and, as such, there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration of proposed payments to facilitate the changeover of departmental advisers. I ask the minister and the lead speaker for the opposition if they could indicate whether they have agreed on a timetable for today's proceedings and, if so, provide the chair with a copy. I have an amended timetable.

The Hon. P. CAICA: Yes, I believe that is agreed to.

The CHAIR: Are you all right with that, member for MacKillop, all happy with the arrangements for timetabling?

Mr WILLIAMS: Yes.

The CHAIR: Changes to the committee membership will be notified as they occur. Members should ensure that the chair is provided with a completed request to be discharged form, which the chair may refuse to accept. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 19 November 2010.

This year, the *Hansard* supplement, which contains all estimates committee responses, will be finalised on Friday 3 December 2010.

I propose to allow both the minister and the lead speaker for the opposition time to make a brief opening statement. There will be a flexible approach to giving the call for the asking of questions based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may, at the discretion of the chair, ask a question. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee; however, the documents can be supplied to the chair for distribution to the committee. The incorporation of material in *Hansard* is permitted on the same basis as applies in the house; that is, that it is purely statistical in nature and is limited to one page in length. All questions are to be directed to the minister and not the minister's advisers, and the minister may refer questions to advisers for a response. I also advise that for the purposes of the committee television coverage will be allowed for filming from both the northern and southern galleries. I declare the proposed payments open for examination and refer members to Portfolio Statements, Volume 4, Part 11.

The Hon. P. CAICA: For the purposes of *Hansard*, and in the interests of getting on with some questions, I will make my statement very quickly. It is a privilege to be here today in my first estimates committee as the Minister for Environment and Conservation. South Australia's long-term economic, environmental and social wellbeing will continue to depend on our ability to ensure that we balance the conservation and productive use of our natural resources.

We have a great opportunity to do this with the establishment of the new Department of Environment and Natural Resources on 1 July 2010. DENR brings the conservation of the environment and the management of natural resources together, and with this comes a better opportunity for us to take a whole-of-landscape approach to the way that we manage and use our lands and seas.

Under the new agency structure, the regional service delivery of DENR and that of the regional NRM boards will be amalgamated under the DENR banner, providing a one-stop shop for regional communities on environment and natural resources issues. This will be a new way of delivering services to regional South Australia, making it easier for communities to work with us to deliver on-ground NRM and environmental outcomes. The creation of DENR will assist the government to pursue its policy priorities in the area of the environment and natural resources, including South Australia's Strategic Plan (SASP) and the State Natural Resources Management Plan.

I am pleased to advise the committee of DENR's SASP achievements over the past year. The land biodiversity and marine biodiversity targets have been achieved and the soil protection target is on track to be achieved. The Lose No Species target is now measured by describing the trends in some well-known and significant species and, as reported in the 2010 SASP update report, the ability to achieve this target remains within reach. In addition, momentum has continued with the marine parks program, and I am pleased that 13 marine park local advisory groups, comprising approximately 180 community members from around the state, were established in the past year. These groups will help the government understand what regional communities want from marine parks, and ensure that community views are considered during the development of draft management plans and zoning arrangements for each marine park.

The state NRM plan was published in 2006 and the first statutory five-year review of the plan occurred in December 2009. The plan is currently being revised in consultation with the NRM Council to set future directions for natural resources management in South Australia. Another highlight for this year has been the adoption of an additional three regional NRM plans. This means that seven of the eight boards have now completed plans.

In 2009-10 DENR added approximately 145,000 hectares of high biodiversity land to the Protected Area System through 19 park proclamations under the National Parks and Wildlife Act 1972. As well as expanding the protected area system, DENR is focusing efforts on improving visitor experiences. DENR works with Aboriginal communities to protect areas of cultural significance and provide cultural experiences for visitors. Co-management brings together the interests that Aboriginal people and the broader community have in the land. In 2009-10 the

Indigenous Land-Use Agreement (ILUA) and Co-management Agreement over the Flinders Ranges National Park and the Narungga fishing ILUA were finalised.

Following the devastating 2009 Victorian bushfires, DENR took the lead role for two ministerial reviews. This resulted in changes to the Native Vegetation Regulations prior to the 2009-10 bushfire season. Delegation to regional South Australian Country Fire Service officers is now in place to enable local approval of native vegetation clearance associated with planned fuel reduction works. Fire management capabilities were boosted by an additional \$4.5 million over four years, commencing in July 2009. During 2009-10 DENR increased its prescribed burning program and 92 burns were completed—almost twice the number of burns conducted in the previous year.

In June 2010 I released the Long-Term Plan for the Coorong, Lower Lakes and Murray Mouth region. The Australian government has now provided \$21.04 million for projects associated with early works detailed in this plan. This is in addition to the initial \$10 million provided for the development of the plan.

I would like to take this opportunity to briefly mention several other DENR highlights from the past year, including the removal of 6,460 camels from the South Australian rangelands, the provision of heritage grants to owners of state heritage buildings totalling \$250,000 and the accreditation of the Botanic Gardens and State Herbarium with the American Association of Museums, the first organisation outside the United States to be accredited.

The 2010-11 state budget papers reflect that DENR has been allocated an operating budget of \$135.1 million on a net cost of service basis to deliver a range of programs during the year. Key structural changes to the budget for the 2010-11 year reflect in the corporation of NRM and State Flora functions under machinery of government changes, resulting in an increase in net cost of services of \$13.4 million. In addition, the impact of the Sustainable Budget Commission recommended net savings are \$4.7 million this financial year, comprising expenditure reductions of \$5.3 million and revenue or cost recovery measures of \$0.7 million.

An amount of \$28.3 million has been provided in the budget for investing expenditure during 2010-11, which includes \$13 million during the first year of the Adelaide Living Beaches Sand Transfer Infrastructure project, and \$2.6 million for the further upgrade to facilities at Belair National Park, as well as \$1 million each for the Adelaide Botanic Garden Aquifer Storage System and the upgrade to Plane Tree Drive in Botanic Park. The balance of the investing budget is allocated to the department's annual program and \$700,000 for the upgrade of facilities at Seal Bay.

In 2010-11, DENR will continue to integrate the delivery of services provided by DENR and NRM boards and introduce amendments to the Natural Resources Management Act 2004. The department will also continue working closely with marine park local advisory groups, peak stakeholders and local communities as draft management plans for the zoning are prepared. Other targets include the analysis and implementation of relevant findings from the Victorian Bushfire Royal Commission; ongoing adaptive management of the Coorong, Lower Lakes and Murray Mouth region; and the proclamation of additional parks under the National Parks and Wildlife Act 1972.

These goals cannot be achieved without a consistent and coordinated effort. In the coming year, DENR will focus on working across government with our industry stakeholders, our friends from the conservation movement and the wider South Australian community to deliver the outcomes we all need for a healthy, productive and sustainable environment. I thank you for allowing me to make that introductory statement.

Mr WILLIAMS: I have a very brief statement, only in so much as just to make a comment about the process. This is one of those portfolio areas where the opposition spokesperson is a member of the Legislative Council, and the process prevents the actual spokesperson from being a part of the committee, which I think, is frustrating to all oppositions, notwithstanding that ministers from the Legislative Council sit on the committee. I think that is something that the parliament should look at. It would be a much more effective committee if the person who spends the day-to-day oversight on behalf of the opposition party was able to actually come and sit on this committee.

Other than that, I am happy to get on with the question. I welcome the minister's undertaking to change the times in exchange for short introductory statements and lack of questions from the government's side. My first question relates to Budget Paper 4, Volume 4, page 11.6, which refers to the targets and highlights. My question is about prescribed burn-offs in DENR managed lands—a fairly topical subject. I think it was only today, or over the weekend, that I

read a report from CFS personnel suggesting that we are looking at a very significant fire risk for this season. Both the highlights and the targets talk about a 40 per cent increase in the effort put into burn-off over the previous year. I was after some information in acreage terms. Could the minister tell us how many acres—or I don't mind if he measures it in square kilometres—were burnt off last year, what is the intention this year and what is that as a percentage of the total land under the care and control of DENR?

The Hon. P. CAICA: I thank the honourable member for his question. He is quite right to identify that a significant component of the delivery of our services involves making sure that we are able to effectively undertake prescribed burns. They have two outcomes: they mitigate against what might otherwise be the situation should there be a wildfire or a bushfire through those regions. It is also critically important—and we are looking at this in the future—to determine at what times we can do these prescribed burns because they also have a benefit, if you like, on the regeneration of the seed bank that exists there.

We deliver fuel management strategies in combination with increased suppression capabilities to reduce the impact of bushfires on communities and the environment. It was only recently that I was over on Kangaroo Island and met with the DENR personnel who have developed a very good working relationship with the CFS over there. It was not always the case, and quite simply—as you would know, Mitch—the best fire that anyone can possibly fight is on someone else's land.

Mr WILLIAMS: Absolutely.

The Hon. P. CAICA: The trouble is that the fire does not know whose land it is, and travels. So, they have all been working very coherently in what is a very troublesome region of South Australia with respect to bushfires.

Our fire management capabilities were boosted by an additional \$4.5 million over four years, commencing in July 2009. A further \$879,000 was announced in December 2009, which saw the employment of an additional 26 seasonal firefighters. It was this funding that enabled DENR to maintain sustained suppression efforts at bushfire incidents and greatly assisted with delivering the increased prescribed burning program. The 2009-10 prescribed burning program was the largest to date, with 92 burns completed, totalling almost 11,000 hectares; 555 hectares were burnt in the Mount Lofty Ranges, an increase of 75 per cent from 2008-09; and a further 10 comprehensive fire management plans were completed and adopted, taking the combined total of reserves now covered by fire management plans to 135, or 45 per cent of parks and reserves managed by DENR.

I finish by making this point. This was one of the areas I focused on when I first became minister. There are lots of good people working within DENR but, late one Friday afternoon, having been given a presentation earlier that day, I wondered what in percentage terms we are actually burning with respect to the public estate. The percentage figure I was given was, of course, for the whole state, but everyone in this room would realise that, if the public estate includes a gibber desert, then we do not burn there. So I asked the question of what were the areas targeted and, quite simply, it was anything really below the Goyder line—that is, the public estate—where the majority of effort would be undertaken.

We will continue to work with the community. Allan can correct me if I am wrong, but I believe the prescribed burning season starts today. It is one of the jobs that is vitally important with respect to not only the management of the public estate but also to mitigate any potential loss of life and property with respect to fires emanating from and travelling across the borders of the public estate.

Membership:

Hon. M.J. Atkinson substituted for Mr Odenwalder.

Mr WILLIAMS: On the same line, the minister's CEO was quoted in another parliamentary committee only last week as saying: 'What happened in Kinglake will happen in the Adelaide Hills—there is absolutely no doubt about that.' I am pretty certain that I am correct in saying that a substantial amount of native vegetation and scrub in the Adelaide Hills is under the control of the minister's department. Given the CEO's comments, has the minister changed the department's attitude to prescribed burning, and can the residents of the Adelaide Hills be

comfortable in believing that whatever is necessary to be done will be done to ensure that there is control of the amount of fuel available for wildfire in that region in the coming summer?

The Hon. P. CAICA: I will not comment specifically on the CEO's comments in that regard, save and except that I may invite him to clarify those if he so wishes. We have to look at where the hot spots are, and there is no doubt that one of the most difficult areas to maintain and in which to prevent bushfires is in the Adelaide Hills. I say that on the basis that that is where people live, that is where all the trees are, and that makes a combination that makes it potentially a more dangerous situation than might otherwise be the case, if we refer earlier to the gibber deserts, without being flippant in any way as it is a serious issue.

We will focus our efforts within the Adelaide Hills and work closely with the CFS. I draw attention to the fact that the relevant act was changed last year to allow the CFS to authorise the clearance of native vegetation for the purposes of limiting the fuel available there. I also make the point that, whilst DENR will be diligent about what is being done on the public estate with regard to our responsibility to reduce fuel load and to make sure it is more safe than otherwise would be the case, I also highlight (whilst it is not my portfolio responsibility; it is that of my colleague and friend Michael Wright) that that responsibility is also levelled at every individual owner of property within the Adelaide Hills and elsewhere. I know that the CFS is working very closely with landowners to make sure that they understand their responsibilities, as well, in relation to the reduction of fuel load. Our focus will continue to be in the Adelaide Hills, where we increased the level of burning last year, as I mentioned in the previous question. I have also mentioned the variations to the Native Vegetation Regulations.

Certainly, in regard to the recommendations that have come from the bushfire royal commission, we will continue to provide ongoing support to the South Australian CFS, who do an outstanding job in relation to the management of native vegetation for bushfire safety, and we have contributed significantly to the evaluation of the findings of the Victorian Bushfires Royal Commission in relation to the South Australian context. In addition, we will also finalise and implement a roadside safety operational framework, again in consultation with the CFS and relevant authorities. Allan, do you want to clarify the comment you made in any way?

Mr HOLMES: I did make an amendment to the record of that meeting to say that one could expect fires of that magnitude to occur in the Adelaide Hills. That was just a point of clarification.

The Hon. P. CAICA: I will also add that my very first job as a recruit firefighter was during the 1983 Ash Wednesday bushfires. It is safe to say that, at that stage, I hardly knew the front of a hose from the end of a hose, but we were deployed into the Black Hill/Anstey Hill regions as recruit firefighters. I certainly hope that we never experience anything like we did in 1983. I think the previous one was in the 1950s.

People are living in regions like that and, with the amount of fuel there, I know full well that we will have another fire, and it will be a significant fire, within the Adelaide Hills. We need to properly prepare for that circumstance, and the best way we can do that is to make sure that we have a responsibility that extends to every individual landowner. We have to make sure that we reduce the fuel and have appropriate fire plans in place, and that also means individual fire plans for those who occupy houses and property in those more prone regions.

Mr WILLIAMS: I now refer to Budget Paper 6, page 138, which talks about budget measures and some savings. An additional \$6 million is proposed to be raised through entrance fees, and it talks about increasing entrance fees. Are there any new fees, or is this proposal simply about increasing existing fees? There are approximately 4.5 million visitations to South Australian parks every year and, of these, how many will have a fee levied?

The Hon. P. CAICA: I thank the honourable member for his question. I am advised that the \$5.75 million over four years, with respect to increased revenue, is across a variety of areas not just specifically entrance fees to our very wonderful parks in South Australia. It is a process that has been undertaken with a view to the science of the matter, as well, because we want as many people as possible to visit the public estate and to enjoy the environment that exists there. We want them to leave those parks having had a very good, worthwhile and beneficial experience.

It is about getting the balance right between the costs involved in enjoying that experience and ensuring that, through those entrance fees, we are able to maintain the public estate. It is also incumbent upon us to make sure that, when people visit our wonderful parks, the appropriate facilities are there for them to be able to enjoy that experience. So a variety of measures have been

identified to generate additional net income from commercial activities that are undertaken within the parks system or through the increase in costs recovery.

As I mentioned, these measures include undertaking site-specific marketing of key parks to increase the number of visitors, and the introduction of an online booking system for heritage accommodation within parks to increase utilisation rates. I would certainly recommend that; when I was on Kangaroo Island I stayed at the heritage lighthouse at Cape Du Couedic and it was fantastic. In addition to that we are also looking at ways by which we can enhance the traveller experience to Kangaroo Island by looking at some trails that could utilise that accommodation for those people who want walks similar to what is done in Wilpena and Cradle Mountain—but I deviate and I apologise for that.

