

HOUSE OF ASSEMBLY**Monday 25 June 2012****ESTIMATES COMMITTEE B****Chair:**

Hon. M.J. Wright

Members:

Hon. M.J. Atkinson

Hon. S.W. Key

Mr A.S. Pederick

Mr M. Pengilly

Mr A.J. Sibbons

Mr T.J. Whetstone

The committee met at 09:00

DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS, \$89,658,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONS,
\$3,471,000

Witness:

Hon. G.E. Gago, Minister for Agriculture, Food and Fisheries, Minister for Forests, Minister for Regional Development, Minister for Tourism, Minister for the Status of Women.

Departmental Advisers:

Mr I. Nightingale, Chief Executive, Primary Industries and Regions SA.

Dr D. Plowman, Deputy Chief Executive, Primary Industries and Regions SA.

Mr R. Janssan, Group Executive Director, Corporate, Primary Industries and Regions SA.

Mr T. Mader, Group Executive Director, Regions Strategy and Policy, Primary Industries and Regions SA.

Professor M. Doroudi, Executive Director, Fisheries and Aquaculture, Primary Industries and Regions SA.

Mr S. Johninke, Director, Finance and Prudential Management, Primary Industries and Regions SA.

Mr W. Zacharin, Executive Director, Biosecurity SA, Primary Industries and Regions SA.

Mr M. Williams, Manager, Budget Strategy, Primary Industries and Regions SA.

Ms N. Rutherford, Adviser.

The CHAIR: Good morning. I have a letter that I received from Minister Gago. It is addressed to me as chair of Estimates Committee B which I intend to read. It states:

Dear Michael,

It has come to my attention that during the Estimates hearings for the Status of Women and Tourism on Friday 22 June 2012, I provided answers to questions about the Cadell Ferry which require clarification.

I stated that to the best of my knowledge this issue had not been raised with me and that I had not received correspondence or telephone calls on the issue. At the time I was unaware that any correspondence had been sent to my office as none had been brought to my attention.

I can now advise that I have since been made aware of and sighted this correspondence, to which I will respond accordingly.

Yours sincerely, Gail Gago.

I declare the proposed payments open for examination and refer members to Portfolio Statements Volume 4. 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—that has occurred. Changes of committee membership will be notified as they occur. If the minister undertakes to supply information at a later date, it must be submitted to the committee by no later than Friday 21 September.

I propose to allow the minister and the lead speaker of the opposition to make opening statements. There will be a flexible approach to giving the call for 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 tabling of documents before the committee; however, documents can be supplied to the chair. All questions are to be directed to the minister not the minister's advisers. I also advise for the purposes of the committees, television coverage will be allowed for filming. I will now proceed to open the following lines for examination and I invite the minister to introduce her staff and then to make an opening statement.

The Hon. G.E. GAGO: I would be pleased to make a short opening statement.

The CHAIR: Thank you.

Members interjecting:

The CHAIR: Order! We will have your frivolities later, gentlemen. The minister has the call.

The Hon. G.E. GAGO: I would like to give an opening statement that will hopefully assist the committee in its process of examining the relevant budget lines of the agency. The Department of Primary Industries and Regions (PIRSA) has a mission of growing sustainable, competitive regions, and that is reflected in the targets in South Australia's Strategic Plan. These targets include growing the contribution made by the South Australian food industry to \$20 billion by 2020 and increasing regional populations outside greater Adelaide to 320,000 or more by 2020. PIRSA also has a leading role in implementing and coordinating the government's strategic priority of 'Premium food and wine from our clean environment'.

To assist in achieving South Australia's Strategic Plan targets, PIRSA has the additional objectives of: securing sustainable access to resources such as land, water and stock; enhancing and growing the efficiency and value of production; ensuring and expanding access to markets; and working with South Australia's regional communities to enhance sustainable economic prosperity.

To effectively implement the government's 'Premium food and wine from our clean environment' strategic priority, all within a tightening fiscal environment, PIRSA is in the process of critically assessing its future strategic direction and priorities. While PIRSA is committed to meeting its existing budget savings, the allocation of those savings to particular programs and services is being reconsidered in light of the agency's future priorities.

While specific program savings requirements arising from the Sustainable Budget Commission process remain unchanged in the agency statements, allocations of general savings tasks have been made to subprograms for presentational purposes. On finalisation of PIRSA's future strategic direction and priorities, these general savings tasks will be specifically allocated across programs and services. More than \$109 billion worth of major developments are underway or in the pipeline, many of them in the regions.

Increasing regionally-based resources and associated construction investment will be a major factor in the state's future growth plan. This reflects the government's key priority of realising the benefits of the mining boom for all South Australians and its focus on creating a business climate of certainty for long-term investors in the resources sector and associated industries. The value the government places on developing stronger regions and creating competitive regions is demonstrated by the commitment of the Premier to the seven priorities for government.

The seven priorities also include 'Premium food and wine from our clean environment', which captures the essence of regional South Australia and highlights where the opportunities lie for developing industry policy, leading the public policy debate on natural resource management,

our land use planning and regional economic development. The creation of the new ministerial portfolio theme of 'regions', incorporating agriculture, food and fisheries, forests, tourism and regional development, and the establishment of the new Department of Primary Industries and Regions, gives us the focus to deliver on this priority.

In 2011-12, South Australia harvested the state's fourth largest grains crop, estimated to be 7.63 million tonnes. Returns from livestock were sound, giving an overall increase in gross food revenue of \$1.63 billion and growth in finished food of around \$88 million. Total food exports grew by around \$1.3 billion. Some of the major items in the 2012-13 budget, the targets for 2012-13, are outlined in the budget papers, and I will highlight some of these:

- drive the 'Premium food and wine from our clean environment' government priority theme across PIRSA and other government agencies;
- partner with industry to develop and commence implementation of the regional food wine and tourism framework to re-energise South Australian regions to take responsibility for their regional branding, developing appellation timing and security required for global brand recognition;
- continue to drive South Australia's contribution to the next stage of the National Food Plan;
- extend the revised aquaculture compliance program to remaining sectors;
- commence the review of the Aquaculture Regulations 2005 to support the provisions of the Aquaculture Amendment Act;
- finalise the Lower Eyre Peninsula and Tumby Bay aquaculture zone plans;
- initiate aquaculture zone policies for the Ceduna and Franklin Harbour areas, to consolidate predominantly existing oyster aquaculture;
- monitor the implementation of the 'Adopt a Beach' program established for the aquaculture and fisheries industry in the communities to regional SA.

The government's regional development portfolio comprises policies, programs and services to support regions and to monitor regional service delivery. PIRSA coordinates an across-government approach to regional development, working with regional stakeholders and promoting the interests of our regions.

The government is continuing to support the work of our Regional Communities Consultative Council, the Riverland Sustainable Futures Fund, the Enterprise Zone Fund for the Upper Spencer Gulf and Outback, the feasibility study into the heavy industry hub in the Upper Spencer Gulf to determine the needs of mining projects and local capability to meet these needs, and the Regional Development Infrastructure Fund, which will be replaced by the new Regional Development Fund announced in the budget.

The government continues to be focused on giving a hand up and not a handout and to empower communities by enabling them to develop a localised response to regional opportunities. The development of the regional statement will further articulate the government's commitment—

Mr PEDERICK: Point of order, Mr Chairman. We are getting into regional development explanations now, and I would like to get on with agriculture questions, if I may.