We have also ensured appropriate commercial returns from lessees for the use of parks and/or infrastructure. In addition, these measures include implementing entrance fee pricing that reflects improved park infrastructure and visitor experiences and progressive introduction of cost reflective pricing for guided and unguided tours with commercial sites.

Many of DENR's high-visitation parks have undergone refurbishment to enhance the quality of visitor experience, as I mentioned, and improve access. Price increases will make a contribution to the cost of undertaking these refurbishments and ongoing maintenance. Entrance fees at a small number of national parks—and they are Belair, Innes and Lincoln—will be considered for future price increases. The prices for entrance fees at the majority of parks have increased marginally from 1 July 2010 to reflect CPI increases.

In relation to your specific question—I think it was about the price increase at some of the respective parks—as I have said, all of them have undertaken an increase, but generally a marginal increase with respect to reflecting CPI prices. I will get back with some more information, Mitch, if that suits, in regard to the more specific question about—

Mr WILLIAMS: If you can give the specific details, with the numbers.

The Hon. P. CAICA: Yes, we will do that.

Mr WILLIAMS: On the same area, minister, because on the same page of the budget there are also some budget savings, can you give us an undertaking that there will be no loss of park rangers, of field rangers, from the park system?

The Hon. P. CAICA: I cannot give that undertaking, because, if you look at the quantum savings required from DENR, it is obvious that they will mainly be from staffing levels. What we have done, though, as best as we possibly can, is to ensure that, in and through that process, we reduce the impact on the delivery of our core services. So, whilst I cannot give that undertaking, quite simply, the focus in regard to the job losses that will occur as a result of the savings that we are identifying, that we are required to find, will in the main not have a greater impact on those particular services.

The number of park rangers employed with DENR as of 1 July 2010 is 108.5 FTEs. A 2006 election commitment was the delivery of 20 additional park rangers for South Australia. That funding commitment to deliver this initiative was \$5.249 million over four years, commencing in 2006-07. It is a commitment that has been delivered on, and the additional rangers are now working across the state's park and reserve system; and, of course, it is park rangers who provide additional support for fire management works, including prescribed burns and bushfire responses, nature conservation activities and support for volunteers and community groups.

As part of the 20 new park rangers initiative, DENR commenced a graduate ranger program to induct new recruits into a program of specialised training. I am pleased to say that I have met quite a few of these graduate rangers, who not only work in the field but also involve themselves in other aspects of the DENR organisation as part of the training that they undertake. The program will continue, I am pleased to report, in 2010-11, and four new graduate rangers will be recruited early in 2011.

Mr WILLIAMS: I move onto the Capital Investment Statement, Budget Paper 5, page 39, and refer to the proposal to build a pipeline along the metropolitan beach to shift sand. On 23 September 2010, through a media release from the minister, the government announced that the planned 22-kilometre sand pipeline, which was announced on 9 September 2008, would be reduced to a nine-kilometre pipeline, costing nearly \$26 million.

In the original plan, in the 2008-09 budget, the capital investment statement noted that the 22-kilometre project was due to be completed in June 2011 at a cost of \$17.6 million. According to

the 2010-11 budget, the Adelaide's Living Beaches project is now due for completion in 2012, with the remaining works focused on construction of a sand transfer pipeline and pumping system to facilitate sand management on metropolitan beaches. Minister, it seems that, over the two-year period from September 2008 until September 2010, there has been an \$8.4 million blowout and 13 kilometres cut in the pipeline. Can you explain to the committee what has been going on with this project?

The Hon. P. CAICA: The major objective of the Adelaide's Living Beaches strategy is to protect coastal property and infrastructure and to maintain the amenity of Adelaide's beaches by collecting sand from locations along the northern beaches of the metropolitan coast where it accumulates and recycling it to areas along the central and southern metropolitan coast where there is a sand shortage.

The Adelaide's Living Beaches strategy includes construction of a sand-pumping pipeline to recycle sand more effectively, reducing the number of trucks carrying sand along our beaches and roads. Quite simply, the tendered costs for the pipeline project significantly exceeded estimates prepared by independent cost estimators, due to factors such as the need for larger pump stations than anticipated and the need to use horizontal directional drilling, rather than excavation, in some areas to avoid damaging sensitive areas.

As I understand it, part of this change of scope was a result of some of the trials that had occurred in relation to the pumping of that sand. As a result, the scope of the pipeline project has been reduced to fit within the budget parameters. The revised pipeline involves constructing a nine kilometre pipeline, rather than the original 22-kilometre pipeline, to pump and discharge sand along the busier sections of the coast, such as Glenelg, Brighton, Kingston Park and West Beach, with sand carting to be used in the less busy section, such as Semaphore, Tennyson and Glenelg North. Negotiations are currently occurring with the preferred tenderer regarding the modified pipeline project, with a contract expected to be signed by the end of the calendar year. By way of background, since 1972, Adelaide's beaches have been maintained by using trucks to shift sand from the northern beaches—where, as members would know, sand builds up—back to the southern beaches.

Certainly, it is still the long-term objective to revisit the original scope of the project but, given the budget constraints we have experienced this year—and everyone is aware of what we have been required to identify with regard to savings—we have had to cut the cloth as best we can to make sure that we are still able to complete a component of the project, that component being along the busiest beaches. Without saying that it will exactly be the case, as minister I advise that the government's objective is still that we ensure, in time, that the 22-kilometre pipeline is completed. I cannot give any guarantee as to when that will be the case but, certainly, that remains the objective.

The member is quite right to identify (and we have made no bones about it) that, as a result of the tendering process, the costs that came in with regard to the 22-kilometre stretch exceeded the budget we had available to us and, as a result, we will be progressing a reduced scope with respect to the project. I would also add that the money you have identified includes the artificial reef (for want of a better term) that was put out at Semaphore—that was included in the original costings. I think that has been quite effective as well in regard to the sand that builds up behind that artificial reef, so we will continue to manage our beaches in such a way that they provide an amenity.

I also add that the beaches are enjoyed by not only those people who are lucky enough to live right on top of them but by many hundreds of thousands of people who live in Adelaide and other parts of South Australia who come to Adelaide to enjoy holidays. We will continue to make sure that we manage the transfer of sand from not only an environmental perspective but also so that the amenity that the beach provides for many hundreds and thousands of people from metropolitan Adelaide and beyond will continue to be enjoyed.

Mr PEDERICK: I refer to Budget Paper 6, page 137, operating expenses, savings initiatives in relation to marine parks. I quote operating costs to be cut by \$1.5 million in recurrent funding from 2012-13 (\$3 million over two years). The Strategic Plan 2010 progress report considers that target T3.4 Marine Biodiversity to create 19 marine parks aimed at maximising ecological outcomes has been achieved, even though management plans for the parks will continue to be developed for adoption by 2012-13.

The 2007 budget for marine parks was \$4.152 million over four years or approximately \$1 million per annum. There was no reference in the budget to the dollars required for displaced

effort, which the fishing industry says is critical to determine prior to zoning and management plans. My initial question is: what is the total funding that has been allocated to the marine parks program?

The Hon. P. CAICA: The targeted support for the marine parks program over the two years 2012-14 is \$3 million. Savings, as you would have identified, are restricted to years three and four in the forward estimates, which coincide with the implementation phase of the marine parks. It is certainly expected by this time that management plans will be in place for the 19 marine parks established under the Marine Parks Act 2007. The budget savings, therefore, will occur in the implementation phase for marine parks.

The impact of the budget cuts will be minimised by retaining the essential work involved in the implementation phase while reducing or deleting discretionary elements such as grants and seed funding for supplementary research. There will also be some revenue raising from the sale of mapping and survey information. Importantly, marine parks will be delivered, as committed by this government, including a comprehensive community engagement program. As a government we will continue to work closely with local communities and stakeholders during the next phase of the marine parks program as we develop draft management plans, zoning and impact statements for each of the 19 marine parks.

Mr FEDERICK: In relation to monitoring marine parks, how many additional monitoring vessels will there be?

The Hon. P. CAICA: Quite simply, that has not yet been determined. We would be utilising our existing resources. It has not yet been determined what resources are required to make sure that we monitor not only what goes on in marine parks—whether that is outside what is ultimately determined as an activity that should or should not occur within those parks—but also it is critically important that we monitor that environment in such a way that we are able to measure the benefits or otherwise of the establishment of these marine parks.

I am told that, in other places around the world where marine parks have been established, over a period of time there is a spillover effect, if you like, from those fish and other creatures that inhabit that habitat, and that has been of benefit to all users who extract resources from the ocean. A prime example, as I understand it, is Cape Kennedy in America, where they had an exclusion zone in an area that historically was fished, but they wanted the fishermen and professional fishermen out of the region because they were firing rockets, and then the monitoring of that region showed additional benefit to those fishers outside of the region as a result of the spill.

Not everyone agrees with that, and the member will know that it certainly is an emotional argument in relation to marine parks and it will continue to be emotional. The state government has a commitment to the establishment of a series of representative marine parks to preserve habitat that needs to be preserved to, in turn, enhance the ability of the state to have a healthy habitat that continues to benefit the environment and users of that environment. That also includes both recreational and commercial fishermen.

In regard to the monitoring, specifically, we will use all of the government resources, including the fisheries department, SARDI, DENR and DTEI, and users will also be provided with monitoring information. I think that is critically important, because we know we are going to have a few blues, and we have already had a few blues. I think that we probably have not been able to capture the hearts and minds of the commercial and recreational fishing sector to date, and I think I have made it clear to you that we have sucked back a little bit to undertake a process of comprehensive engagement, and we are working very closely with the local communities and the commercial fishing sector and, hopefully, we will be able to arrive at an appropriate landing spot.

Ultimately, it is a bit like the Murray-Darling Basin, about which I am sure we will get some questions. The same theory applies, that the users of that system will be beneficiaries of a system that is maintained at an appropriate level of health to allow future generations to extract from that resource in a sustainable way. The same theory, in my view, applies to marine parks.

However, it is also safe to say that it has not been without its difficulties, and we are working through those. The best way to do that is to work with the local communities, and that also includes commercial fishermen. It is also safe to say they are not at one, either, on this particular issue but, hopefully, through this process we will all get to that landing spot where we are at one in regard to the benefits that will arise and accrue through the implementation of a representative marine park system in South Australia.

Mr PEDERICK: Referring to the same budget line, will the government have enough resources to police the proposed vast area of marine parks, or will there be an element of self-policing required from the commercial and recreational sector?

The Hon. P. CAICA: I thank the honourable member for the question. I think it is a very good question. I mentioned earlier that we will be utilising the existing resources from a government perspective, but that will also include our ability to work with the communities. I think a very successful program that has been implemented in South Australia over an extended period of time is Fishwatch.

Of course, the member knows that the best compliance and regulation you can have is when, as a community and individuals, we undertake a process of self-compliance—a process of self-enforcement and regulation. So it will be getting that balance right between using, and I do not like the term, the 'big stick', but to make sure that through educative processes everyone understands their obligations in regard to the proper and appropriate activities that can be undertaken within marine parks.

So there would be that balance, if you like, between the resources that we have—being fisheries, DENR and DTEI, amongst others—and our engagement with the local communities and, indeed, users of the ocean to make sure that we get that balance right between that process and that self-imposed compliance with the adherence to those appropriate activities within the marine park system.

Mr PEDERICK: I have a further question re marine parks in the same budget line. The fishing industry, obviously, says it is critical to determine what is happening with displaced effort and compensation prior to zoning and management plans being introduced. How much money has been set aside in the budget and forward estimates for displaced effort?

The Hon. P. CAICA: The government recognises the importance of the seafood industry to South Australia's economy and regional areas and has given a commitment that its marine parks program will have less than a 5 per cent economic impact on the state's seafood industry. That is as per the methodology in the 2007 EconSearch report.

The commercial fishing industry is seeking greater certainty about displaced effort and compensation and has been advising government on a suitable displaced effort and compensation scheme. Details of the displaced effort and compensation scheme and any supporting regulations will be confirmed during 2010-11 before the draft management plans with the zoning are released for public comment. The government, of course, will aim to minimise any displacement of commercial fishing by buying out quota, endorsements and/or licences through a market-based process.

Now, I will make this point: the progression of this particular matter stalled, and I have mentioned that in parliament to a question that you asked. It has stalled because I asked the Displaced Effort Working Group to go away and, if you like, to have another look at what it is that they were proposing as being the formula for compensation and displaced effort. I quite simply think, and firmly believe, that the best approach is actually to buy out effort, and that is to buy licences, and that that is the most appropriate approach. I do not believe that compensation ought to be paid for what is, if you like in the most simple terms, the requirement for people to go a little bit further than what they otherwise might have had to do.

We are not taking away their ability to fish. What we are saying is that, for a variety of reasons—not the least of which is the retention of that habitat—some activities might not be able to occur in these multi-use marine parks. Compensation needs to be about what impact that displaced effort has on the viability of their business and the best approach to minimise any displacement of commercial fishing is to buy out quota, endorsements and/or licences through the market-based process.

Having said that, we are continuing to work with the fishing groups in relation to this particular matter. I am very pleased and I welcome the input that they have had to date and I am certainly grateful for the ongoing input that they are going to have in this process. But it will still focus on the viability or otherwise with respect to compensation of their business as a whole.

We will work through that particular process. It is a bit like the horse and the cart—they are not as keen to work on the management plans until they have a firm understanding of what the compensation regime, if you like, will be and I understand that. That is why we delayed the meetings of the marine park local advisory groups, until we had got to a more solid position, if you like, on the compensatory regime. That is still the position of the fishing industry.

I am also very pleased, too, that at least we have a consolidated group that purport to represent the industry as a whole, because as you know yourself, and certainly you do, Peter, that they are a diverse group and they do not always sing off the same tune sheet. I think it has been a very positive move towards a single, coherent group that is speaking on behalf of the seafood and fishing industries as a whole.

It also means that I do not have to have as many meetings as I used to have with all the individual, disparate groups that represent various areas of the seafood industry. Not that I mind meeting with them because I think they are very, very decent human beings, but it just needs to have a solid, single, coherent voice, and that is being done.

We will continue to progress this. There has been no money allocated at this point in time. I have certainly taken to cabinet indications based on what the quantum of the money that might be involved, but I am not going to, as you would expect, state what that figure is that I took to cabinet. We intend to continue to work with the seafood industry to avoid some of the circumstances that occurred interstate involving who actually is eligible for compensation. We say that it is those people involved with the direct extraction, those who are licence holders.

Again, I will just reinforce the point, that we will aim as a government to minimise any displacement of the commercial fishing effort by buying out quota, endorsements and licences through that market-based process. We understand its importance to the South Australian economy, the national economy and, indeed, the regional areas where you guys come from. We should not lose sight of the fact that the money generated from recreational fishing in this state is generated within regional economies. So, we want to minimise the impact but, at the same time, we want to make sure that we do have an appropriately representative marine park system that preserves habitat so that our great grandkids will still be able to go and catch a feed of fish and, indeed, so that our great grandkids, if they happen to be commercial fishers, will be able to extract a decent living out of that resource that we need to continue to protect.

Bear in mind, too, that I think the whole system got lost a bit, because this is not really about the way in which we manage our fisheries (that is done through the Fisheries Management Act), but it is a way by which we are able to protect the habitat in which species live, which in turn is going to benefit those people who extract commercially, as well as those people who undertake recreational fishing activities—it is just that I haven't had a chance to fish much lately!

Mr WILLIAMS: I thought I could hear the frustration coming through.

The Hon. P. CAICA: Yes; I read some fishing books every now and then.

Mr WILLIAMS: I was going to suggest, minister, if you are concerned about the message getting confused—you just made the comment about the fisheries being managed through the Fisheries Management Act—I think part of the problem there was the advertising that your government carried out with the little boy and the big fish in the boat, and that is what it was all about.

The Hon. P. CAICA: You know, Mitch, as the then fisheries minister, that I worked very closely and developed a good working relationship with the fishing industry, and I hope that I continue to have that good working relationship. Quite simply, there was the perception that the environment, from the fishermen's perspective, was the enemy in this process, and what we are trying to do through this process is make sure that we are in no way the enemy; in fact, we are all allies in this matter, trying to ensure that we get what we want. You can talk to the people concerned, whether they be my friends in the South-East or elsewhere: we all actually want the same thing, namely, a sustainable resource for future generations to be able to enjoy. So, we come from that starting point, and it is just the way we get there that might differ from time to time. That is why we are committed to working with these people: to make sure that the road map, if you like, for the way forward is one on which we all agree.

The CHAIR: What does that mean?

The Hon. P. CAICA: Quite simply, Mr Chairman, what that means is that, as a government, we want to work with the industry and local communities, and we want to make sure, when the representative marine parks system is established, that everyone, or at least the majority, supports it, knowing that it is the right thing to do.

Mr WILLIAMS: I can understand you being confused, Mr Chairman.

The Hon. P. CAICA: Mr Treloar understood it the first time.

Mr WILLIAMS: He is the only one in the room who did. Minister, I now refer you to Budget Paper 6, Budget Measures Statement, page 139, and the program efficiencies with respect to the natural resources management boards. There is a comment there about cutting costs and saving money—\$26 million over four-year estimates. What is the government's current annual appropriation to the NRM program, excluding NRM levies and federal funds? What is the actual contribution to the NRM program from the state government?

The Hon. P. CAICA: It is \$16 million but, when you include the payroll tax, it takes the state appropriation to the NRM system up to \$17.1 million.

Mr WILLIAMS: Has that been a consistent payment from the states into that program?

The Hon. P. CAICA: I understand it has. I am advised that the \$16 million has been at that level for the previous three financial years.

Mr WILLIAMS: On the same issue, I refer to Budget Paper 4, Volume 4, page 11.6, targets and highlights. One of the targets for 2010-11 is to integrate NRM board operations with DENR field operations. Can you explain exactly what is intended to happen there?

The Hon. P. CAICA: Yes, I can, and I welcome the opportunity to do so. When I first became Minister for Environment and Conservation, it was brought to my attention (depending on who you spoke to) that, whilst there was an acknowledgement of the good work that has been done by NRM boards—I think it is even something that the member for Hammond raised publicly as well—there was certainly the perception out there, and, in fact, people believed that it was more than just a perception, a reality, that the growth of the NRM boards had been at the expense of the delivery, if you like, of on-ground projects. That was raised with me in possibly the very first week that I took on this job. Whilst I am a person who believes whatever anyone tells me until I find out otherwise, I further investigated that and, certainly, everywhere I went across the state it was an issue.

Certain NRM boards are doing things very well, others are doing them well and others are not doing them as well as others. However, it was argued that there was a bureaucratisation, if you like, of what the community was seeing as the NRM boards at the expense of the ability to increase the level of on-ground projects. Quite frankly, what we have decided in the creation of our new agency—and I mentioned this in my opening comments—is to improve the administration and structure of natural resources management in South Australia through the integration of the Department of Environment and Natural Resources and NRM board regional services to provide a single regional one-stop-shop for NRM services.

This will provide a shift to a whole-of-management landscape approach—and I think I have spoken about that—that includes not only the public estate but the integration of natural resources management through working with individual landholders and, indeed, those who lease the land, so that we can have an increased emphasis on collaborating, partnering and engaging local communities. It provides us with a great and a significant opportunity for improving NRM services in South Australia.

The responsibilities and roles of NRM boards will not change, they will continue to be the primary interface between the government and community stakeholders, but—and this is certainly out there already—we will have a single person responsible for each NRM region. Whereas historically we had the conservator and our regional managers, there will now be one person. In some instances, it will be a former employee of an NRM board or someone who remains an employee of an NRM board and, in other areas, it will be a person who is an employee of DENR, but the point is that we are integrating the way in which we do it.

In addition to that—and I know that everyone on that side has had some experience with local councils in their regions—it has been raised with me by local councils that they felt out of the loop and believed that they could have provided a far better outcome if they had understood what NRM boards and, indeed, DENR were doing from time to time. So, it is about integrating it in such a way that we actually have the whole region working towards objectives clearly agreed by that region (by that community) on how to manage the natural environment.

Some people say that integrated resource management is a myth. I think that we can disprove that by taking the approach that we have. What we have undertaken and what we are committed to is significant reform in the way in which we have previously done things; but I also think it is the next logical evolutionary step, if you like, in regard to the whole of landscape natural resource management. I also think it puts us in good stead to engage the commonwealth as well in

regard to what it is that we can manage here in South Australia that sets a template for the other states and, indeed, the commonwealth.

When we talk about whole of landscape management, it is a bit like the bushfires we spoke about earlier: a bushfire does not know that there is a boundary between the public state and private state. The natural resources do not know that there is a state boundary; those natural resources continue.

We have undertaken, with the Northern Territory, the intercontinental corridor. We are looking at whole of landscape management in South Australia through various biodiversity regions. We can do that only by integrating the way in which we do things. That means working in a coherent way between the government departments, and that also includes the NRM boards but also the local community, which includes local landowners and local councils. I am very excited by this process and have set it as one of the flagship issues that, as minister and as government, we will be pursuing during this term of government.

Mr WILLIAMS: I do not know whether we are able to put this into *Hansard*, but can you provide the opposition with an organisational plan of the structure that you envisage for the integration?

The Hon. P. CAICA: Absolutely; in fact, I thought we might have provided that at the briefing we gave you, but we have not, we will continue to send through whatever information you want on this and other matters.

Mr WILLIAMS: There was one, but it was very general.

The Hon. P. CAICA: Yes. I make this point, too, because there are people—and they may very well be within our department—who will start digging trenches because they like the way things are done today.

Mr WILLIAMS: No!

The Hon. P. CAICA: Yes, and that will happen outside, too. Whilst we have the idea of the structure in general terms, we are still working through that, because we want ownership of this along with the broader community, which also includes the NRM boards and the people of the community with whom the NRM boards will still be responsible for that interface.

The CHAIR: We now move on to the EPA.

Departmental Advisers:

Ms H. Fulcher, Chief Executive, Environment Protection Authority.

Mr T. Circelli, Director, Strategy and Sustainability, Environment Protection Authority.

Dr K. Baldry, Director, Regulation and Compliance, Environment Protection Authority.

Mr P. Dolan, Director, Science and Assessment, Environment Protection Authority.

Mr R. Jacka, Chief Financial Officer, Environment Protection Authority.

The CHAIR: Minister, do you have a brief opening statement?

The Hon. P. CAICA: It will be a very brief opening statement, Mr Chairman. During the 2010-11 financial year, the Environment Protection Authority will continue to progress the implementation of the government's priorities to ensure it meets key environmental challenges and meets its responsibilities as a state primary environmental regulator.

The EPA has five ongoing environmental goals: clean and healthy air; land and water that is fit for purpose; communities protected from unacceptable noise; sustainable use of resources; and communities protected from unacceptable radiation. These goals will be pursued through influencing decision-makers, building relationships, working in partnership with licensees, cooperation with stakeholders and ensuring compliance with the relevant legislation.

Key projects for the EPA in the forthcoming year include continuing to work actively with South Australian businesses to expand on the sustainable licence program that promotes beyond compliance and sustainability outcomes; consultation on a revised Environment Protection (Water Quality) Policy; and developing and publishing water quality report cards in conjunction with other portfolio partners and in support of key actions within Water For Good. Focusing on these targets

will allow the EPA to continue improving and communicating environment standards and how they are regulated to provide better outcomes for environmental health.

These targets complement the highlights from 2009-10 which include launching new sustainability licences which include voluntary sustainability commitments to augment traditional mandatory regulatory requirements; implementing the site contamination provisions of the Environment Protection Act 1993; and implementing the Code of Practice for Vessels and Facility Management (Marine and Inland Waters), including new greywater management requirements for all vessels operating on SA waters. The EPA is well-placed to meet the challenges of the 2010-11 financial year.

Mr WILLIAMS: I have no opening statement so we will go straight into questions. I refer to Budget Paper 4, Volume 4, Portfolio Statements, page 11.36, Highlights 2009-10, and the issue of the EPA licensing of the desalination plant at Port Stanvac. It states there as one of the highlights that the EPA received approval to add desalination to schedule 1 of the EPA Act for activities of environmental significance.

Has the EPA concluded all the parameters for licensing of desalination? Is this information publicly available at this point? If not, when will it be publicly available? What substances will there need to be licences to pollute to be provided for; and has there been a determination for the trigger values for each of those substances, for instance defouling chemicals, etc.?

The Hon. P. CAICA: I thank the honourable member for his question and, if I do not answer it in its entirety, it is because there were many components to it, and I am sure you will let me know if I do that. It is clear that desalination is increasingly being used in South Australia with about 80 desalination plants in operation and proposals for at least 15 new plants.

Desalination, of course, is a key component of South Australia's water security plan, Water For Good, and the greater use of desal plants as we go into the future is to be expected. The water security plan also noted that disposal of brine requires comprehensive management and that regulation of desalination under the Environment Protection Act 1993 is being reviewed. Current regulatory arrangements for managing the environmental risks of desalination are inadequate.

Although the operation of some desalination plants can be licensed where discharge to marine or inland waters contains antibiotic or chemical water treatments, the EPA does not have the power to license desalination plants that discharge brine to land or to license desalination when discharges do not contain antibiotic or chemical water treatments.

This is despite the fact that eco-toxicity testing indicates that the toxic impacts of highly concentrated salt can be more significant than that of chemicals in the discharges. This greatly limits the EPA's ability to deal with salinity issues in key areas such as Langhorne Creek and the Northern Adelaide Plains which are important areas for South Australia's food and wine industry.

In view of the growing use of desalination, including the scheduled commissioning of the Port Stanvac plant some time early next year and the environmental risks that it poses, it is important that regulatory arrangements regarding this matter are reformed and the resources required to implement effective regulatory arrangements are secured as a matter of priority.

In relation to the desal plant specific to the honourable member's question (that is, the one at Port Stanvac), the primary environmental issue is the management of salt and brine, particularly in terms of its effects on land (and I mentioned that), as well as the discharge that will occur into the ocean. As a government, we have made a commitment to make sure that we manage that. Certainly, the modelling shows that the discharge will have a minimal effect within a 100 metre radius of the outlet pipe.

We want to monitor that to make sure that the modelling is correct and that it is not having an adverse impact in a broader sense on the Gulf St Vincent. We have made a commitment to monitor that discharge of the brine and also to report publicly the results of that monitoring, because I think it is critically important that the community is aware of what that monitoring is showing.

The EPA intends to place on its website details of licences and conditions relating to desal plants. We know that we are going to have any number of desal plants continuing to be built here in South Australia. We recognise it as a polluting activity and that, as a result, we need to make sure that we have the regulatory framework in place that allows the EPA to play its appropriate role with respect to the licensing and subsequent monitoring of the environmental impact of these desalination plants. We are committed to making sure that will occur.

With respect to 2010-11 and the next steps to be taken, we will continue to develop an amendment to schedule 1 to allow for the licensing of desalination plants. We will continue to consult with all stakeholders in the preparation of this amendment, which includes, too, of course, the people within our community, whether they be the Friends of Gulf St Vincent and other environmental groups, as well as industry people. I was lucky enough to visit Osmoflo. I do not know whether the honourable member has been out there—

Mr WILLIAMS: I have been.

The Hon. P. CAICA: It is a fantastic operation. It does a very good job. It is a very good South Australian operation, which I think is on the verge of further expansion. We know that is a way by which we will be able to secure water supplies in the future which will not only reduce our reliance on those more traditional climatic dependent sources but which also will be critical to the future economic expansion of this state to make sure that we do have access to those diversified water supplies, a very important one of which is water that is sourced through desalination.

Mr WILLIAMS: Thank you, minister. We might come back to you in a memo with some of the specifics of that question.

The Hon. P. CAICA: Okay.

Mr WILLIAMS: I now refer to Budget Paper 4, Volume 4, page 11.39, Sub-program 1.1: Environment Protection; Environmental Goals. One goal is 'clean and healthy air'. Can the minister advise the committee the total number of air-monitoring stations in the state and indicate how many of these are in full operation?

The Hon. P. CAICA: I am told we can; it might just take a minute.

Membership:

Mr Piccolo substituted for Mrs Geraghty.

The Hon. P. CAICA: I am advised that there are 12. The majority of them are in metropolitan Adelaide at strategic points. There are air-monitoring stations in Port Pirie and Whyalla, but the majority are in metropolitan Adelaide.

Mr WILLIAMS: Minister, the opposition has been given information that the air-monitoring station in the CBD of Adelaide has not worked for a number of years. Can you confirm what the status of that particular station is?

The Hon. P. CAICA: I am advised that the information received by the opposition is correct; that is, for a period of time the monitoring station in the CBD was not functioning, but I am also advised that it was only the carbon monoxide component of that monitoring that was not working. Two sets of discussions are currently being undertaken with the City of Adelaide and one is about re-establishing the site. However, given the information that was sourced as to whether or not we would continue with that station in the CBD, we will need to focus on where the greatest air quality issues are, and through that process of discussion with the City of Adelaide, if it is subsequently determined that that air quality measuring station could be put to better use in another location where there are greater air quality issues, that is what would occur.

Mr WILLIAMS: I would have thought that CO₂ would have been the prime air quality thing that you are trying to measure in the CO₂, to be quite honest. Why, in spite of national standards for airborne lead being at 0.5 micrograms per cubic metre, has the target at the Ellen Street air-monitoring site at Port Pirie been set at 2.2 micrograms in 2009-10 and two micrograms in the current year 2010-11, some four times the national standard?

The Hon. P. CAICA: Of course, we have been undertaking efforts for a considerable period of time to improve the air quality in Port Pirie. That air quality is measured by the annual average concentration for airborne lead. We have four sites within Port Pirie: one at Frank Green Park; one at Ellen Street, Port Pirie (which you have identified); one at Oliver Street, Port Pirie; and one at Pirie West Primary School. I am advised that the different measurements (if you like) are dependent upon the distance from the smelter.

Quite simply, you would say that the best level we can have is zero. That is not the case. It is about a continuing improvement program until, ultimately, levels are acceptable, then we can have the debate about what level is acceptable (if you like), as well. I would say that, in Port Pirie, we have worked across government through the EPA, with the Department of Health and also the

local council and Nyrstar (and before Nyrstar its predecessors) about how we would be able to achieve this and what mechanisms can be put in place by Nyrstar to reduce the level that is discharged at that location. We have also, as you are aware, in respect of water restrictions, allowed for there to be the watering of lawns, gardens and the washing down of houses within the Port Pirie region as part of mitigating against the impacts of the discharge that occurs in that town.

I am told that with respect to Ellen Street, Port Pirie, the measures that are set there are variable, dependent upon the location and distance from the smelter. We have other measures in place where exceedence can often be attributed to other issues, and we take into account, amongst other things, exceedence days attributed as follows: two days because of industry, three days with wind blown dust, and four days local development. So, we are continuing to work with the local community.