The CHAIR: I think the minister is making a broad opening statement for all of the areas.

The Hon. G.E. GAGO: Given that it is a 2½ hour question time, it covers a broad range of policy areas, and I think it is only reasonable that I can have time to provide a very short overview. I have almost finished.

The CHAIR: You are in order, minister.

Mr PEDERICK: We used to have that time just for agriculture. We keep getting cut back.

The Hon. G.E. GAGO: You can spend it any time you like. We have not cut back.

Mr PEDERICK: I can read timetables.

The Hon. G.E. GAGO: It is 2½ hours and another half an hour for forests, so three hours to deal with these portfolio areas. You will be running out of questions before too much longer.

Mr PEDERICK: I doubt it, minister. Just get on with the statement, please.

The CHAIR: The minister is in order.

The Hon. G.E. GAGO: Thank you, Chair. As I said, the development of a regional statement will further articulate the government's commitment and focus activities on the regions. I conclude my opening statement by reiterating that the government recognises that the prosperity and wellbeing of people and their communities in regional South Australia underpins the sustainability of the entire state. The contribution that our primary industries make to this state's economy, prosperity and wellbeing, and PIRSA's role in supporting this sector remain vital. Regional economies contribute over 25 per cent of the gross state product and this will increase over time with the expansion of mining activities. This commitment is demonstrated by over \$173 million being spent on the agriculture, food and fisheries and regional development programs of 2012-13.

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

Mr PEDERICK: No, I am ready to go, thanks, Chair.

The CHAIR: Okay, you are in order.

Mr PEDERICK: Minister, I refer to Budget Paper 1, Budget Overview, page 26, titled Strategic priorities, Seven strategic priorities in the 2012-13 Budget, and relate it to Budget Paper 2, the budget speech. Listed second, the government outlines Clean and Green Food Bowl as one of the seven areas it will prioritise in its decisions over the coming years. Can the minister please explain why the Treasurer did not feel it was important to mention the agriculture and food portfolio in his budget speech?

The Hon. G.E. GAGO: I think you need to ask him.

Mr PENGILLY: He probably doesn't know what it is.

Mr PEDERICK: I am just asking the minister. The minister is part of the cabinet. I am just wondering why, if it was important enough to be in the Governor's speech at the opening of parliament, it was not mentioned in the budget speech.

The Hon. G.E. GAGO: The Clean and Green Food Bowl in fact does refer to agriculture as far as I am concerned.

Mr PEDERICK: It was not outlined in the speech, though. It is in Budget Paper 1, Budget Overview, but the Clean and Green Food Bowl, which is supposed to be one of the seven pillars of this government's priorities, was not mentioned in the budget speech. I just wondered, if it was such a priority, why it did not even make a mention.

The Hon. G.E. GAGO: You would have to ask the Governor that. Premium food and wine from our clean environment is a major priority plank. The Premier has set the seven strategic priorities aside. Inherent in premium food is that, clearly, it goes to the issue of agriculture. The last I heard, the fundamentals of food is our agriculture. So, I am not too sure how you think that agriculture has been left out. Obviously—

Mr PEDERICK: No, I am talking about the budget speech, minister. It has not been mentioned in the budget speech, and it is supposedly one of the pillars. I am just saying that agriculture and food were not mentioned in the speech.

The Hon. G.E. GAGO: You need to ask the Treasurer; I do not write his speeches for him.

Mr PEDERICK: Just shows how vital Labor thinks it is. On a brighter note, can the minister explain the operation of the Australian Centre for Plant Functional Genomics and what the \$780,000 of funding will fund specifically there?

The Hon. G.E. GAGO: I have been advised that that comes under Mr Kenyon's funding.

Mr PEDERICK: This is incredible! It is a good thing we do have a lot of questions.

The Hon. S.W. KEY: It's been under that portfolio for years.

The Hon. G.E. GAGO: Yes, it has been under that portfolio responsibility for as long as I can remember, so I cannot help it if you cannot get the ministers right.

Mr PEDERICK: Well, I was just thinking that perhaps—

The Hon. G.E. GAGO: Well, get your ministers right. Don't blame me if you cannot do your basic homework.

Mr PEDERICK: Mr Chairman, I just thought that—

The Hon. G.E. GAGO: It comes under your basic research.

Mr PEDERICK: —the Minister for Agriculture might know something about wheat breeding, but I was mistaken.

The CHAIR: I am sure she does, but if it is not under her portfolio, it is not under it.

The Hon. G.E. GAGO: I am here to answer questions on my portfolio, and I am waiting. That is it; you have run out? So, it is over, is it?

The CHAIR: Member for Hammond.

The Hon. G.E. GAGO: Run out of questions?

Mr PEDERICK: Thank you, sir.

The Hon. G.E. GAGO: Yes, away you go.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, page 89, Ministerial office resources. Can the minister please explain the \$217,000 increase in the cost of provision from the 2011-12 budget to the 2012-13 budget, considering the decrease of full-time equivalents for the minister's office from 11.1 to 11, or is this an average of a \$20,000 pay rise for each employee?

The Hon. G.E. GAGO: I have been advised that, in relation to my office budget, 2012-13 is slightly higher in comparison with that of Mr O'Brien's office budget in 2011-12, which mainly reflects the differing portfolio responsibilities. In particular, I have a greater breadth of portfolio responsibilities than I think the previous agriculture and primary industries minister had. In particular, I am also the Leader of the Legislative Council, and the Department of Treasury and Finance has increased my budget line in relation to support for those responsibilities. There is also an adjustment for accommodation costs, given the different office locations of the two ministers.

The Hon. S.W. KEY: Minister, my question relates to Budget Paper 4, Volume 4, page 94, Agency Statements. I would like the minister to outline the government's strategies and priorities to boost food industry competitiveness and growth, both in domestic and international markets, such as the value chain.

The Hon. G.E. GAGO: The South Australian government values the significant contribution agriculture makes to South Australia. Our vision is for an industry that is prosperous and sustainable. I believe agriculture is the cornerstone of our regional areas and is one of the critical elements to the ongoing success of our state. I also believe that it is vital that the industry continues to explore opportunities through the value chain and to ensure that this vision becomes a reality. I seek advice from not only PIRSA and a number of other legislative boards and committees but also industry boards and individuals. This mix helps to ensure the advice I receive is balanced and thorough.

Members may be aware that the South Australian Food Strategy 2010-15 was developed in collaboration with the industry and released in February 2010. The food strategy embraces the entire food industry, from producers and processors right through to retailers, and is being updated to reflect the government's priority that South Australia will be renowned as a producer of premium food and wine from its clean environment. Clearly, focusing our attention on this priority is the right decision, given the Woolworths' advertisement in *The Advertiser* on Monday 18 June 2012. This advertisement did not even mention South Australia but clearly listed all other states, and this is despite fresh produce sourced from various locations across our state stocked in their stores and listed on their website.

PIRSA is developing and will be implementing a detailed premium food and wine operational plan for key priority areas of the updated South Australian Food Strategy 2010-15. That operational plan includes both statewide activities and pilot regional activities. PIRSA and Food SA have also worked with key industry bodies to develop and enhance industry development programs with a focus on expanding domestic and international markets for Australian food.