When I was with the fire service I remember that we visited Port Pirie quite often, and there was always this not just an economic attachment but it became an emotional attachment to the Port Pirie Smelters because everyone within the town relied on that for their income and, indeed, their wellbeing. I am pleased to say that Nyrstar is making efforts to reduce not just the impact of but the amount of discharge that occurs at that site, and will continue to do so by working with not only the EPA but the Department of Health to make sure that we minimise the impacts that arise from living in what is, essentially, an industrial town and region that has, as its centrepiece and as an important part of the state economy, a smelter.

Mr WILLIAMS: I now move on to the solid waste levy. I note from Budget Paper 6, page 142, that there will be an additional revenue of \$17.7 million over the three years in the forward estimates through the solid waste levy. Will the government again reduce the amount that it funds the EPA from the consolidated account in view of the additional revenue coming from the solid waste levy?

The Hon. P. CAICA: Could you repeat that question please, Mitch?

Mr WILLIAMS: I refer to the additional revenue that the budget highlights of \$17.7 million that will come in from the solid waste levy. The question is: will part of this fund be used to offset funding for the EPA from the consolidated account and, if so, how much?

The Hon. P. CAICA: I thank the honourable member for his question. As he has quite rightly identified, the 2010-11 budget includes an increase to the solid waste levy from \$26 per tonne in metropolitan Adelaide and \$13 per tonne in non-metropolitan Adelaide to \$35 per tonne in metropolitan Adelaide in 2011-12 and \$17.50 per tonne in non-metropolitan Adelaide. The waste levy will continue to increase beyond this to at least \$50 per tonne in metropolitan Adelaide to align it with levies in New South Wales and Victoria.

We believe that increasing the waste levy will continue to drive behaviour change through a stronger economic incentive to divert waste from landfill. We have listened to industry feedback and consequently, in conjunction with this increase, I have sought a review of the levy, which will be commissioned by Zero Waste SA. That will include working in partnership with the Local Government Association and representative councils to review the levy. The review will consult with key sectors that pay the waste levy, including landfill operators, local government and recyclers.

We also recognise the fact that increasing the levy could exacerbate the risk of illegal dumping and we are committed to managing this particular risk. The draft SA Waste Strategy 2010-15 sets a target for reduction of incidents and tonnages of waste being dumped illegally. This target will be pursued through a number of actions, including education, enforcement, action and disincentives for dumping. The review will also examine a number of aspects, including illegal dumping and potential options for structure in order to ensure that the government's goal to reduce waste to landfill is best achieved. In regard to the specifics of your question; yes, it will. The EPA is not directly funded through the levy, but \$2.5 million will be allocated to the EPA with another \$2.5 million to Zero Waste SA with respect to supporting those two organisations. Quite simply, the increase in the levy was not a matter that was greeted with universal support, but we are committed to diverting waste away from landfill.

There is something else I also want to look at. I have not been in this job for that long, but we want to encourage resource recovery. So it is not just diversion from landfill, while that is in itself important: it is also about what can actually be recovered from that particular waste in the form of resource recovery, and we can do that along every step of the way. At the moment we have a levy based on just a single weight, if you like, but we know—and I will not name them, but will make out like an ABC person—that with the organisations involved in organic recycling (and you

have been there) there is also the matter of a differential levy. That has been raised with me as I have been around the traps, as well.

We need to have this waste levy as a very legitimate way by which we intercept waste going to landfill. We stand by that, and I know that when you were in government you stood by that as well; and in future distant years when you are back in government, I am sure you will continue to support that. However, I think we can also be clever about the way in which we manage the levy to actually provide incentives to maximise as much resource recovery as we can from the interception of that landfill. So I am very keen—and very keen to work with you guys as well, in a bipartisan way—to ensure that South Australia stays at the forefront of recycling, at the forefront of interception of waste that would historically have gone to landfill, and do it in such a way that we become not just a national but an international leader in the way we recover resources from what was formerly regarded as waste.

Mr WILLIAMS: I now move on to container deposit legislation. I see that there is a cost recovery measure in the budget which is due to raise an extra \$1.5 million. Are you not concerned that this will impact on the efficiency and effectiveness of that scheme?

The Hon. P. CAICA: No, I am not.

Mr WILLIAMS: Where do you see this cost landing? Will it mean higher charges by manufacturers on South Australian consumers?

The Hon. P. CAICA: The evidence continues to indicate that the refund increase to 10¢ was a catalyst for a strong increase in return. That is notwithstanding the fact that in some areas the return may not have been to the same level as increases in other areas, but we have seen an 80.1 per cent return rate for containers that have deposits. That is an increase of 5.6 per cent over the 2008-09 figures and a 14.6 per cent increase over the 2007-08 figures, when the refund rate was 5¢.

It is a very interesting issue, and it never ceases to amaze me that the rest of Australia has not jumped on board with this. We have a situation where you could be at your local footy match and drinking a can of beer—hypothetically, because you would not be drinking beer at the footy—

Mr WILLIAMS: A Coke.

The Hon. P. CAICA: Well, a Coke, because that also has a deposit on it. So Mitch is drinking his can of Coke, and I can bet that if he dropped it someone would grab it before it hit the ground. That is a very good thing here in South Australia, and it sets us apart from the rest of the nation. I am very pleased that the Northern Territory will introduce container deposit legislation based on what we have done here, and we will support them with that. It never ceases to amaze me that at the national level we are never able to gain much traction with the eastern seaboard states in regard to the advantages.

The other advantage that we have had is that we have got in excess of 100 recyclers who have created business from that. So, that in turn lends itself to other ways by which we can recover resource through these recycling depots. Look, this increase in fees will land only on eligible beverages in this scheme. It is around 0.15¢ per container of a 10¢ deposit.

I do not believe that it will have any significant impact, but what I do want to do and pursue is to actually look at how we can expand the container deposit legislation in such a way that we capture some of the anomalies, if you like, that are exempt from this at this point in time. Now, that is not just a unilateral decision that can be made by me. I need to get out there and engage with not only recyclers but also industry and the broader community about what we can do, if we are to do anything at all, with respect to the expansion.

I understand in Norway, or certainly one of the Baltic states—and I am not suggesting that this is the road we are going down—any container is subject to a deposit. They have a significant return, whether it be shampoo containers, for example—not that I would use it very often—and other containers.

Mr WILLIAMS: Hair restorer.

The Hon. P. CAICA: Yes, hair restorer containers; that's right.

Mr WILLIAMS: It comes in containers, apparently. It works, minister.

The Hon. P. CAICA: It does a good job. I really think that we have done a great thing here in South Australia. It is regarded as an icon. The container deposit legislation is one of the state's icons. I think that we can build on that to make it even more effective. I also believe that there is a

willingness within our community to make sure that we are able to, if you like, recover those resources that we can recycle.

Mr WILLIAMS: Can I say, minister, I am delighted to hear your comments, particularly those about wanting to expand the scheme and the intransigence of other jurisdictions. You are possibly unaware, but I was in Broken Hill a couple of months ago, and the council up there are devastated by the most recent changes to our legislation, which has meant that they can no longer participate in the scheme. They used to participate in the scheme that was running here in South Australia. They regard themselves as being very close to South Australia, and virtually all of the containers that arrive in Broken Hill are sourced out of South Australia.

They were operating quite happily within the scheme, at no cost to South Australia, but they have been denied access now because of the most recent legislative changes. So, I will come back to you on that and hopefully we can work out a way that we can circumvent that and get at least Broken Hill back into the CDL.

The Hon. P. CAICA: Yes, okay. Thanks very much for that, Mitch.

The CHAIR: Time has expired now for the section on the EPA. We move on to Zero Waste.

Departmental Advisers:

Mr V. Levitzke, Chief Executive, Zero Waste SA.

Mr P. Fioretti, Business Manager, Zero Waste, SA.

Mr Ian Harvey, Manager, Strategy and Programs, Zero Waste SA.

The Hon. P. CAICA: I will forgo even the short version of my opening statement, given that we have 20 minutes of questions with respect to this line of questioning. There is no doubt in my mind that what we have here in South Australia in the services provided by Zero Waste—we talked about the container deposit legislation earlier and it being a South Australian icon—makes it the jewel in the crown in the way it works with the broader community and industry to ensure that our State's Strategic Plan goal, namely, to reduce waste to landfill by 25 per cent, is achieved. Zero Waste plays its part in making sure it continues to work with the broader community to ensure that these ambitious targets for each of the core waste streams, municipal solid waste, construction demolition waste and commercial industrial waste, as well as household waste, are achieved.

We are proud—and as a parliament we should all be proud—of the role Zero Waste SA plays in South Australia. There is nothing that replicates it anywhere else in Australia, and that is more shame to those other states than it is credit to South Australia for its introduction. We are very proud of it.

Mr WILLIAMS: I refer to an earlier question regarding the solid waste levy. I understand that 50 per cent of the levy collected goes into the Waste to Resources Fund. The balance of unspent funds are hypothecated in this fund and is currently \$18.6 million. I understand the Treasurer approves the annual allocation from this fund that can be expended by Zero Waste. What is the policy with regard to this money? Are we trying to built up money to a target, or is the \$18.6 million and the additional money going in as the solid waste levy increases? What will happen to those funds and how are they being spent?

The Hon. P. CAICA: It is a very did good question. At the moment those funds sit in the hypothecated fund, and that fund will continue to grow, given the increase in the levy with the other 50 per cent component going to Zero Waste SA and a further component to the EPA. It is incumbent upon me as the minister to provide cabinet with an argument about why we put up arguments on how best to use that money, particularly with respect to the objectives of that fund, that is, to reduce waste to encourage recycling and to promote and encourage resource recovery.

Part and parcel of that is the fact I mentioned earlier about the review of the waste levy that will be undertaken by government with stakeholders and also to see how into the out years we are able to lodge a sustainable argument about access to that fund for certain initiatives. It is certainly my intention to put forward proposals that advocate access to that hypothecated fund.

That will only ever occur if we have an argument, a proposal and a process that is beyond reproach regarding the benefits that will accrue from the use of those funds for the further promotion of resource recovery, and we are committed to doing that. I have already attended and

spoken at the Zero Waste Board and also the EPA Board. It is not about just the boards themselves but the broader industry equipping me with a proposal and a plan that, on any fair assessment, even by cabinet, would be worthy of its full support. It is my job, Mitch, to do that.

Mr WILLIAMS: Get on with it, Minister!

The Hon. P. CAICA: I intend to.

Mr PEDERICK: Minister, I refer to Budget Paper 4, Volume 4, Portfolio Statements, page 11.53. The only annual performance indicator is the annual reduction in waste to landfill. The estimated reduction in 2009-10 was about 40,000 tonnes, considerably less than achieved in 2008-09 which was 57,000 tonnes. Why is this, and what is the current total annual tonnage of waste to landfill?

The Hon. P. CAICA: I am advised that with respect to the 2009-10 estimated result we have done better, if you like, than we have from the 2009-10 target where we see a difference between 35,000 tonnes to 40,000 tonnes, bearing in mind the important word there is 'reduction.' I am advised that we are on target to meet our 2010-11 target and we hope that will certainly be the case.

Mr PEDERICK: Minister, how do you quantify the difference, though, between 40,000 tonnes and the 57,000 tonnes that was achieved in 2008-09? The 40,000 tonnes was the estimated reduction in 2009-10.

The Hon. P. CAICA: However, we do not have the figures. We would need the figures going back to 2007-08 to find out what the target was to achieve that actual. I do not have those figures here in front of me. I am happy to get back to you regarding what the targeted figures were for 2008-09. We only have the actual there and the target for 2009-10 and the estimated result for 2009-10 and then the target for 2010-11—are you with me?

Mr PEDERICK: Yes. If you can bring them back.

The Hon. P. CAICA: Yes, I will.

Mr PEDERICK: That will be good. Budget Paper 4, Volume 4, Portfolio Statements, 2009-10 highlights and 2010-11 targets. One of the highlights relates to incentive funding to major waste collectors in the commercial industrial sector. One of the targets in 2010-11 is to provide financial support for the metro recycling and resource recovery infrastructure investment program. Can the minister provide full details of what these incentives are?

The Hon. P. CAICA: Yes, I can and I am very pleased to do so. The Zero Waste SA Metropolitan Infrastructure Program provides assistance to industry. It is aimed specifically at increasing South Australia's capacity for local reprocessing of recyclable material to high value end-use products, and invests in infrastructure that enables greater re-use of waste materials.

In 2009, the South Australian Recycling Industry Investment Review was completed which assessed current recycling infrastructure capacity, recycling industry growth and priority investment opportunities. In line with the findings of the industry, investment review priority areas for investment for this program have been identified and included in the 2010-11 Metropolitan Infrastructure Grants funding call, which closed on 8 October 2010.

The 2010-11 funding call currently open is for \$1.2 million over two years but, by way of background, since its establishment Zero Waste SA has held four rounds of metropolitan infrastructure grants and has awarded funding for 16 projects totalling \$3.3 million, and the program has in turn leveraged approximately an additional \$8.6 million in industry investment. We will continue to ensure that we use this in such a way that we are able to leverage, if you like, our investment from industry for those common objectives.

The other program that I will just briefly mention in the same context is the Zero Waste SA Resource Efficiency Assistance Program (REAP), which is helping businesses and government understand, develop and implement cost-saving resource efficiency measures and in doing so building their capacity to deal with a range of rapidly emerging environmental, financial and social consequences. Zero Waste delivers REAP in partnership with the Business Sustainability Alliance, which is a coalition of four government agencies: Zero Waste SA, the Department of Trade and Economic Development (that is Innovate SA), the Environment Protection Authority and SA Water.

Zero Waste also works to help state government to improve management of materials, energy and water across its myriad of operations, including offices, hospitals, national parks, emergency services, correctional facilities, TAFE campuses and schools. The key elements of the

REAP program are commitment from management, diagnostic evaluation training programs, in-house technical support, financial support in the form of resource efficiency audits and a wide range of support programs and opportunities for business, industry and networking.

Whilst I would never say that \$1 million here or there is not a lot of money—because it is—we certainly get a very good bang from our buck in regard to the incentives programs and indeed the behavioural change that is achieved through this particular expenditure.

Mr PEDERICK: I refer to Budget Paper 6, the Budget Measures Statement, page 143, and savings initiatives: cuts to the incentive and grants programs. Cuts of \$1.7 million are indicated for industry incentive programs, grants programs, research work and recycling campaigns. Does the minister have a list of all the programs that are to be cut?

The Hon. P. CAICA: Ultimately, Zero Waste SA's governance and arrangements are undertaken by a board and it will be up to the board to determine to a very great extent where those variations will occur in the future. I will give you an undertaking to provide you with that information once I am advised by the board as to where it will have its particular focus.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, Portfolio Statements, and the 2009-10 highlights. One of the highlights was that there was a review of the regional implementation program to identify gaps in resource recovery. I will put the questions together: what did the review find and what are the barriers to resource recovery in regional South Australia?

The Hon. P. CAICA: I think our ongoing improvement in regard to this is really about how we can continue to build on and improve what we are doing. Your specific question was about the gaps, as I understand it?

Mr PEDERICK: What did the review of the regional implementation program to identify the gaps in resource recovery find?

The Hon. P. CAICA: What we have found is that dispersed population centres—and I know that you come from what could be described as a dispersed population centre—where fewer people exist and there is a lower rate base coupled with considerable transport distances, create additional difficulties for achieving viable recycling outcomes in many regional areas. That is why many regional and rural communities are encouraging councils to provide more opportunities for recycling. Zero Waste SA will continue to work with those local councils in recognition of these particular difficulties. The draft South Australia's Waste Strategy 2010-15, recently put out for public consultation, does not set specific recycling targets for regional South Australia. That is to provide, I think, greater flexibility for rural councils because it is difficult out there, given the dispersed nature of the communities and the rate base they have.