The establishment of a graduate access program is designed to assist small to medium-size food companies accessing the skills and expertise of current graduates, and the Industry Market Performance Unit conducts market research and analysis of South Australia's food industry chains to develop projects to enhance industry performance. Of course, PIRSA has had the important role of food industry development over the last decade, with a series of three-year industry and government partnership plans.

Mr SIBBONS: I refer to Budget Paper 4, Volume 4, page 88. Part of PIRSA's objectives is to work with South Australian regional communities to enhance sustainable economic prosperity. After a number of years of tension between the two citrus industry bodies, the industry now has the opportunity to implement a new, efficient structure. What role has the minister taken in ensuring this occurs?

The Hon. G.E. GAGO: I thank the member for his question. There are inefficiencies in the current legislative arrangements for the citrus industry, including duplication of fund collection mechanisms, industry representative bodies and functions under the Citrus Industry Act 2005 and the Primary Industries Funding Scheme (PIFS) Act Citrus Growers Fund Regulations 2005.

The South Australian citrus industry is represented by two industry organisations, the South Australian Citrus Industry Development Board and Citrus Growers South Australia. The Citrus Industry Development Board is funded by payments it receives from the Citrus Industry Fund—which is external to government—established under the act. This fund is managed by the industry board and is used to execute its functions under the act. The growers group is funded by payments it receives from the Citrus Growers Fund, established under PIFS.

I am advised there have been seven reviews or initiatives affecting the South Australian citrus industry in the last decade. That is seven reviews in 10 years, so it has been reviewed to death. An independent review of the South Australian citrus industry structure was undertaken again in 2011 by retired District Court Judge Alan Moss, following an extended period of discord in the industry. Mr Moss determined that CIDB's current functions are either already done or could be done by another body and concluded that there was no good reason to retain either of the current bodies. He urged decisive government action, otherwise there was a risk of the current division in the industry continuing to an untenable level.

Mr Moss identified the need for one strong industry body at the state level. The transition working party was put in place, chaired by the Hon. Neil Andrew, to develop a new industry structure. I have accepted that working party's recommendations that the citrus industry establish a new single advisory committee, to be known as the South Australian Regional Advisory Committee (SARAC), under the auspices of the national industry organisation.

The total amount to be paid by citrus growers will be reduced to \$1. The bill is proposed to initiate a process to abolish the CIDB and repeal the Citrus Industry Act, and under the revamped arrangements funds paid to CAL will only be spent by SARAC on programs and services that can clearly demonstrate a benefit to South Australian citrus growers. The changes that have been initiated are designed to provide the industry with the ability to manage its own affairs and to strengthen this very important industry sector.

Mr PEDERICK: I refer to you Budget Paper 6, page 92, Part 2: Budget measures—Primary Industries and Regions. According to the FTE savings table, budget implications include an estimated reduction of 98 FTEs from 2013-14 to 2015-16. Will the minister explain from what areas they will be cut and at what cost to government? I am also interested in how many years of experience will be lost from primary industries with these reductions.

The Hon. G.E. GAGO: I have been advised that, obviously as the Treasurer has noted, these times demand that agencies improve and innovate. We are in a climate of very strong fiscal restraint. The challenge of these savings measures has prompted PIRSA to reconsider its future strategic direction, its core activities and priorities, and this will result in savings tasks being allocated across all programs and services.

Where practicable, future savings will be focused on targeting support functions rather than front-line service delivery, eliminating duplication and overlap, exploring synergies and cost-sharing arrangements with other resource management agencies or their program partners and pursuing cost recovery of activities where there is a clear private benefit, obviously in consultation with stakeholders.

I have been advised that, in terms of the FTE impacts, for the year 2013-14 it equates to \$0.64 million, which is 4.6 FTEs and associated operating expenditure. In 2013-14 that increases to \$1.305 million, which is 9.2 FTEs and associated operating expenditure.

Mr PEDERICK: Was the first one 2012-13, sorry minister?

The Hon. G.E. GAGO: The 2013-14 is 4.6 FTEs, then 9.2, and in 2014-15 it equates to \$1.998 million, which is 13.8 FTEs and associated operating expenditure. Sorry, in 2015-16 it is 13.8 FTEs; in 2014-15 it is 9.2 FTEs; and, in 2013-14 it is 4.6 FTEs. We will double-check those and, if I have the years around the wrong way, we will provide that information to you.

In terms of FTE savings, PIRSA's share of the additional FTE savings across government is 1.25 million. The first lot of figures I gave you were in relation to the efficiency dividend savings; these figures I am now giving you are FTE savings. PIRSA's share of those is 1.25 million, which is 15 FTEs in 2013-14, 13 FTEs in 2014-15, and 50 FTEs in 2015-16.

Mr PEDERICK: Was that 50?

The Hon. G.E. GAGO: Yes, 50 in 2015-16. We do not have a breakdown of the particular areas; that work is still being conducted.

Mr PEDERICK: I am still having trouble getting 98 out of all of those numbers. I am just adding that up, minister.

The Hon. G.E. GAGO: I am told that 15, 33 and 50 is 98.

Mr PEDERICK: Okay.

The Hon. G.E. GAGO: Anything else?

Mr PEDERICK: No, that is fine for the moment. I refer to Budget Paper 1, page 26: strategic priorities. I put this question in light of the closure of the Cadell ferry at the end of this month. Has the minister had any consultation on the closure of the Cadell ferry and its impact on the agriculture industry and, if so, with whom? I also wonder how the lack of consultation and understanding of the impact on the local agriculture industry fits in line with the government's Clean and Green Food Bowl priority. In my mind, it just shows how distant this Weatherill Labor government is from the regions in committing this act of pure political bastardry.

The Hon. G.E. GAGO: Obviously, this is primarily an issue for the Minister for Transport. He is the lead minister in respect of the Cadell ferry. I understand that the Minister for Transport (Hon. Patrick Conlon) will on Tuesday be meeting with the Mayor and Deputy Mayor of the Mid Murray Council and the Chairman of the Cadell Community and Tourism Association to have discussions. I understand that there was also a public meeting, I think, towards the end of last week or so. Minister Conlon has advised that his department has looked at a range of matters that would deal with the regional impact of the decision to close the ferry.

Minister Conlon also stated that he believed some of the aspects of the consultation should have commenced earlier, and he is on the public record as saying that. As I said, Minister Conlon has given a commitment to meet with the mayors and the tourism association on Tuesday, and he did not consult with me.

Mr PEDERICK: That is very sad because this decision has been made right across the Labor caucus. We have Jay Weatherill saying that he was going to consult with communities, and he is doing the old Rann trick of announce and defend. I just think it is disgraceful when you see a family, and one family in particular, the Liebich family—

The Hon. G.E. GAGO: What is your question? Point of order: what is the question?

Mr PEDERICK: I am just making a point.

The CHAIR: Hold on, there is a point of order.

The Hon. G.E. GAGO: What is the question?

Mr PENGILLY: What is the point of order? What number?

The Hon. G.E. GAGO: I haven't got my book with me.

The CHAIR: I am sure the member is coming to his question.

The Hon. G.E. GAGO: It is 194.

Mr PEDERICK: The question I will ask is: how will the minister compensate just one family? I am only talking about one family that uses the ferry—the Liebich family—which has land on either side and uses this ferry hundreds of time a year. What sort of compensation will the minister have in place for that family having to travel an extra 80 kilometres, taken two ways?

The Hon. G.E. GAGO: I will refer that to the Minister for Transport. As I said, the minister has put in place a process to ensure that those members of the community who believe that they are being adversely impacted on by the proposed closure have an opportunity to put their case.

Mr WHETSTONE: Supplementary.

The CHAIR: No; there is no supplementary. I am only allowing supplementaries from the original question.

Mr WHETSTONE: Minister, did the Department of Planning, Transport and Infrastructure, or the Minister for Transport and Infrastructure, consult with you or your department about the impact on primary producers of closing the ferry?

The Hon. G.E. GAGO: I have already answered that question.

Mr WHETSTONE: You referred it to the minister. I am asking you, were you consulted?

The Hon. G.E. GAGO: No; read *Hansard*, I have answered it. I am not repeating myself. It was quite clear. You need to listen.

Mr WHETSTONE: I listened, minister.

The Hon. G.E. GAGO: You would have heard the answer if you had.

The CHAIR: Member for Chaffey.

Mr WHETSTONE: Is there any economic impact on the primary producers of that region with the closure of that ferry?

The Hon. G.E. GAGO: As I have said, minister Conlon has put in place a process to ensure that those members of the public who believe they may be adversely impacted by the proposed closure of the ferry will have every opportunity to put their case to him.

The Hon. S.W. KEY: I refer the committee to Budget Paper 4, Volume 4, Agency Statement, page 99. Can the minister advise the committee of how SARDI's recent research is assisting farmers in the Upper South-East to make better choices with regard to the best pasture species?

The Hon. G.E. GAGO: There are a number of factors which can affect the best results for a paddock. Research undertaken by SARDI on pasture growth has shown new opportunities for growing pastures in the Upper South-East drainage areas. SARDI has assisted in trials conducted through the South-East NRM Board project called Promoting Best Pastures in the Upper South-East Drainage Area. This project conducted by the SARDI pasture research group aims to identify pasture species best suited to drained areas. I understand that the trial sites were established in 2009 in a number of locations.

The South-East drainage area is of considerable importance to producers, given the history of salinity in flooding areas. Producers in this area are keen to identify pasture species that enable them to maximise productivity of their land. SARDI and the South-East NRM Board have combined to provide producers with the solutions to this important issue. I am advised that SARDI research officer Penny Roberts Craig said that the results from 2011 confirmed that there are a number of pasture options suited to these soils, including both grasses and legumes. I am advised that the results of these trials have demonstrated that some of the best performing species are either new or little known varieties.

The trials included a number of new species which had not previously been evaluated on south-eastern soils. Through the work undertaken over a range of sites, SARDI has identified four perennial grasses with the potential to improve productivity and, in addition, a number of both annual and perennial legumes have shown favourable results. The results of these trials will be presented at the October field days. To assist dissemination of technical information there is now a quarterly email. Discussions with producers have indicated their willingness to receive regular project updates in electronic form.

The study found the varieties also affected by variation in pasture grazing strategies. The trials can now be put to use on broadacre scale. The South-East Pastures Group is keen to monitor the progress of these species. I congratulate SARDI on its work to assist farmers in an area with a changed water regime, and I urge those who are planning to plant these species in the area to contribute to further research.

Mr SIBBONS: I refer the committee to Budget Paper 4, Volume 4, page 93. The objective of the agriculture, food and wine sub-program is to increase the contributions these sectors make to the economy. What strategies is the government implementing to assist our primary industries in their workforce development?

The Hon. G.E. GAGO: I thank the member for his question. More than 10 per cent of the state's workforce is directly involved in the primary industries and related processing sectors. When

the retail and food service sectors are included, this number approaches 20 per cent. For this reason, the government's actions to support workforce development are significant, complex and integrated. The core of the Skills for All initiative is to be introduced from 1 July of this year. Skills for All will provide training support for South Australia.

The Department for Primary Industries and Regions SA (PIRSA) is currently working with a broad range of industry groups and businesses to ensure that the primary industry sectors are well placed to access the components of Skills for All and the \$190 million in additional funding that will be available over the next six years. It is recognised that many of those who will respond to the changing needs of the primary industry sector are currently still at school, but it is part of this government's aim to make sure that these students are well equipped to launch into careers in primary industries.

PIRSA is working with the Department of Education and Child Development and with universities and vocational educational providers to ensure that students are aware of the wide range of careers that are available. PIRSA is also working with organisations within South Australia and nationally to support the use of primary industries to contextualise many of the core disciplines within the new Australian curriculum, in particular maths and science.

This works directly with the government's STEM core program related activities supported through the education programs via the industry pathways through which students can undertake vocational training while completing their South Australian Certificate of Education. I want to clarify a question that was asked about the figure 98. I am informed that it is not an accumulative total. It increases to 50 FTEs in 2015-16, so it is not accumulative; they are not added together. Does that help?

Mr PEDERICK: It helps a bit but you still have to get to 98, if that is what your target is.

The Hon. G.E. GAGO: No, I am advised. I will ask the chief executive to explain.

Mr NIGHTINGALE: The figures that we quoted are not accumulative, so they just grow to 50 FTEs in 2015-16.

Mr PEDERICK: Okay, I will take your word for it. I would not mind if you could bring back, minister, a detail of which areas they come from, if that is okay.

The Hon. G.E. GAGO: No, I have already advised you that that information is not available and that work is being done on that, and that is progressing.

Mr PEDERICK: It will be available in the future, I guess.

The Hon. G.E. GAGO: Yes.

Mr PEDERICK: I refer to Budget Paper 3, Chapter 2, Expenditure, page 32, table 2.7. Primary Industries and Regions is subject to a decrease of \$50 million from the 2011-12 budget to the 2012-13 budget in operating expenses, and continued decreases are estimated from 2013-14 to 2015-16. I find it hard to believe the government will achieve its clean and green food bowl initiative or any of its targets listed under Primary Industries and Regions for 2012-13 with such significant cuts. How does the government intend on catering for the food producers of this state with such cuts? Can the minister provide a detailed breakdown of the \$50 million decrease in operating expenses?

The Hon. G.E. GAGO: We just need clarification; we are not too sure where the figure of \$50 million came from.

Mr PEDERICK: Budget Paper 3, Expenditure, page 32, table 2.7. It is mentioned in the budget document. Fifth line from the bottom of the table.

The Hon. G.E. GAGO: I am advised that some of the items that contribute to the overall savings are things like the machinery of government savings, exceptional circumstances funds, state drought, branched broomrape, the locust plague and some other general overall funding. In terms of the machinery of government, if you compare 2012-13 with 2011-12, the estimated result is a decrease of \$17.3 million; that primarily relates to machinery of government transfers from the mining and petroleum division of PIRSA to DMITRE of negative \$11.168 million and regional development to PIRSA of positive \$0.468 million.

A once-off targeted voluntary separation funding received in 2011-12 is minus \$3.493 million; FTE reductions and labour savings announced in an earlier budget of minus \$4.690 million; reductions in biosecurity funding from winding up the branched broomrape eradication program is minus \$1.585; indexation is positive \$2.76 million; and exceptional

circumstances—lower expenditure because of the winding back of that program—2012-13 exceptional circumstances interest rate subsidy of \$11.8 million. That is a bit of a breakdown of some of the key elements.

Mr PEDERICK: Thank you, minister. Can you please bring back a detailed breakdown of that \$50 million for the gaps in those numbers? It can be after estimates.

The Hon. G.E. GAGO: I am happy to take that on notice.