There are many other Zero Waste SA programs and activities, such as school and community grant programs and electronic waste collections. Members would be aware of our next challenge, that is, come 15 December, the transfer from analog to digital in regional South Australia and the impact that will have. Also, as I have mentioned, electronic waste collection and the household hazardous waste and the farm chemicals collection programs, amongst others, are also aimed at assisting recycling and improved waste management in regional South Australia. In particular, Zero Waste SA's regional implementation program supports local government regions to progressively implement waste reforms and improve the recovery of materials from country areas.

Also raised with me, although I would not specifically have those figures in front of me, are some concerns that have been expressed by local councils in relation, again, to the tyranny of distance and the impact that has on illegal dumping. So, we are aware of that and we continue to work with councils on that matter.

Most regional councils in South Australia have, with funding from Zero Waste SA, developed regional waste management plans. The plans provide a blueprint for commissioning and decommissioning of infrastructure, including landfill and services across the state. The implementation of these plans often requires considerable time to obtain development and other approvals. The program, as the member mentioned, has been subject to review and continuous improvement, and it is strongly supported by regional councils. I am very pleased with the way in which Zero Waste continues to engage our local councils in regional South Australia and, in turn, engage the local community.

Mr WILLIAMS: I seek leave to have inserted in *Hansard* the omnibus questions without my reading them.

Leave granted.

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 above \$10,000 in 2009-10 for all departments and agencies reporting to the minister—listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

3. For each department or agency reporting to the minister how many surplus employees will there be at 30 June 2010, 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 2009-10 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2010-11? How much was approved by cabinet?

5. Between 30 June 2009 and 30 June 2010, will the minister list job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—

(a) which has been abolished; and

(b) which has been created?

6. For the year 2009-10, 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?

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) will be offered for the financial years 2010-11, 2011-12, 2012-13 and 2013-14?

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

[Sitting suspended from 11:53 to 13:15]

DEPARTMENT FOR WATER, \$97,793,000

ADMINISTERED ITEMS FOR THE DEPARTMENT FOR WATER, \$8,469,000

Membership:

Mr Whetstone substituted for Mr Treloar.

Witness:

Hon. P. Caica, Minister for Environment and Conservation, Minister for the River Murray, Minister for Water.

Departmental Advisers:

Mr S. Ashby, Chief Executive, Department for Water.

Mr T. Goodes, Deputy Chief Executive, Department for Water.

Mr P. O'Neill, Executive Director, Murray-Darling Basin, Department for Water.

Mr D. De Cesare, Director, Finance and Business Services, Department for Water.

The CHAIR: I declare the proposed payments open for examination and refer members to Portfolio Statements, Volume 3, Part 12. Minister, do you wish to make a brief statement?

The Hon. P. CAICA: It is my pleasure today to provide information about the programs managed by the Department for Water and previously by the Department of Water, Land and Biodiversity Conservation. I am delighted to be here knowing that we have started the 2010-11 water year with additional water, providing significant benefits for the economy, environment and community.

As members are aware, the Murray-Darling Basin Authority has indicated that South Australia will receive up to 900 gigalitres of unregulated flows from the flood event in Victoria last month. However, while we have enjoyed some good rainfall this winter, both in South Australia and across the Murray-Darling Basin, it will take several years for our water supplies to recover from the drought. Our experience over the past few years with ongoing drought conditions and impacts from climate change highlights the need for a whole-of-basin management plan to ensure we have a sustainable and healthy river system for the benefit of all South Australians in the future.

I am pleased that the Murray-Darling Basin Authority has released the 'Guide to the proposed Basin Plan'. It is now time for a bipartisan approach from elected members to ensure we get the best outcomes for the Murray-Darling Basin. Only a healthy river system can sustain the livelihoods of those who depend on it. The state government will continue to provide expert advice, data and information on key South Australian issues.

On 1 July 2010 the new Department for Water was formed. The department is leading the management of South Australia's water resources, providing advice to the government and the South Australian community on the quantity, quality, use and availability of these resources. The formation of this agency reflects the government's commitment to water issues. The department has the responsibility of advising government on policy, underpinned by science, and delivered through efficient planning and licensing processes.

The new department is the lead agency for the implementation of the Water for Good plan, which was launched in June 2009. Water for Good is the South Australian plan to ensure our water future to 2050. The plan will enable us to diversify our supplies to reduce our reliance on the River Murray and other rain-dependent water sources. The plan was originally developed by the Office for Water Security led by the Commissioner for Water Security, Robyn McLeod. The commissioner now has taken on the role for the monitoring and evaluation of progress of the plan. It is only one year on from the launch of the plan, and I am advised that already 90 per cent of the 94 actions are underway or complete.

Key early actions arising from Water for Good have included the development of and consultation on a discussion paper to guide the development of the new water industry legislation. This legislation will herald a new era of independent water pricing and regulation for the water industry in South Australia. The department is also coordinating the implementation of the \$610 million Murray Futures program in South Australia—a program that has already delivered secure water supplies to communities and industry around Langhorne Creek, Raukkan Aboriginal community, Narrung and Paltaloch peninsulas, Point Sturt and Hindmarsh Island. It has also enabled the management of the Coorong, Lower Lakes and Murray Mouth during the peak of the drought.

Mr Chairman, I have quite a lot to say but we did have an agreement that it would be a short opening statement. While we have a very good story to tell, I think members will get cranky with me if I go on for much longer. Some of the other issues, I am sure, will be raised in the form of questioning, so I am going to leave it there. I highlight, of course, that we have also established the Goyder Institute for water research, and that will help secure and manage our state's water resources.

I am very confident that, with the initiatives that we have in place and the commitment of the state government, South Australia's water resources are being managed to ensure an ongoing supply of water for our health, our way of life, our economy and our environment.

Mr WILLIAMS: My opening statement will be even briefer than the minister's. I merely wish to comment on a statement the minister made in his opening statement about calling for a bipartisan approach to the whole-of-basin plan. The opposition certainly wants to see the environmental conditions of the river maximised but we also want to see South Australian irrigators treated with some form of equity, which is totally missing from the plan that was released last Friday.

South Australian irrigators have been doing the right thing for nigh on 40 years, and they have seen the system abused continually by upstream states. We do not think it is fair or reasonable that South Australian irrigators should be treated with the same cutbacks as proposed in the other states, especially considering that they have already spent a lot of their own money to institute water efficiency systems right across the system, from extractions from the river to delivery to farms and on-farm development as well.

Having said that, Mr Chairman, I am happy to move straight into questions. My first question refers to Budget Paper 6, page 146, water budget initiatives. There is a new initiative which will raise \$44.6 million over three years. The commentary says:

The source of the additional revenue will be determined following an analysis of the primary beneficiaries of the services; however, it is expected that the costs will be shared between irrigators and SA Water.

I have grave concerns that another \$44.6 million will be gouged from irrigators and, indeed, from SA Water, both of which have been under severe duress—irrigators because of lack of water, and SA Water because it has been used as a cash cow by this government for a number of years. However, we will come to SA Water shortly.

Minister, do you have any ideas as to who will be the primary beneficiaries? What benefits do you expect to flow as a result of this additional income, and do you expect this cost to be borne relatively equally by irrigators and SA Water, or is there some other break-up of the way the costs will fall?

The Hon. P. CAICA: I thank the honourable member for the question. The initiative called 'Water planning and management—cost recovery' in the budget papers is one of this state's commitments to implement the National Water Initiative intergovernmental agreement. As part of the National Water Initiative all states and territories have committed to identify, recover and report on the costs associated with the planning and management of our water resources.

Pricing transparency is a primary objective of the National Water Initiative and requires South Australia to identify and publicly report on the total cost of water planning and management, the proportion of these costs attributed to water access entitlement holders and the basis for attributing these costs, and to link charges as closely as possible to the costs of water planning and management activities.

Water planning and management costs are categorised into areas such as water reform, strategy and policy, water planning, water management, water monitoring and evaluation, information and management of reporting, water administration and regulation, water industry and regulation, and education, and each area has a number of subcategories. Different categories, obviously, have different impactors or beneficiaries from these activities, and the intent of the National Water Initiative is that the cost of providing those services should be recovered as much as possible from those impactors.

The department is therefore working with independent experts to determine the indicative level of eligible water planning and management costs incurred by the department, the natural resources management boards, SA Water and the EPA—the primary providers of water planning and management services in this state.

The model is, at this time, being prepared to map the services provided to the impactors of these services and then to allocate those costs in a fair, transparent and consistent manner. We also, of course, need to determine the path by which these costs are recovered and I would expect to be in a position to take a proposal on this to cabinet early in the new year. I remind the committee that these measures do not commence until 1 July next year. So, with respect to your specific question about the impact across the various people for whom we manage water in this state, that is yet to be determined. Of course, that will include having a chat with those people as well.

Mr WILLIAMS: Thank you, minister. I do note that, from my memory, in the National Water Initiative one of the primary objectives was for basin states to actually bring their various valleys back into sustainability, an outcome which has been totally ignored by most of the states and so the National Water Initiative has been an abject failure, and that is why we had the plan that was tabled last Friday.

The Hon. M.J. Atkinson interjecting:

The Hon. P. CAICA: I would say I do not necessarily subscribe to that view but, anyway, you are entitled to do that and you can keep doing that and I will ask questions if you like.

Mr WILLIAMS: Minister, I refer you to Budget Paper 4, Volume 4, page 12.2. It shows the full-time equivalents in the department will fall from 655.9 to 402.2, which does not necessarily appear to be reflected in the employee costs for the various programs within the department, but is this a correct figure and can you explain why the numbers in the department grew from 587 in the 2008-09 financial year to the 655 in the last financial year, the number from which there is going to be a dramatic reduction as we go forward?

The Hon. P. CAICA: The government created the Department for Water to change the administrative structures to support the priorities of the government in the key areas of water management and ecologically sustainable development. These changes resulted in the establishment of a single Department for Water that was effective from 1 July 2010 with responsibility for all aspects of water resources management in the state.

The Department for Water has a full-time capped equivalent of 402. Administrative responsibility for managing natural resources was transferred from the Department of Water, Land, and Biodiversity Conservation to the Department for Environment and Heritage, the new department, of course, being renamed as the Department of Environment and Natural Resources or DENR. Following these changes, 143 staff were transferred to DENR, with a further 72 staff dealing with biosecurity matters transferring to the Department of Primary Industries and Resources of South Australia (PIRSA).

The changes also saw an adjustment to the role of the Commissioner for Water Security. Having developed the Water for Good plan, the commissioner's role, as I mentioned earlier, switched in focus to monitoring and reporting, a government agency progress of Water for Good implementation and on national and state initiatives and education in relation to water security and water conservation. That position is now part-time.

With respect to the specifics of the question relating to the increase in the number of full-time equivalents as identified by you in the 2008-09 actual compared with the estimated result, I am advised that a significant proportion of the increase in staffing levels resulted from the additional commonwealth funding that was secured under the National Water Initiative funding agreements between the state and the commonwealth. They were people who were contracted, if you like, or added to the staff as a result of the significant funding we received from the commonwealth to discharge this state's responsibilities on those agreed joint projects which were funded in the main by the commonwealth.

Mr WILLIAMS: I am looking for a question that goes to that point the minister was just making, but I will get to it. Minister, can you explain why irrigation allocations cannot rise above the current 67 per cent? My impression was that irrigators were of the understanding that carryover water was already locked away in storage and should not impact on the allocations made from this year's available water.

The Hon. P. CAICA: I can, and we discussed this over lunch, as I remember, Mitch. It is one of the things that I have had bit of trouble coming to terms with. What we have, as you are aware, is in round figures an allocation or a state entitlement of 1,850 gigalitres in any given year. That is our state entitlement. Of course, we have not actually received that in most recent years but I am pleased to report that as of a couple weeks ago we have received our full entitlement. When you compartmentalise that 1,850 gigalitres, we know that 650 gigalitres, or 650 billion litres, of that water is allocated for consumptive purposes, particularly in the area of irrigation.

As a result of what was the most unprecedented drought in this country's history and the impact that had on the irrigating sector and elsewhere, a commitment was given to allow water to be carried over. That is, essentially, water that had been allocated the previous year but not been used was allowed to be carried over for the next water year. We also gave a commitment, as I understand it, for that to occur for this current water year, knowing full well that at the time of that commitment we were still in the throes of what was the long-term drought that we were in. I am pleased that the short-term drought is, for all intents and purposes, over, but we know that the ramifications and implications of the long-term drought are still being felt across the length and breadth of the country, but particularly from the border down to the Lower Lakes in the state of South Australia.

So, we made that commitment to allow carryover of water to occur, but that carryover water actually forms part of your 1,850 gigalitre entitlement for the following year. We have a situation where we carried over approximately 228 gigalitres of water for this current water year. That 228 gigalitres has to be included within our 1,850 gigalitre entitlement for this year. It also has to be contained within the 650 gigalitre component of that 1,850 gigalitres that is our overall entitlement.

I am not pleased with that, and we cannot exceed our 650 gigalitre cap. No person can use more than 100 per cent of their entitlement, so we actually have irrigators who may well have about 150 per cent of what is their current entitlement this year, knowing full well they can only use 100 per cent. However, it also means that, when we allocate the water that we have, on an equity basis, we can only allocate from the 650 gigalitres less the 228 gigalitres, which equates to 67 per cent for irrigators. There are ways that could be managed. I certainly have my department

looking at what the rules might be next year, if indeed we are going to have carryover water, because historically, as you are aware, you used it or you lost it, and those that did not use their full 100 per cent allocation in good years, that water would flow down the river to the Lower Lakes and hopefully beyond out into the ocean.

We are undertaking a review at the moment as to what might occur in regard to carryover, if we are to have carryover next year, because I want to avoid a situation where, if we do have our 650 gigalitres of water available for consumptive irrigation next year, everyone is able to get 100 per cent of their entitlement. There are a couple of ways it could be done. People can buy water, because if they cannot use more than their 100 per cent, that means they have two choices: they can sell it or socialise it, if they want—and I am not sure that people who have bought water will necessarily want to socialise the water that they have bought or carried over—or, alternatively, depending on what the circumstances might be next year, they can carry it over. However, I am certainly flagging here, as I have flagged previously, that we will be having a good look at what the circumstances might be for carryover next year.

We are also working with the irrigation trust (particularly the Central Irrigation Trust) to develop an effective carryover policy that can be utilised, if that is possible, in times of non-drought, in better times than otherwise would be the case. However, clearly, whilst it was a very good initiative in the context of the drought we have had, the unintended consequences of that policy has meant that there are irrigators who, when we could have had the opportunity of giving them 100 per cent this current year, will only be entitled to 67 per cent.

I will also make this point: given the fact that, as you have mentioned yourself, we not only pride ourselves on our exemplary behaviour with respect to our cap and the way in which we have irrigated but also think that ought to be taken into account in the final determination of the Murray-Darling Basin Plan, I do not think it is a very good time for South Australia and I do not intend to breach our cap, as it exists here in South Australia, in the context of where we sit at this point in time.

Mr WILLIAMS: Did I hear the minister correctly that one option the grower might have is to sell the water?

The Hon. P. CAICA: They can.

Mr WILLIAMS: So if a grower had in excess of 67 per cent of his allocation because of some carry-over component, he could sell that carryover component into an upstream valley?

The Hon. P. CAICA: I understand that any person can sell any water they have. That is one of the issues we want to address within the Murray-Darling Basin Plan as well, namely, a trading regime across the length and breadth of the basin.

Mr WILLIAMS: So an irrigator ostensibly could sell a parcel of water and then go back into the market, buy back the same volume of water and then bring it across the border.

The Hon. P. CAICA: If you sell it, it still comes off your entitlement. Apparently, that had been done in the past and that is something that has been addressed.

Mr WILLIAMS: In the estimates committee last year, from memory, a series of parcels of water was purchased by the government, some to bolster our critical human needs water. One parcel of 39 gigalitres, from memory, was excess to the 201 gigalitres we needed to put together for the 2009-10 year, and the committee was told that that 39 gigalitres would go against this year's critical human needs water. Does that mean we have lost the ability to bring that 39 gigalitres of water into the state as well?

The Hon. P. CAICA: That is actually in storage.

Mr WILLIAMS: And the carryover water is not?

The Hon. P. CAICA: No, it is not, but certainly that is in storage at this point and a determination will be made. It is a question you might want to save for SA Water.

Mr WILLIAMS: I appreciate that, but it seems that that water will be treated differently from irrigators' water.

The Hon. P. CAICA: The 201 gigalitres we have for critical human water needs is in storage and we can continue to store that water. It is a requirement. Providing critical human water needs from the River Murray is a requirement of the commonwealth Water Act 2007, and it is a state responsibility to secure this water each year. You have quite rightly identified that South Australia's critical human water needs volume sits at 201 gigalitres and we are required to

provide: 150 gegalitres for metropolitan Adelaide and associated country towns; 31 gegalitres for River Murray country towns; and 20 gegalitres for direct River Murray industrial stock and domestic extractions. They need to be secured 12 months in advance. You are quite right to identify that water that was purchased last year. SA Water still has that water.

I am told that the 201 gegalitres during 2009-10, required for critical human needs, was from a combination of sources: 39 gegalitres of water secured in 2008-09 was carried over 2010-11 (and that is the water you are identifying); 42 gegalitres of improvements in water resource availability during 2009-10; 60 gegalitres as a result of reduced pumping from the River Murray (which we are always pleased about) due to improved inflows into the Mount Lofty Ranges storages; and 60 gegalitres of annual allocation purchased on the open market. That is in storage.

The one thing we need to work out (and again we would appreciate a bipartisan approach and hope it occurs) is that when those storage areas are full and spill, guess whose water is on top? It is our water on top and flows out straightaway.

Mr WILLIAMS: And then there is an unregulated flow and we cannot get it back.

The Hon. P. CAICA: We are very pleased that we now have a circumstance where we can store water in the upper catchment area, and we appreciate that it has been provided by the authority in consultation and agreement with the other states, but there are other areas we need to work on to ensure there is a greater level of equity in that storage process, and we will continue to work with our upstream state partners on that matter as well.

Mr WHETSTONE: I have a query on the 2009-10 carryover water that has been put into storage for the current season of 2010-11. Why could the government not leave the carryover water in storage?

The Hon. P. CAICA: Because, as I understand it, we are not entitled to do that. It is part of that allocation that will come down. Hypothetically, we could have a situation where you, as an irrigator, may have what is essentially 150 per cent of your entitlement available to you, knowing full well that you can use only 100 per cent of it. Depending on what the rules are next year, you can carry over that storage—but I doubt very much whether we will do that, as discussed. So, really, it is available only for that next year, and it is the same arrangement in regard to what we have for SA's water storage in the upper catchment; it is not applicable in this circumstance. Whether that is something that also needs to be addressed is something that we are willing to look at. I am told that, under the new schedule G, we are currently negotiating the requirements for critical human water needs and carryover, and that is what we will attempt to do.

It is interesting that, when the irrigator cutbacks occurred, it was evenly spread across irrigators. There were horrific circumstances when we only had 2 per cent or 18 per cent, building up to 62 per cent last year, where the majority of people, unless they sold it, would have had a component of carryover because it was so late in the season, as you may recall, when that increase in allocation was provided. So, either the majority would have had a carryover or they might have sold that and then not had one.

It does hurt a little that we finally have a year with 650 and there will be irrigators able to have access to only 67 per cent of their water. We have spoken about that, Tim, and I know that there will be a view expressed by your constituents up there about the inadequacy of this arrangement, but I would also remind everyone that 67 per cent is a far better situation than we have had in previous years.

I think, regrettably (if that is the right word), that the unintended consequence of what was a government commitment—and we stand by that commitment to provide 100 per cent of carryover—has had this impact upon a number of irrigators. I am also told there is a significant number that carried over water last year, and we know that it was 228 gegalitres. Initially, we had catered for 130, then up to 170, and then 178; and, with every audit we did, it kept going up to the extent that we now have 228 gegalitres, which is more than one-third of the total number we are able to allocate for irrigation purposes.

Mr WHETSTONE: I would like to clarify that a little more. If the water that we are looking at carrying over for this year was left in storage, then the state could make a 100 per cent allocation, because the carryover water would be left in storage and, if it had to spill, it would.

The Hon. P. CAICA: To clarify what you are saying, if we had left that carryover in storage and we still had our 1,850, that 650 of the 1,850 could have provided 100 per cent and we just carry over that water for another year.

Mr WHETSTONE: Yes.

The Hon. P. CAICA: I am not quite sure. I will have to get back to you on this, because the arrangement, as I understand it, was that the carryover that we had this year had to be used this year and had to form part of the 650 allocation. Of course, we find ourselves in a situation that we never expected six months ago to be in, so I think the decision was right and sound at that time to allow for carryover, but it has had these unintended consequences. My understanding is that if we still kept that in storage it would form part of what was your 1850 allocation. You do not have to use it but I could not see why we would not use it if we had it. Is that correct? Yes, that is exactly correct.

Mr WILLIAMS: Minister, just on the same theme, over the past 12 or 18 months the state has been putting together environmental parcels of water: 170 gegalitres of water was put together to bring down for the lakes. Is that the same issue? I assume this year we have a lot more water that has been allocated to the environment as the amount of water available has increased, so what happens there?

All the water that has been put aside for the environment is able to come down. All the water that has been put aside for critical human needs has been able to come down, including the additional that has been put aside, but any additional that was put aside for irrigators is lost.

The Hon. P. CAICA: The state government made a commitment over two financial years to provide 170 gegalitres of environmental flow that would find its way down to the Lower Lakes. That is in addition to what was the conveyance water, if you like, that would also find its way down there. We have delivered both those parcels. There is no carryover environmental water. That is why we altered the allocation framework, if you like, because the environment, in stark contrast to what had happened previously where it was not getting the appropriate level of water, had received a boost of 170 by two in a short period of time from the state government.

We are also told that in excess of 900 gegalitres of unregulated flow will be coming down, as well. Some of that has already found its way down there. You know that we have opened barrages across there. I went down and had a look the other day, and we are opening more. We have in excess of 10 gegalitres flowing through the barrages at this point in time, and we expect that to increase to as much as 20 in the coming weeks, and that will find its way down to the Murray Mouth.

In essence, because of the changing circumstances, we adapted or altered the allocation framework, because we had allocated water for the environment. Given the water that was flowing down, we reassessed the water that we had allocated to make sure that we were able to provide increases in allocations to irrigators earlier than otherwise might have been the case if we had held fast on the framework as it currently exists. We made that change several weeks ago, maybe a month or so ago, to that allocation framework.

Mr WILLIAMS: I refer now to Budget Paper 4, Volume 4, page 12.15, Sub-program: Water Policy. One of the commentaries there refers to the removal of barriers to water trade. Can you tell the committee what is the current status of the government's supposed High Court challenge to the Victorian 4 per cent trade cap, and do you now concede that there was never really any serious effort to put this challenge to the High Court and it was never anything other than a PR exercise?

The Hon. P. CAICA: There is a fair bit of comment in there, Mr Chair, but I will deal with the comment as well. The word that I think was used was 'supposed' High Court challenge. It is more than supposed, it is a constitutional challenge in the High Court—

Mr WILLIAMS: It is actually in the Federal Court.

The Hon. P. CAICA: —against Victoria's water trading. It is a constitutional challenge in the court against Victoria's water trading rules. It commenced on 1 December 2009. It was subsequently transferred to the Federal Court on 23 February 2010 for trial. So, if you had not interrupted, I would have got to that.

Mr WILLIAMS: I am sure you would.

The Hon. P. CAICA: The two applicants are SA Water and the State of South Australia. The applicants are represented by the Solicitor-General and the Crown Solicitor's Office. Various procedural steps have been ordered by the Federal Court, essentially focused on the parties further refining and elaborating on the facts and issues of the case. The Department for Water has been assisting the Crown Solicitor's Office and the Solicitor-General in preparing the case for the applicants by providing detailed administrative and technical information and data relating to water

trading as and when required. It is expected that the assistance of the Department for Water will continue to be required on an ad hoc basis until the case goes to trial or is settled.

In regard to the specifics of your question, this state remains committed to challenging the current water trading rules, and I think that is something that you would support as well. We are not going to do anything other than what we are doing at the moment. We are going to act and certainly operate as if we will be going to trial. Of course, what we say is that the Murray-Darling Basin Plan ought to and must, in fact, address the restrictive trade rules that exist at the moment.

What we want from South Australia's perspective, and I think it is what the opposition wants as well, is unrestricted trade across the length and breadth of the Murray-Darling Basin so that water can move to wherever and to whomever may wish to purchase that water. We are committed to making sure that we do free up the trading rules. We expect and certainly hope that the Murray-Darling Basin Authority, in the final plan that will be developed (knowing full well that that is still 12 months away), will address the trading rules. We would be delighted if it does address them satisfactorily because, quite frankly, we would prefer that to be the case than to continue with this court case, but we will continue with it.

Mr WILLIAMS: The relevant agreement has already been signed off, minister. Victoria has already signed off to close it down by 2012. The federal government has a separate agreement that does not impact any buybacks the federal minister makes, and it is certainly not causing any restriction on trade.

The Hon. P. CAICA: Well, there are those who are telling me that it is a restrictive trade practice. In fact, you would have—

Mr WILLIAMS: You have been listening to the PR people too much, minister.

The Hon. P. CAICA: No. Because I know you are an astute and well-read person, I know you would have read the most recent report from the ACCC on the restrictive nature of the trading practices for water across the Murray-Darling Basin, and it continues to advocate that view in its most recent report. We will continue to fight on behalf of South Australians and, indeed, all the Murray-Darling Basin users, to make sure that there is a process by which water can be traded effectively, efficiently and without restriction.

The Hon. S.W. KEY: I refer to Portfolio Statements, Budget Paper 4, Volume 4, page 12.13. Minister, you have covered some of this in your introduction, but I wonder whether you can outline what the government has done to ensure that the wetlands and the flood plains of the Murray River can have access to available environmental water. I would particularly like you to address the environmental water question.

The Hon. P. CAICA: I can assure the deputy leader that this will be the only question we will take. The environmental water management team in the Department for Water has been responsible for several years for the management, allocation and delivery of environmental water along the South Australian River Murray. In consultation with other agencies and experts, the team prioritises sites requiring water. Environmental water bids are developed and submitted to the Commonwealth Environmental Water Holder and the Murray-Darling Basin Authority, under The Living Murray program.

During 2009-10, South Australia successfully bid for 29,767 megalitres of water from the Commonwealth Environmental Water Holder. This was allocated to 10 sites, those sites being Lake Albert, two Chowilla wetlands and seven other priority sites. The Commonwealth Environmental Water Holder contributed up to \$419,850 towards the delivery of this water.

South Australia also successfully bid for 52,835 megalitres of water from the Living Murray and this water was used at 11 sites in South Australia, those sites being Lake Albert, seven Chowilla wetlands and three Lower Lakes wetlands. The Living Murray provided \$746,115 for environmental water delivery to these sites. In addition, 10,000 megalitres of water was allocated to 15 wetlands, as part of the 2009-10 River Murray Drought Water Allocation Decision Framework. Regular monitoring indicates that these watered sites are providing critical refuge for endangered species, such as the southern bell frog. In addition, submerged aquatic vegetation health is improving and birds and fish are breeding.

This year, we have received unregulated flows that have enabled an additional 16 wetlands to receive water. These unregulated flows have enabled 12 pool level wetlands that were closed due to the drought to be opened and refilled. In total, 2,555 megalitres of unregulated River Murray flows will be used for this watering. Four temporary wetlands will also be opened, using a total of

1,162 megalitres. These sites will be inundated during the unregulated flows if river levels increase above normal pool height.

The successful bids for environmental water, water allocated to the environment under the River Murray Drought Water Allocation Decision Framework, and the most recent unregulated flows have all provide significant environmental benefits to numerous wetlands, for which I am sure everyone is thankful.

The Hon. S.W. KEY: I will forgo any other questions out of respect for the minister's agreement.

Mr WILLIAMS: Minister, you and your government continue to state that customers for the 13 gigalitres of harvested stormwater, which is to be achieved by 2013, have been identified. The experience of the Salisbury council stormwater harvesting work undermines this claim. Can you identify the customers for 13 gigalitres of non-potable harvested stormwater, particularly given your own Water for Good program identifies that the total water usage for public parks, gardens and playing fields across the whole of metropolitan Adelaide is only 15 gigalitres of water, and already the Glenelg to Adelaide Parklands treated wastewater pipe will replace some 2.8 gigalitres of that usage?

The Hon. P. CAICA: We had a significant amount of money provided by the commonwealth government supplemented by state government water to advance seven stormwater projects, which are now up to about nine in regard to the second round. Those were in excess of \$145 million in value, and those projects were successful under round one of the Special Call for Stormwater Harvesting and Re-use Projects.

Those projects will receive \$63.7 million in commonwealth funding and around \$45 million from the South Australian government, with the balance being provided by councils and other partners. Projects have commenced and are in various stages of planning, design and construction. All projects are currently on schedule to be completed by the end of 2013 and are currently on budget. Collectively the projects will harvest in the order of eight gigalitres per annum. Users and customers have been identified for all the water that will be generated by the schemes.

I make this point: when I came into this responsibility, I was inundated by local councils asking for various levels of support for the stormwater capture, storage and re-use projects and, with respect to those councils and not being disrespectful in any way, I saw a lack of coherence from those projects in the context of what must be our overall plan for stormwater management in this state, in particular in metropolitan Adelaide.

Not only are the projects that have been agreed to by the commonwealth, supported by the state, projects that need to be viable in respect of their capacity to collect and store, but also linked to it was the requirement for there to be a customer base. Given the fact that the majority of those projects, if not all of them, are connected to local councils, that question would have to be directed to them in regard to their customer base. But it is safe to say that that money was provided on the basis that those projects ticked certain boxes: one was a distribution network, one was also a customer base as a result of customers being able to source water from that project.

The seven projects approved in November, and I think you are aware of them, are the Adelaide Botanic Garden ASR Scheme; Water Proofing the West, which is down my way in the City of Charles Sturt, at a cost of \$58.6 million and expected to harvest 2,500 megalitres per annum; the Adelaide Airport Stormwater Scheme in partnership with SA Water; the Unity Park Biofiltration in partnership with the City of Salisbury at a cost of \$14 million; Water for the Future in partnership with the City of Playford; Water Proofing the South, and I have been down to visit that project and I congratulate the City of Onkaparinga for the work that it has undertaken at a total cost of \$30 million with an estimated harvest of 2,200 megalitres per annum; and the Barker Inlet Stormwater Re-use Scheme in partnership with SA Water, which is estimated to harvest 350 megalitres per annum.