Mr PEDERICK: Thank you.

The Hon. G.E. GAGO: You asked, generally, how are we going to successfully manage a program. The focus for PIRSA in the future is going to be on promoting our premium food and wine and facilitating increased productivity in the agribusiness sector. Our efforts will be concentrated on protecting and enhancing the integrity and reputation of South Australia's primary industries through research, biosecurity and integrated solutions for agriculture, seafood, forestry, fibre, wine and food, and PIRSA will work to harness the opportunities of regional areas by further developing land use capability mapping which will incorporate the infrastructure and service provisions needed to unlock the potential for the agribusiness sectors in the state. We are very confident that, even in this very difficult climate of fiscal constraint, we have a very dynamic and active program.

Mr PEDERICK: With regard to that answer, minister, can the government explain to me why Primary Industries and Regions is one of the only agencies to see a continued decrease in operating expenditure from 2011-12 to 2014-15, and I understand this to be a total decrease of \$63 million?

The Hon. G.E. GAGO: I am advised that the answer to that is contained in my former response, that list of items I indicated were operating to effect. As I have said, these challenges prompted PIRSA to look at our future strategic directions and examine what our core activities and our key priorities are. We are obviously looking at delivering savings which will be allocated across a number of areas.

I have already indicated that practical future savings will be focused on things like targeting support functions rather than front-line activities. We will try to prevent front-line services being affected adversely. Obviously, we will be reducing duplication and replication, reducing that overlap and exploring possibilities for synergies and cost-sharing arrangements as well. We have also been very open about our pursuit of cost recovery elements throughout our program.

Mr PEDERICK: I have a supplementary question on the line of the cuts to agriculture. Has there been a problem, especially with the people taking up packages? Have some of the wrong people taken the packages? I note that you are looking for a director of agribusiness, Rural Solutions.

The Hon. G.E. GAGO: Just before I ask Mr Ian Nightingale to answer that question, I want to pick up on your innuendo that PIRSA was somehow having to wear a disproportionate share of cost savings. I want to put on the record that in fact a formula derived by Treasury was applied across all agencies, and it was based on the size of agencies and applied in that way. I think it is quite misleading to—

Mr PEDERICK: On a point of order, Mr Chairman, I note that the department of minerals (now DMITRE) did not have the same cut, not that I do not support mining in this state.

The Hon. G.E. GAGO: My understanding was that—

Mr PEDERICK: As far as I understand it, they have not been asked to make the 15 per cent cut, or any cuts for that matter, across their agency.

The Hon. G.E. GAGO: I can only reiterate that the advice I have received is that the savings were made across all agencies.

Mr PEDERICK: I do not think that is right.

The Hon. G.E. GAGO: Well, I am just saying that that is the advice I have received. I will ask Mr Ian Nightingale to answer the other part of the question.

Mr NIGHTINGALE: The question relates to the position in Rural Solutions. Rural Solutions has been established and is being refined to be a stand-alone commercial activity. The board has decided, and we have also agreed, to look for someone with agribusiness experience outside the public sector. Yes, there will be other TVSP packages across PIRSA, but it is an important position for Rural Solutions. That is why the intention was to go to the market.

Mr PEDERICK: Thank you.

The Hon. G.E. GAGO: I will just set the record straight. I refer to Budget Paper 3, page 27, table 2.4, 'Operating savings by agency'. There we have Manufacturing, Innovation, Trade, Resources, and we have the savings indicated there across 2013-14, 2014-15 and 2015-16.

Mr PEDERICK: But that is across the broad agency: I was talking about minerals. Referring to the same table on page 32 and expenditure, furthermore I note, in that the drop in operating expenses by agency, Primary Industries is the fourth highest drop, following the Attorney-General, Communities and Social Inclusion and Treasury and Finance, and the government provides no explanation for this. Does the government not see it as necessary to explain to the food producers of the state why they are not deemed important?

The Hon. G.E. GAGO: I can only reiterate that this agency is not being required to incur any greater savings burden than those generally applied right across government, and I have been advised that to imply differently is misleading—

Mr PEDERICK: Well, shock, horror.

The Hon. G.E. GAGO: I have already been through areas that have had a significant impact on decreasing our operating costs. I have gone through the savings, and then I have gone through those other items, such as the winding back our branched broomrape program and the winding back of the exceptional circumstances program, and that has had a fairly significant impact. The decrease in spending on the locust plague, again, that bumped up our expenditure in other years. We no longer need these programs, and they are not applied in the budget, so they show as a drop in our operational expenditure.

I have been quite forthright in saying that we are required to make savings cuts. In addition to that, there are these series of other activities which are no longer required to be funded which show up as a significant drop in our operating expenditure. They are the things that I think are distorting the level of operational cuts to this particular agency. One has to look at this thing applying all the facts. As I said, it is not just savings, but there are these other things operating as well.

Mr PEDERICK: I refer to the same expenditure table. Recently, the minister was quoted in a regional newspaper, on 14 June 2020, saying:

We must maximise the efficient use of our natural and creative resources to ensure that business capacity is able to deliver world best practice. There are opportunities for our state to be more effectively competitive in the world marketplace through stronger positioning as a clean and green food producer. Since \$265 million was budgeted in 2010-11, the government intends on achieving over \$100 million decrease in expenditure by 2015-16.

Can the minister explain how you can justify the comments above when industry will see over \$100 million slashed in expenditure to support the industry?

The Hon. G.E. GAGO: As a point of clarification, can you repeat those figures, please?

Mr PEDERICK: Since \$265 million was budgeted in 2010-11, and by the time we get to 2015-16, it will be a \$100 million decrease.

The Hon. G.E. GAGO: I find it interesting that the figures keep changing, but the answer is exactly the same.

Mr PEDERICK: They keep changing because we refer to different—

The CHAIR: Order! The minister has the call.

The Hon. G.E. GAGO: The issue is exactly the same. I have answered the question now a number of times, and I do not think that I can explain it more clearly. There are savings within the agency that all agencies are required to find right across government, as part of our response to very harsh economic times. This is a responsible government. We are making sure that we are bringing our spending to within our means, and that is a responsible thing to do, and we have had to make some very tough decisions in light of that.

This agency, along with all other agencies, is required to incur savings. This agency, though, has had a number of programs which have been funded in the recent past which are no longer needed, so those funds are not included in these figures and the forward estimates. So, they show up as a significant drop in our expenditure but, in fact, they are things such as the exceptional circumstances funding which was made available in response to a significant drought. That—

Mr PEDERICK: That's mainly commonwealth money.

The Hon. G.E. GAGO: No, there are moneys in here. That is a nonsense. There are moneys—

Mr PEDERICK: Hang on. The exceptional circumstances money is mainly commonwealth funding.

The CHAIR: Order! You should not be interrupting, anyway.

The Hon. G.E. GAGO: Let me finish my answer. There are moneys there that do not show up; there are moneys in relation to branched broomrape because of the changing status of that project. We have now gone to one of containment rather than eradication because of federal assessment, so the funding has changed accordingly. So too with the locusts money. There was significant large spending in previous budgets that are no longer needed; that crisis is over, and we do not need those significant funds. This government steps in when it is needed and provides funding in adversity.

It has just been brought to my attention that the government, via PIRSA, is also committed to a four-year funding agreement with Food SA via a deed grant that goes to a lot of the food outcomes. That is \$2.2 million.

The member can keep asking the same question in a variety of different ways but the answer is the same. As I said, the operating expenditure figures are somewhat distorted because of the impact of these other programs and activities that are no longer required not being funded.

Mr PENGILLY: Point of order, sir. With due respect to the minister, that is the third time she has given us the diatribe about these programs.

The Hon. G.E. GAGO: Well, stop asking the same question.

Mr PENGILLY: I am not asking the question. I am sick of—

The Hon. G.E. GAGO: It is easily fixed; do not ask the same question.

The CHAIR: There is no point of order.

Mr PENGILLY: I am not asking the question; I am sick of hearing the answer for the third time.

The Hon. G.E. GAGO: You keep asking the same question, I am going to keep—

The Hon. M.J. ATKINSON: Don't you like the answers?

Mr PENGILLY: Not those answers, Mick; no.

Mr PEDERICK: We just think agriculture is important; obviously the government does not.

The Hon. G.E. GAGO: You are like a broken record.

The CHAIR: Order! The minister has the call.

The Hon. G.E. GAGO: If you keep asking I will keep telling you. Obviously, the way I explained it previously you failed to understand it, so I therefore need to labour and explain it in even more detail and even more simple monosyllabic statements.

Mr PEDERICK: Let's get on with it, Mr Chairman.

The Hon. G.E. GAGO: Ask away.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, page 99, in relation to the South Australian Research and Development Institute (SARDI). An article in the *Stock Journal* of 24 June 2012 by Miranda Kenny, titled 'Merger of SARDI, uni stalls after 18 months', recorded discussions between the University of Adelaide and SARDI. Those discussions do remain stalled, and the decision could be as far away as six months.

Can the minister go on record and provide an update on the proposed merger of SARDI and the University of Adelaide, where the progress of that merger is, and what part is has to play in the budget for SARDI in the 2012-13 budget? In that, I would also like information on whether the government will be gifting the assets of SARDI to the university, which are roughly valued at over \$70 million plus.

The Hon. G.E. GAGO: Indeed, the basic assumption to the premise of his question is incorrect: negotiations have not stalled. They are progressing, and they continue to progress—

Mr PEDERICK: It was going to happen by July.

The CHAIR: Let the minister answer the question. She heard you in silence.

The Hon. G.E. GAGO: It is a significant project. It is worth a lot of money. It has a number of complexities associated with it, and it is important that we take whatever time we need to get it right. This is a significant asset to South Australians, and it is a complex one. It has taken longer than we initially expected, but it will take as long as it takes to get the very best outcome possible for South Australians.

The Hon. S.W. KEY: I refer to Budget Paper 4, Agency Statements Volume 4, page 102. I would be interested to hear how the government is preparing for biosecurity threats. Also in that area—and this might sound strange from a city-based member of parliament—if the minister could elaborate on what is happening with regard to fruit fly. This has been a big issue in the seat of Ashford in the past, so I would be interested under that biosecurity umbrella to hear about that as well.

The Hon. G.E. GAGO: I thank the member for her question. South Australia is the only mainland state—

Members interjecting:

The CHAIR: Order!

The Hon. G.E. GAGO: —or territory that is acknowledged as being fruit fly free for both the Mediterranean fruit fly and Queensland fruit fly. South Australia has maintained its freedom status despite a major increase in the number of fruit fly outbreaks in the Eastern States. Biosecurity SA continues to remain vigilant. 'Area of freedom' status for fruit fly has significant advantages for South Australia's \$600 million horticulture sector and for the community. The vigilance and involvement of the South Australian public are obviously a very essential element, helping to ensure that the public is aware of the risks to industry posed by these flies and the steps they need to take to help maintain our fruit fly free status.

Fruit fly freedom means savings from reduced pre and post harvest use of chemicals, as well as fewer treatments required by some markets which are more sensitive to the presence of these pests, in addition to enabling home gardeners to grow fruit and vegetables free of fruit fly lava. Permanent fruit fly traps are established throughout the metropolitan area and regions. They are checked by biosecurity staff weekly in the warmer months and fortnightly in cooler months, and supplementary traps are also established when single fly detections occur.

Prior to the start of each season, Biosecurity SA establishes contingency arrangements for possible incursions on the detection of fruit fly. Biosecurity SA sources vehicles. Responding to fruit fly incursion requires Biosecurity SA to take immediate on-ground action. This includes establishing a quarantine zone and formal eradication program, and the response also includes communication with households in quarantine zones, providing information on the quarantine and restrictions. When fruit fly are found, an eradication or quarantine area of 1.5 kilometres radius is defined, and no fruit (other than preserved or cooked) can be removed from properties in the area until the eradication is completed.

The combination of bait spotting and the use of sterile insect technology is currently world's best practice in the eradication of fruit flies, and once Biosecurity SA has confirmed that the danger has past householders and businesses in the quarantine area are advised. In the coming year, Biosecurity SA will again aim to ensure that successful eradication programs continue.

The Hon. S.W. KEY: I am interested in fruit fly, which might seem strange, but for a number of us with urban electorates it is a big issue for our constituents.

The Hon. M.J. ATKINSON: A rich orchard.

The Hon. S.W. KEY: That's right—we have a lot of fruit trees in our electorate. Can you elaborate on the more general biosecurity threats the department is looking at?

The Hon. G.E. GAGO: In relation to fruit fly?

The Hon. S.W. KEY: No, just general threats. I picked on fruit fly because it is one of my areas of interest.

The CHAIR: Specific to the electorate.

The Hon. S.W. KEY: I refer to Budget Paper 4, Volume 4, page 102. I understand that the Department of Primary Industries and Regions is looking at a whole number of biosecurity threats.

The Hon. G.E. GAGO: There are broad programs in terms of biosecurity in livestock and fisheries. We have more than 1,000 established pests and diseases that impact on primary industries, the natural environment and people's wellbeing. They range from rabbits to boxthorn, European carp, John's disease and wheel cactus. The CSIRO estimates Australia gains about 20 new exotic pests or diseases each year.

A draft South Australian biosecurity policy obviously aims to ensure a comprehensive, coordinated, collaborative approach to all biosecurity issues in South Australia. It is centred on our four goals: preparedness, prevention, incursion response and ongoing management. The policy supports a high level of collaboration across governments, industries and communities to ensure that exotic pests and diseases are managed. Pest management in regional South Australia has long recognised the benefits of engaging with local government in order to help benefit from local knowledge and help educate the community on threats, and that very important work continues.

Mr PENGILLY: Can I ask a supplementary on that?

The CHAIR: No, you can't.

Mr PENGILLY: Why?

The CHAIR: Because I am not allowing supplementaries unless the person who asked the question asked the supplementary. You can ask a fresh question though.

Mr PENGILLY: Thank you very much, I appreciate your support. Just as a follow-up to that: can the minister advise the committee—she mentioned the European carp—whether the government is investigating any biological methods to control European carp or, indeed, if they have got any plan to deal with the matter? Mehdi will have the answer.

The Hon. G.E. GAGO: If I could ask the officer to please answer.

The CHAIR: Yes, of course, minister.

Mr DOROUDI: Mehdi Doroudi, Executive Director for Fisheries and Aquaculture. The commonwealth has got a program that works on the Curie carp virus; that is a viral infection that kills carp but may not affect any other organisms in the waterway. There is a program around that to see if, biologically, this population could be controlled by utilising that virus, but the result is not clear yet: it is on the way.