There are a couple of other projects under round two of the special call that I will not necessarily go into in any detail, but again the criteria for allocating or giving the green light to those projects was that customers were required to be identified. I cannot identify who those customers are because that was the responsibility of council. I have no reason to think that council has not done what it said it would do in regard to meeting the criteria for those projects.

Having said that, the member for MacKillop knows, and I think I announced in parliament the other day, that the Department for Water has commenced the development of a stormwater strategy. It is quite interesting because, when the stormwater management system was first

established, it was about having a process by which we could jettison water as quickly as we could out of populated areas and get rid of it. We have done not a 360 but a complete 180 turnaround in that, if there are any benefits of the drought we had, it is the value that people now place on water. They see stormwater as a valuable resource that can be captured and polished to become fit for purpose and can be used as an alternative to potable water supplies that we have used historically.

We have commenced the development of a stormwater strategy. It will have a five-year horizon with a focus on the Greater Adelaide region. We are leaders in stormwater recycling and, quite often (not that self-praise is any recommendation), we do not blow our trumpets as well as we should in relation to the things that we are doing well. On any fair assessment, South Australia is a leader in stormwater recycling, as indeed it is in rainwater tank ownership. It is important that our state continuously improves and strives to further lift the benchmark—

The Hon. M.J. Atkinson interjecting:

The Hon. P. CAICA: —in relation to stormwater management. Water for Good sets further targets to increase stormwater recycling, as all members are aware, in the Greater Adelaide region to 60 gegalitres in 2050. We are on track to do that. We are going to meet our 2014—

Mr WILLIAMS: Who are the customers? That is the question.

The Hon. M.J. ATKINSON: Mitch wants us to drink it.

The Hon. P. CAICA: Of course, the stormwater strategy is to provide that strategic direction as a first step towards transitioning from historical management of stormwater, as I mentioned, to water-sensitive urban design and integrated urban water management. But, in relation to the costs and the price, the member is aware that we will introduce a bill by the end of the year. Of course, part of that bill will flag, amongst other things, the role of ESCOSA in the independent pricing of water. Critical to that is to make sure that we do have a price on recycled stormwater that makes it more attractive than potable water.

The Hon. M.J. ATKINSON: It's only sensible.

The Hon. P. CAICA: It is quite clear in my mind that—

Members interjecting:

The Hon. P. CAICA: There is still the argument about the ownership of that water, too.

Mr WILLIAMS: Are you going to take it away from the councils now?

The CHAIR: Let us keep this relatively relaxed and cruising along. If the member for Croydon manages to restrain himself and the member for MacKillop manages to restrain himself, we will probably get through this in a relatively calm and collected way.

The Hon. P. CAICA: I thank you, very much, Mr Chairman. I am relaxed and calm, and I apologise if I was giving an indication that it was otherwise the case.

Getting back to the point, we can have a discussion about the ownership of the water but, notwithstanding that—and this is a debate we have to have—what we need to do is make sure that that water is priced in such a way that it is, of course, an attractive alternative under a diversified water supply system so that people purchase that water. That will be undertaken by ESCOSA.

One of the points that I would also flag is that it is very doubtful that, if we were to attempt to recoup all the money invested in these projects and set the price of that recycled water accordingly, I think we would price stormwater out of the marketplace. It is something I look forward to progressing and also working with the opposition on—also the local councils, the Water Industry Alliance and others—to make sure that underpinning our water security is a diversified water supply available to the people of metropolitan Adelaide and South Australia, a significant component of which will be that water that can be re-used and will be fit for purpose, that water that we now call stormwater.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, Sub-program 2.2: River Management and Operations. The performance commentary in paragraph 6 refers to the riverbank collapse hazard program, in particular, that the plan focuses on hazard management, including mitigation and prevention works.

What is the government doing about the serious deterioration that is becoming evident in levee banks along the river below Lock 1, some of which are already showing signs of major

cracking and failure, which has already lead to serious flooding at Pompoota, and now threatens many other river communities and businesses?

The Hon. P. CAICA: I thank the honourable member for his question. Of course, being the local member there, he would know that the cracks and the deterioration of those banks has occurred for a long time and is one of the consequences of the unprecedented drought that this state and nation found itself in. I also make the point that the problem is now being exacerbated because we are now having water—for which we are thankful—coming down the channel and through the system. I was told that on the weekend the levels below Lock 1 are back to what is their historical level and people are very pleased about that.

An honourable member: Absolutely.

The Hon. P. CAICA: Well, I would like to take credit for it, but if you take credit for the water you have to take credit for the drought and I am certainly not going to take credit for the drought. What we can take credit for, I think, is the way in which we have managed the consequences of the drought, the way in which the state has worked toward making sure that the river—that river that is under our control—lives to fight another day, and that includes the Lower Lakes as well.

The riverbank collapse on the River Murray below Lock 1 emerged as a state hazard largely due to the unprecedented low water levels from 2008 to 2010, as I mentioned. The collapse has a program, to which my friend refers, and is administered by the Department for Water and is responsible for preparing for, recording and investigating riverbank collapses and incidents and publicly maintaining an online incident register. The program provides advice to the local landowners on required site mitigation activities in the interest of public safety.

The hazard plan provides the framework for maintaining public safety. A riverbank collapse communications plan has been developed and implemented to deliver important safety information to the public and now, with river levels below Lock 1 restored to the long-term pool level, the stability of the riverbanks is being restored.

I am advised that the stability of the riverbanks is being restored. Where riverbanks become unstable during drought conditions, further collapses may occur. We are going to spend \$1.286 million during 2010-11 on this particular matter.

In regard to the ones you have identified as a major breakthrough breaks or breaches, I understand that a significant amount of that water in the main occasions is actually seeping underneath, more so than over the top. We have not seen any breaches over the top except for one, but again, it created no problems to life or property.

What we actually want is to contain the water behind or inside the channel because my big fear previously was that, if we are talking about wasting water, if the banks did breach in the way in which some people thought they may, we would have had a significant amount of water that would have been wasted, if you like, onto those plains out there.

We are monitoring it, Adrian, and I appreciate the calls we get to our office that alert us to what is going on there. I appreciate the calls that we get from you, and I think that on those occasions we have returned those calls to the people who work that land. Part of it has been who is responsible because we know that roughly 70 per cent of the levee banks are owned by the state; the other 30 per cent are privately-owned.

One of the questions I asked earlier was, 'Why the heck aren't we repairing them now?' But we did do some work and, in fact, because of the drought, any repair work we were doing was exacerbating the problem anyway; it was not remedying it. As I understand it—and you know more than me—the influx of water can often be a good thing, too, because it starts that clay and that soil to—what was the word you used?

Mr PEDERICK: It helps start to seal it up.

The Hon. P. CAICA: Yes, seal it up. We are continuing to monitor that. We hope that, naturally, it will do that, but there is still no doubt that over a period of time we are going to have to continue to do work on those levee banks to ensure that the damage that has occurred, where it is going to create a problem, is fixed as a priority and that, where it is not so much problem, it still gets fixed over a period of time.

Mr PEDERICK: Thank you.

The CHAIR: We are done for time, and we have pushed well past the schedule.

Departmental Advisers:

Ms A. Howe, Chief Executive, SA Water.

Mr G. Henstock, Company Secretary, SA Water.

Mr P. Prodanovski, Group Financial Controller, SA Water.

Ms V. Balkwill, Management Accountant, SA Water.

The Hon. P. CAICA: I will make a very quick opening statement, along previous lines. South Australia has always led the nation in innovative water management, and SA Water continues to underpin our multifaceted approach to water security. In terms of capital investment, the five years to 2009-10 saw SA Water's total capital expenditure increase to nearly \$2.189 billion, an increase of 248 per cent on the previous five years. Looking to the future, this substantial expenditure continues with a \$2.08 billion capital investment program from 2010-11 through to 2013-14. Major water security projects, including the Adelaide desalination plant, account for more than half this expenditure.

Adelaide continues to recycle more waste water than any other Australian city, thanks to projects like the \$76.25 million Glenelg to Adelaide Parklands scheme and a \$45 million commitment to stormwater projects in the western, southern and northern suburbs. Water security in the regions has also been addressed. As I mentioned this morning, in 2009-10 we completed the Lower Lakes pipeline and Langhorne Creek water supply, and in 2010-11 we will initiate work on the Hawker desalination plant at a cost of \$8.1 million.

Along with the strong focus on water security, our existing water and waste water infrastructure asset management and renewal continues to remain a high priority for SA Water. SA Water has also acted to ensure that customers can control their consumption and expenditure by focusing recent price increases on consumption charges, introducing quarterly water use billing and redesigning accounts to improve information on consumption trends and water efficiency.

These reforms complement the government's water efficiency rebate schemes and SA Water's education programs to drive metropolitan Adelaide's average daily potable water consumption from 427 megalitres in 2005-06 down to 363 megalitres in 2009-10. The investments that I have outlined today ensure that South Australia remains a world leader in water management to support our economy, our lifestyle and our environment, and will protect and supplement our water supplies both now and in the longer term.

Mr WILLIAMS: I refer to Budget Paper 4, Volume 4, page 12.16, sub-program, Urban water. Last year the government introduced quarterly billing, which has caused many complaints because those who are water wise and do not use the full 30 kilolitre allowance at the lowest price in any quarter cannot roll forward that unused allowance. Earlier this year on public radio you, minister, acknowledged the issue and undertook to look into it. In the next sitting week I will introduce a private member's bill to resolve this issue and give water users the benefit of the full 120 kilolitres per year at the lowest price rate, as they used to get. Will you support that change?

The Hon. P. CAICA: Under the new quarterly billing system adopted under the Waterworks (Rates) Amendment Act 2009, charges in 2010-11 are applied as follows: the first tier at \$1.28 applies to water use up to and including 0.3288 kilolitres per day, or 30 kilolitres per quarter over the three months, as you identified. The second tier, \$2.48, applies to water use per day, up to and including 1.4247 kilolitres per day, or between 30 kilolitres and 130 kilolitres per quarter. The third tier at \$2.98 applies to water use in excess of 1.4247 kilolitres per day or greater than 130 kilolitres per quarter.

Customers who use less than 30 kilolitres of water a quarter pay the lowest tier price for that water. Water use over 30 kilolitres per quarter is priced at the second tier to deter customers from using over 30 kilolitres, and the third tier price is for water use over 130 kilolitres.

Some customers complained that the inability to carry over unused water, that is, any difference below 30 kilolitres between the actual water used and the 30 kilolitres in any quarter, acts as a disincentive to conserve water. I do not think anything should act as a disincentive to conserve water, but the impacts of moving back to an annual threshold involving carryover of unused water across quarters is something that you identified as my having said on the wireless that I would look at, and we are continuing to look at it. Water for Good discusses, among other

things, ESCOSA reviewing the pricing structure. I do not necessarily want to have to wait until that time, but if the current pricing structure is an issue then this review could be brought forward.

It is also noted that charging on a quarterly basis with no carryover is standard practice for water and energy utilities. We are continuing to look at it. I understand that it does not affect a significant number of people. I also understand—and I am waiting for more information here—that it could incur a significant additional cost to SA Water with respect to changing our programs to allow for that. Based on the 2010-11 price levels moving back to an annual threshold, the decrease in revenue for SA Water would be significant. This may increase over the coming years as prices increase, although compliance with NWI obligations would necessitate additional increases in prices, as I mentioned.

As to the impacts for customers, as I understand it, based on the data we used to set the 2010-11 prices, it is estimated that moving to an annual water use threshold would involve the following impacts. I also remind everyone on the committee that the reason we went to it was that we were trying to avoid that significantly higher bill received at the end of the water year, and that was about spreading out the costs of water over that period and it was done for all the right reasons because, in turn, we received significant concerns from the public about that last bill under the way we had historically done it.

As my chief executive mentions, it gives a pricing signal closer to what people would understand would most likely be their bill based on that quarterly billing. I am told that 47 per cent of all customers would incur a decrease in their annual water bill of between 10¢ and \$300, although four non-standard customers would be in excess of this.

For those customers who sustain a decrease in the water bill, I am advised that the following further impacts apply: the bill for 33 per cent of all customers would decrease by up to and including \$20 per annum; the bill for 12 per cent of all customers would decrease by between \$20 and \$50 per annum; the bill for 2 per cent of all customers would decrease by over \$50 and up to and including \$100 per annum; and the bill for 0.25 per cent of all customers would decrease by over 100 per cent per annum.

We will continue to have a look at that. I apologise; I have been advised that I said that it would decrease by 100 per cent. I will correct the record now: the bill for 0.25 per cent of all customers would decrease by over \$100 per annum. We will continue to have a look at it. I know that (not for the next financial year but for the subsequent final year) ESCOSA will be looking at that, as well. I look forward to your private member's bill when you introduce it so that I can have a look at it.

Mr WILLIAMS: On the 28th, minister.

The Hon. P. CAICA: The 28th, is it? Okay.

Mr WILLIAMS: Minister, last year the committee was told by your predecessor, in regard to the decision not to proceed with the Upper Spencer Gulf desalination proposal, as follows:

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 the production at the Port Stanvac site.

To make such a claim, detailed costs must have been known. Minister, what will be the cost per kilolitre of water produced at Port Stanvac, and what would have been the cost per kilolitre of water produced at BHP's proposed plant?

The Hon. P. CAICA: I thank the honourable member for his question. I do not have that detail here in front of me, but I will give you an undertaking, as always, to find out that information and get back to you and the committee specifically on that question.

Mr WILLIAMS: Thank you, minister. The committee was also told that there would be a flat operation and maintenance charge for the desalination plant plus 'the cost associated with how much water they produce'. We know that a contract for \$129.9 million for operating, maintenance and power cost is in place for the operation of the desal plant. Is the \$129.9 million per year the total cost or the flat charge and, if so, how much extra will be charged on top of that for the amount of water produced?

The Hon. P. CAICA: I am advised that whilst we have information that relates to aspects of the contractual costs involved, because of the detailed nature of the question you have asked I do not have that information in front of me. I will certainly be speaking to my people as to why I do not have it and in front of me and, secondly, I will ensure that it gets back to you when I do have that information.

Mr WILLIAMS: Thank you, minister. I thought it would have been a doozy and an absolute given that that would be a question.

The Hon. P. CAICA: Not the comparison between, as I understood it, the BHP and—

Mr WILLIAMS: No, but the second question was on—

The Hon. P. CAICA: Was on \$129.9 million and its make-up.

Mr WILLIAMS: Yes.

The Hon. P. CAICA: I do have an answer for you.

Mr WILLIAMS: It looks long.

The Hon. P. CAICA: I am not going to make it long: I am going to make it very short. The annual operating costs of \$129.9 million for the 100 gigalitre per annum plant are based on the financial year 2015-16 but also on the desalination plant operating at full 100-gigalitre capacity every year. There will be, as I understand it, certain fixed costs within the process, but others will be variable dependent upon the amount of water being produced. I thought that was the answer, but I was not prepared to say it unless someone told me that it was right.

Mr WILLIAMS: Will the public ever have an understanding of what those fixed costs and variable costs are?

The Hon. P. CAICA: We can get that information. I hope that I might have that for you by the time of the Auditor-General's Report, and you can ask me that question again that day. We have been transparent about the impact of the desalination plant on the pricing of water. The decision was made—and it was the correct decision, in the context of the most unprecedented drought we have ever had—to construct a desalination plant to have water supplies that were independent of the traditional climatic dependent water supplies that we have historically had mostly reliable access to. It was the correct decision to make; it is like an insurance policy.