Mr PENGILLY: Is PIRSA assisting the commonwealth or doing its own business on that matter? I might add, we do not have a lot of European carp where I am.

Mr DOROUDI: It is a national program and PIRSA and SARDI are contributing to that program.

Mr WHETSTONE: Minister, I would like to get back to fruit fly just quickly, after being distracted by carp. On page 104 under targets, the third dot point refers to assessing the efficiency of importing sterile fruit flies from overseas to combat the fruit fly outbreaks. I understand we currently source sterile Mediterranean fruit flies from a facility in Western Australia at a fixed annual cost to South Australia's fruit fly program. What is the fixed annual cost and can you tell us about the government's intention of importing the sterile Mediterranean fruit fly? Do you see any risks associated with the importation of those sterile flies?

The Hon. G.E. GAGO: I thank the member for his question. He is right. We do currently purchase sterile fruit fly from WA and that is at, I am advised, an annual cost of around \$700,000 a year. On the issue to do with risks associated with the importation of flies, I am advised that risk assessments are being conducted now to see what level of risk that might pose.

Mr WHETSTONE: Touching on that, it is the risk of bringing the overseas flies to South Australia, but it is also whether the overseas supplier will be able to keep up with demand if there is demand from somewhere else in the world.

The Hon. G.E. GAGO: My understanding is that the risk assessment is across all of those elements. Obviously, it is not just the quality of the product that we are bringing in, but critical to that is the reliability of supply. I understand that all of those elements are currently being looked at.

Mr PEDERICK: In relation to Budget Paper 4, Volume 4, page 99, and back to the SARDI questions. I did not get an answer about the merger of SARDI and the University of Adelaide and what part that plays in the budget, the exact figures in the 2012-13 budget. Is the government going to give ownership of the SARDI assets, which are valued (roughly) at \$70 million

(at least)—assets like Minnipa, West Beach, Struan, Turretfield and others—to the university when this government is in severe financial strife?

The Hon. G.E. GAGO: In terms of the budget question, there are figures in the budget—I am not too sure what you are actually asking.

Mr PEDERICK: I wondered if the minister could give an explanation of the monetary impact in the budget and what figures are in the budget (as you explained they are) to deal with the proposed takeover of SARDI by the University of Adelaide.

The Hon. G.E. GAGO: Because the negotiations have yet to be finalised, there is nothing factored into the budget in relation to those elements, that will depend on the finalisation of negotiations.

Mr PEDERICK: Further to that, is the government considering gifting the land assets, and I talked about West Beach and Minnipa, to the University of Adelaide?

The Hon. G.E. GAGO: I have been advised that we propose to transfer the assets, but for the explicit use of SARDI. Again, I want to reiterate that negotiations have not been finalised, so these matters are not going to be resolved until the final position has been negotiated. In terms of understanding what our intention is, that is the direction that we are exploring, but, as I said, there is no final decision as yet.

Mr PEDERICK: So, you will not rule out that those assets could be gifted to the university, that \$70 million plus of land-based assets?

The Hon. G.E. GAGO: I have answered the question. I have said that our approach is to transfer the assets to the university, but for the express use and purpose of SARDI.

Mr PEDERICK: I understand that, but will the government receive a cheque of \$70 million plus for the value of those assets, is what I am saying?

The Hon. G.E. GAGO: I have just—

Mr PEDERICK: No; you have said you have transferred them. You can transfer something, you can gift it, you can do whatever you like, but with this state having seen \$9 billion spent on infrastructure in Adelaide and with PIRSA being gutted, it looks to me like \$70 million plus of assets is going to be gifted to Adelaide University—gifted.

The Hon. G.E. GAGO: I have already said that the—

Mr PEDERICK: And you have not ruled that out.

The CHAIR: Order! Minister, you were asked a question.

The Hon. G.E. GAGO: I am not going to be able to do anything if you keep interrupting me. I have answered the question: I said that negotiations are continuing, there is no final decision and it will not be until those negotiations have been completed that there will be a final position, including a final budget position. The rest we keep negotiating.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, page 104, Highlights 2011-12, fourth dot point, 'Finalised a nationally endorsed plan for transition of branched broomrape program from eradication to management.' I certainly have concerns as I have the major area of branched broomrape in my electorate. Can the minister explain how finalising a nationally endorsed plan for transition of branched broomrape from eradication to management can be called a highlight when branched broomrape continues to exist and have severe impacts on the Murraylands of South Australia? Will the state government be matching the decreased federal government contribution of \$400,000 in the next 12 months?

The Hon. M.J. ATKINSON: We're in government because you didn't do anything about it.

Mr PEDERICK: I am just asking a question, Mick.

The Hon. G.E. GAGO: I thank the member for his question. The eradication of branched broomrape program was established in 2001 by this government with national funding through the Primary Industries Ministerial Council. The government of South Australia contributed additional funding over 10 years to support this program. An independent review in 2011 concluded that eradication was no longer technically feasible and, as a result, the national funding will be ceased as we transition into a management plan—one of containment.

The national steering committee, chaired by Biosecurity SA, prepared and consulted on a plan to transition the response from eradication to management, and the plan was endorsed by the Primary Industries Standing Committee back in March 2012. The bilateral arrangement to share the cost of the transition to management with the commonwealth was proposed to the federal minister for agriculture. I am very pleased to say that joint funding was agreed to in April 2012 for a two-year pilot program to provide information on a move to an industry-based quality assurance program to protect markets from the risk of produce contamination—national funding of about \$2.6 million.

The national committee is continuing. The transition plan maintains quarantine restrictions on infested properties for two years under the Plant Health Act. Properties from within the current quarantine area where broomrape has never been found or where it has been prevented from emerging for 12 years will be released and, as a result, the quarantine area will reduce from 209,000 hectares to approximately 107,000 hectares in around July 2012.

Broomrape will remain a pest under official control under the International Plant Protection Convention during transition, and all quarantine restrictions will be removed after the transition period for 2013-14. After this time, branched broomrape will be managed as a declared weed under the National Resources Management Act. In common with a lot of other pests, landholders will need to assess and manage their own risks through farm biosecurity plans.

Biosecurity SA will work with Plant Health Australia and Animal Health Australia on farm biosecurity planning, and Biosecurity SA has consulted with the affected community, grain traders, and regional natural resources management boards on the issue of these transition plans, and Grain Trade Australia is reviewing grain standards based on the risk assessment information provided by Biosecurity SA.

There is no reason that this plan of management will not continue to provide the security needed to the industry, particularly to our exports, and I think it is most important that when people are out there talking about this, that they make sure they do so in an informed way. We want to make sure that misinformation does not circulate and frighten off our very important markets. Community consultation and engagement has been extremely high and we have received lots of positive feedback.

Mr PEDERICK: I have a follow-up question. Thank you, Mr Chairman, for your tolerance. Is the government matching the federal government contribution of \$400,000 for the next financial year for the management regime of broomrape?

The Hon. G.E. GAGO: Yes we are.

An honourable member interjecting:

The Hon. M.J. ATKINSON: Wait for it. I refer the minister to Agency Statements 4, Volume 4, page 108. The 2011-12 highlights outline grants that have been approved for the Riverland Sustainable Futures Fund. Can you provide details of how the Riverland Sustainable Futures Fund has been implemented?

Mr PEDERICK: Point of order, Mr Chairman, this is regional development

The CHAIR: Point of order.