Quite frankly, it is going to be there and it is going to remain there, but I hope, as I think everyone on this committee and outside this chamber would, that we do not have to use it at its full capacity all the time, and that we will actually access water from those more traditional sources. The decision to build the desalination plant was the correct decision and I stand by that because, as sure as night follows day, we are more likely to have years such as we have had in the last few years than we are likely to have years based on the last few months that we have experienced.

Mr WILLIAMS: I refer to Budget Paper 5, page 53, relating to the Adelaide desal plant. Given your comments just then, and understanding that the desal plant will have the flexibility to be completely switched off, or run at a part production rate, or run flat out, depending on the requirements for the product—water—has SA Water established a regime by which those decisions will be made? We know that the cheapest bulk water supply available is that coming out of the Adelaide Hills catchments. We know that the second cheapest water is that coming out of the River Murray, and we know that the desal water will be considerably more expensive than either of those. What criteria will be used to determine at what rate the desal plant will be run?

The Hon. P. CAICA: The honourable member is quite right to identify that the desal plant can be shut off. If it is going to operate, as I understand it, the minimum it can operate is 10 megs a day; if you want to go below that level, it has to be switched off. In answer to your question, you yourself have actually identified the criteria that would be used with respect to when we will activate that, and that will be dependent upon the supplies that you have identified.

The cheapest source is that which falls out of the sky and is captured here within our catchment area; the next one is the River Murray; and the third one is the desal plant; so the criteria that will be used for activation of that desal plant will be the reliability and the forecast reliability of those other two sources. That will be the determining factor as to when and at what level we operate that. The criteria that you identified are the criteria that will be used in relation to the way in which we operate that desal plant. As I said, it is an insurance policy, and we hope, most certainly, that for the foreseeable future, once it is online, that we can rely on those other sources of supply, knowing full well that they have been proven to be somewhat unreliable in most recent times.

Mr WILLIAMS: The general nature of it is pretty obvious, but I guess my question is: have the parameters been established as to when you will actually ramp up production from the desal plant and switch off pumping from, say, the River Murray?

The Hon. P. CAICA: Well, again, it is dependent upon knowing—

Mr WILLIAMS: There was supposedly an arrangement with the commonwealth government that we would reduce our reliance on the River Murray—that was the terminology used, and I think the former federal minister, Penny Wong, actually referred to 'reducing our take from the River Murray' in return for some \$228 million of contribution from the commonwealth towards the construction of the second stage of the desal plant, the second 50-gigalitre train—and I understand from the Auditor-General's Report that agreement has been reached on that particular matter. Is the public of South Australia ever going to be brought into the government's confidence on those parameters and on that agreement?

The Hon. P. CAICA: Yes, they will be. As you would be aware, we have had a federal election. I have had several conversations with my new counterpart, the federal minister, Tony Burke. The provision of \$228 million by the commonwealth to increase the capacity of the desal plant from 50 gigalitres to 100 gigalitres is guaranteed. As I understand it, and I stand to be corrected, that funding is included in the commonwealth budget. On the matter of reliance on the River Murray, it is really only you and others who have said that it is about reducing our take from the River Murray. It was never about that. It was these words that it reduce—

Mr Williams interjecting:

The Hon. P. CAICA: But those words were never used. The words that were used with respect to the agreement that we have would be to reduce our reliance on the River Murray. Reducing our reliance means that, in times when water from more traditional sources is not available, we will not have to rely on that water from the River Murray. We have the insurance and security that the climatically independent water source from desalination is available. In essence, that is really what reducing our reliance on the River Murray means.

The \$228 million is secured and will be provided. In relation to the specifics of your question, as soon as it is completely and utterly signed, sealed and delivered, which I expect it will be, I will make that information publicly available, because it is only appropriate to do so.

Mr WILLIAMS: The Auditor-General said in his report last week that it is.

The Hon. P. CAICA: I am not going to disagree with what the Auditor-General says. If that is the case, you might as well not have asked this question.

Mr WILLIAMS: He did not say what the details of the agreement were; he just said that the agreement has been reached.

The Hon. P. CAICA: We believe that certainly to be the case.

Mr WILLIAMS: I refer again to Budget Paper 5, page 53. The 2009-10 Capital Investment Statement has the proposed expenditure for the desalination plant at \$832 million in the 2009-10 year, and the current budget—again, in the Capital Investment Statement—has the proposed expenditure for the desal plant at \$466 million, making a total budget for the desal plant to June 2011 of \$1.298 billion.

An Adelaide TV program has made certain claims about the desal plant, including that the budget was blowing out. In response, Mr John Ringham, Chief Operating Manager, I think, for SA Water, put out a printed statement, which includes the following comment:

To date, the Adelaide desalination plant has incurred an expenditure of around \$1.3 billion out of a total approved expenditure of \$1.83 billion.

That statement came out, I think, in early September. Minister, is that correct, that is, that \$1.3 billion has been expended, which would mean that the total budget for the rest of this financial has already been expended?

The Hon. P. CAICA: I had a bit of trouble following your figures here that you detailed. I continue to be advised that the \$1.83 billion is set; that is the contractual arrangement that was entered into and that is what the price will be for the delivery of the desal plant. There are various breakdown components within that \$1.83 billion. Certain money has been spent in this financial year, next financial year and through to 2012. All I can say is that for 2009-10, 832,811, which I think you identified; for 2010-11, \$466 million is planned; and for 2011-12, \$113.7 million or thereabouts is to be spent—a total of \$1.824 billion—and the price will not go above that because that is the contractual arrangement we have with the consortium that was the successful tenderer on that project.

Without being disrespectful of the fourth estate, I would not necessarily believe everything that comes on telly or that you might read in the paper from time to time, and that is why I much

prefer you to ask me questions directly than have others purport to know what is going on without ever bothering to check with us whether or not that is the case. That is not a reflection on you, Mitch; that is a reflection on those who have reported that information.

Mr WILLIAMS: Minister, do I take it from your answer that the state bears no risk whatsoever, and is that also the case if there were some call to speed up the build of the plant?

The Hon. P. CAICA: My understanding is this: that was the contractual price; there is no requirement for us to pay beyond that price. There is no cost blowout. Of course, we are still working with the consortium on whatever payments might be incurred or whatever payments might not be made in relation to the delay in the time by which water was first to come online, and we are working through that. I am advised that is not resolved at this point in time.

Of course, within the contractual arrangement there were certain bonuses or otherwise about completion times, but still incorporated within the \$1.83 billion, so they are not in addition. They are still incorporated within that price and, at the moment, there is a negotiation occurring about the cause of the delay and whether or not that has any impact or otherwise on the contractual arrangements that exist with respect to payments that will be due for completion of project and part completion of project at certain milestones.

Mr WILLIAMS: On the same budget line, there is an agreement between SA Water and AGL for the sale of accredited renewable energy for the desalination plant. That agreement states:

During periods of low electricity consumption SA Water will be required to purchase a base level of GreenPower accredited Renewable Energy Certificates (RECs)...

What is the base level and what will be the cost of fulfilling that obligation?

The Hon. P. CAICA: I am advised that that matter is commercial-in-confidence. It is an arrangement between SA Water and the energy supplier. There is no intention to reveal those figures here because of the commercial-in-confidence nature of them. There was a tender, of course, and they provided the price based on that tender. If I know SA Water, they would have hopefully used their considerable skill to make sure that it is an arrangement that fulfils the commitment of the desal plant being powered through renewable energy. While I would never say 'mates rates', because I do not think there are any mates in this game, they would be something that is not what it might have been had you or I been doing the negotiations.

Mr WILLIAMS: I am flabbergasted at this excuse of commercial-in-confidence which is used from time to time by the government. There are no competitors in this field, so I cannot see why there would be—

The Hon. P. CAICA: No other competitors in the energy sphere?

Mr WILLIAMS: No, in the running of a green desal plant. But, we will move on. It seems that we are paying for renewable energy whether or not we use it at the desal plant, but my understanding of the way the renewable energy world works is that those who retail electricity within South Australia will be obliged to ensure that 20 per cent of that electricity by 2020 comes from renewable sources. I asked the Minister for Energy a question about this last week. His response was that there will be no mandating that the green energy use at the desal plant will be what we know as voluntary green energy, so it will not be over and above that 20 per cent target which is set under the revised MRET scheme of the federal government.

So, in reality, is the green energy consumption of the desal plant simply displacing other would-be green energy users under the MRET scheme, and does it mean that we will be paying a higher cost for water because of the green energy whilst gaining no environmental benefit?

The Hon. P. CAICA: Of course, it is within our sector agreement to reduce our carbon footprint. Part of reducing our carbon footprint is the increased use and purchase of (amongst other things, because you can decrease your carbon footprint in a number of ways) green energy. Within the organisation of SA Water we have several targets in a variety of areas across our operations that relate to the reduction of our carbon footprint. Quite simply, if the desal plant is operating at a level that requires less energy provision, we are able to transfer that green energy to other parts of the operations of the organisation and, in turn, get the benefit of the use of green energy in the context of the carbon footprint that we are attempting to reduce.

Mr WHETSTONE: When the desal plant is up and operational at 100 per cent capacity, will SA Water still operate under its five-year rolling average?

The Hon. P. CAICA: That, as I am advised, is still being negotiated under the new regime—about a 650 gegalitre rolling average.

Mr WILLIAMS: I refer to Budget Paper 3, page 5.1. There is a table showing the operating performance of the public non-financial corporations, and it shows net borrowing for the previous financial year of \$882.9 million and a borrowing figure in the current financial year of \$510.4 million. These are aggregate figures for the whole of the sector. What are the actual borrowings for each of those years for SA Water, and what is the total debt currently carried by SA Water?

The Hon. P. CAICA: SA Water's debt levels are outlined in the budget papers, as you have identified and drawn our attention to. The additional debt is required to primarily finance the capital program. We have projected expenditure for the same period of around \$2.1 billion. That is to ensure that our infrastructure is such that it is able to be relied upon.

We often hear concerns expressed by people about the state and nature of our piping system here in metropolitan Adelaide, but we are not at the forefront of those other like utilities around Australia in regard to any leakages and breakages that we have.

A significant amount of money is being spent on infrastructure within the river system in the member for Chaffey's area. We have seen some of that work being undertaken up there. We are borrowing against our capital base to ensure that we are able to maintain the existing infrastructure we have, which in turn is about ensuring that we are able to maintain our high level of water security that SA Water and the government are committed to providing and ensuring.

I might also add that we are doing that with our debt being managed by SAFA in accordance with the financial ownership framework and an agreed suite of Treasury risk management policies. It is also safe to say that when I first took over this job I was somewhat shocked, if you like, at the debt ratio, but I have been advised by people who are far more astute in the accounting world that that is within the acceptable practices. That acceptability needs to be verified by the debt that is managed by SAFA in the first instance, anyway.

Mr WILLIAMS: I understand it is at the upper limit of the level set by the Treasurer some years ago at 24 per cent.

The Hon. P. CAICA: Yes, it has been. There has been a borrowing target set by government equivalent to a debt to asset or gearing ratio of 15 to 25 per cent. Borrowings above this level can still be accommodated subject to adequate funding arrangements being put in place and we are within those requirements.

Mr WILLIAMS: I refer to Budget Paper 3, page 5.4, which notes:

The indicative path for water charges revenue to 2013-14 will result in the government achieving full compliance with the pricing principles for the recovery of investing expenditure.

In 2008, the Treasury indicated that water prices would double over the next five years. As of July this year, water prices have already doubled since the Treasurer made that statement in 2008. What is the government's expectation now for the increases in water prices between now and 2014?

The Hon. P. CAICA: Water prices for 2010-11 rose on average by 21.7 per cent real, that excludes inflation. The increase will contribute to critical water security initiatives, including the 100 gegalitre Adelaide desalination plant. Water prices comprise a fixed annual supply charge plus water use charges based on an inclining block tariff: the more you use, the higher marginal price incurred based on three tiers of water prices that we spoke about and detailed earlier.

Recent price increases have focused on increasing the water use charges as distinct from fixed charges. Consequently, water use charges have risen by more than 32 per cent as compared to the overall average price increase of 21.7 per cent real. The average household used about 190 kilolitres of water in 2008-09. Based on this average, householders will pay \$469.60 in 2010-11, an increase of about \$84 per year or about \$1.62 per week as compared to 2009-10.

We also know that those price increases are going to continue to occur for the next couple of years, but I remind the committee that the independent pricing authority will take responsibility for that following the next financial year.

There is, has been and will continue to be increases in the cost and the price of water. We have made no bones about that, we certainly have been transparent about the price. The increase in price is also about the previous question that you asked about, amongst other things, our borrowings but our ability to be able to put in the here and now infrastructure that is going to secure

our water supplies whilst at the same time maintaining the incredibly large asset base that we have.

Mr WILLIAMS: I have one more question. I refer to Budget Paper 5, page 54. There are three parts to this question.

The Hon. P. CAICA: Just because you are in the upper house does not mean you have to have so many components to your question.

Mr WILLIAMS: It is one question, but there are three projects, all of which have blown out dramatically. The Bird in Hand wastewater treatment plant upgrade has gone from \$38.5 million in last year's budget to \$60 million in this year's budget, the Bolivar wastewater treatment plant upgrade has gone from \$14 million in last year's budget to \$22 million in this year's budget, and the augmentation of the Middle River water supply system on Kangaroo Island has gone from \$10 million in last year's budget to \$20.3 million in this year's budget. So, there were three significant projects carried out by SA Water, all of which have blown out dramatically between the budgeted figure and the figure that appears in this year's budget. Is there an explanation for those blowouts?

The Hon. P. CAICA: I do not have the specific information that relates to the cost increases you have identified within the budget papers. I am sure there is probably a very good reason for that, and I intend to bring those reasons back to you and the committee. I visited the Bird in Hand wastewater treatment plant and, as far as treatment plants go, it is an outstanding treatment plant, and I look forward to its commissioning, which is not far off.

These things are not cheap, but an increase in the costs, as you have identified, if that in fact happens to be the case, is something that I will get back to the house on for each of those projects. I do not have that information here in front of me; I apologise for that, but I will take those questions on notice and get back to you.

Mr WILLIAMS: I take it that the omnibus questions I tabled in the last session apply to this session as well.

The Hon. P. CAICA: Correct. Mr Chairman, if I can make a couple of comments, I think this is my fifth estimates sitting here and my ninth in total, and I want to thank the opposition for the very mature way in which it has operated during the estimates hearing, and also the exemplary attitude that was shown by our government benches. I also wish to thank the various advisers I have had with me throughout the day from the various departments and the departmental officials. I also thank my office staff, who have been working very closely with the departments to make sure that we are properly prepared for the estimates hearing.

People might say from time to time that estimates are a waste of time, but they quite rightly give an opportunity for the opposition to scrutinise the budget and to ask questions about the budget. I also say that, whilst it occupies the time of the officers within my office and those within the department for a period of time in the preparation and lead-up to this, it is a valuable exercise for them to make sure that they understand exactly what is going on but, more importantly, to make sure the minister understands exactly what is going on. So, I thank everyone who has been involved: the opposition, the government benches and all the people that have been involved here today.

The CHAIR: Thank you, minister. There being no further questions, I declare the examination of the proposed payments concluded.

At 14:54 the committee adjourned until Tuesday 12 October 2010 at 10:00.