The Hon. S.W. KEY: I understand that we are looking at that in this section, and a bit later on we are looking at regions and forests.

The CHAIR: That is my understanding too. We are looking at agriculture, food and fisheries, and regional development.

The Hon. G.E. GAGO: That is right. My understanding is that all of the program areas within my PIRSA portfolio are open for debate and discussion. They are not assigned time allocation.

The CHAIR: That is correct. The member for Croydon has got them again! He has got them again.

Mr PENGILLY: I very much doubt it; it was handed to him.

The CHAIR: Order!

The Hon. S.W. KEY: Can I just clarify, the schedule that I have says that we will be looking specifically at forests.

The CHAIR: From 11.45am until 12.15am, that is correct.

The Hon. S.W. KEY: And the rest of the portfolio after the break.

The CHAIR: Has the member for Croydon finished?

The Hon. M.J. ATKINSON: I have. I am succinct if nothing else.

The CHAIR: Thank you. Beautiful. Minister.

The Hon. G.E. GAGO: The \$20 million fund is available over four years and is accessible by organisations, industry and/or businesses to fund projects that make a major and sustainable impact in the region. Critical to its success is the ability to leverage from the fund to achieve even greater impact from other spheres of government and the private sector for projects that result in tangible outcomes for the Riverland.

The former department of trade and economic development (DTED) led the collaboration with the former department of primary industries and resources South Australia (PIRSA) and other agencies and key regional stakeholders, including Regional Development Australia (RDA) organisations. The Riverland Sustainable Futures Fund guidelines and the Riverland Regional Prospectus were launched in the Riverland on 10 September 2010 by the former minister for regional development. The fund's aim is to facilitate projects that improve infrastructure, support industry attraction and help grow existing businesses. It is expected that over time this initiative will deliver structural change, population growth and enhanced employment outcomes for the Riverland.

The fund will focus on ensuring the key enablers of the economy are in place to build on the existing strengths of the region and to improve its competitive advantages. The state government will pursue a strategic approach that focuses on short, medium and long-term tangible results to leverage for sustainable growth in the Riverland.

In March 2012, I announced changes to the application process so that applications can be assessed at the same time on a competitive basis, rather than as they are received. Applications currently under consideration from the previous process will be assessed and it is anticipated that the outcome will be known shortly. I am pleased to advise that the fund is making a real impact on the ground in the region, and we want to draw out new projects that will make a lasting sustainable impact, rather than miss an opportunity. The guidelines and the EOI form are accessible from the RDA Murraylands and Riverland website and the PIRSA website.

This financial year we have awarded around \$8.7 million from the fund. That includes a wide range of different funds, funds supporting investment decisions in the Riverland by new businesses to the region or by existing businesses which are considering expansion to take advantage of opportunities, including those in manufacturing. The grants outlined above highlight the range of industries and activities assisted by the fund.

The CHAIR: Thank you. A quick question from the member for Hammond before we stop for morning tea.

Mr PEDERICK: Thank you for your indulgence, Mr Chair. I have a question with regard to aquaculture, because I would hate to see many out of work. I refer to Budget Paper 4, Volume 4, page 95, Sub-program 1.2: Aquaculture. It states, 'Aquaculture will be a key contributor to the government's strategic priority of "clean green food as our competitive edge."' The government does have an increase in expenditure for 2012-13 in this program of \$285,000, but \$100,000 of that will go to host the 2014 World Aquaculture Symposium. My question is: how does the government intend to be a key contributor to aquaculture, which is a growing industry in this state, with only an extra \$185,000?

The Hon. G.E. GAGO: The budget was a very tight one, and we are pleased that some extra funds were made available for the symposium. It is a very important activity. I think we can expect to attract international experts here to share information. That will be a wonderful opportunity for South Australia to host such an event.

In relation to our aquaculture core activities, they will continue. I have talked already, so I do not need to go through it again, about the sorts of areas where we seek to reduce duplication and replication and improve efficiencies. At the same time, we will identify those areas of aquaculture that remain a priority, and they are obviously areas of biosecurity, our fisheries management, our inspectors and making sure that our fisheries remain in good health and operate in a highly sustainable way. All those activities will continue.

The CHAIR: Thank you. We will return at 10.47.

[Sitting suspended from 10:32 to 10:47]

Membership:

Mr van Holst Pellekaan substituted for Mr Pengilly.

The CHAIR: We will now continue on until 11.45am with primary industries and regions. The member for Stuart.

Mr VAN HOLST PELLEKAAN: Thank you very much, Chair. I would like to make a few quick comments. I understand that, through this session, we can ask questions on any area within the minister's regional development and PIRSA portfolios, but my focus will be regional development, minister.

As the minister herself said this morning, regions contribute greater than 25 per cent of the gross state product, and we have approximately 20 per cent of the state's population, so certainly regional South Australia is punching well above its weight. Regional communities are under a great deal of pressure to survive. It is a fact that in South Australia communities greater than 1,000 people are essentially growing and those communities with fewer than that number of people are shrinking, and the drought has certainly had a very negative impact.

I will very briefly make the point that, while regional communities work to survive, they also contribute enormously to the life of people in metropolitan Adelaide, through food production, tourism, electricity generation and many other very important areas, and I thank regional South Australians for their contribution to our whole state in that way. I recognise that we will always have a two-way street between Adelaide and the rest of South Australia and that everybody will benefit from that. I urge the government and all South Australians always to remember the importance of that two-way street.

My first question and, in fact, all of my questions relate to Budget Paper 4, Volume 4, so I will not repeat that every time. I refer to page 107, objectives. Can the minister advise whether she was consulted by the transport minister regarding the proposed closure of the Cadell ferry before the minister made his announcement and, if so, what advice did the minister provided to him? If that is not the case, minister, since becoming aware of the transport minister's decision, have you approached the transport minister on this topic and advocated on behalf of the people you represent in regional South Australia? For the benefit of all members of the committee, the statement the minister made this morning related directly to questions she was asked under tourism.

The Hon. G.E. GAGO: And also women. I thank the member for his question, and the short answer is that, no, I was not consulted. This is obviously an issue that is primarily the responsibility of the Minister for Transport. I understand that minister Conlon will be meeting on Tuesday with the Mayor and Deputy Mayor of Mid Murray Council and the Chairman of the Cadell Community and Tourism Association to discuss matters.

Minister Conlon has advised that his department has looked at a range of matters that would deal with the regional impact of the decision to close the ferry. Minister Conlon has also said that he believes that some aspects of the consultation could have occurred earlier. As I have said, minister Conlon has given a commitment to meet with the mayor and deputy mayor and the Cadell Community and Tourism Association on Tuesday. I understand that there was also a public meeting towards the end of last week. So I am confident that there is ample opportunity for members of the public who believe that the closure of the ferry may have an adverse impact on them, to put their position forward so that those matters can be taken into consideration.

Mr VAN HOLST PELLEKAAN: Thank you, minister. The last part of that question, though, was: did you approach the transport minister yourself to take a proactive role in representing the people of regional South Australia?

The Hon. G.E. GAGO: As I stated, I believe the minister has put in place a process that will identify regional impacts if and where they occur. People who believe they have been adversely impacted will be able to put their case to the minister, and I think that is a sound process.

Mr VAN HOLST PELLEKAAN: Okay; I will assume you did not.

Mr WHETSTONE: Just following up on the member for Croydon's keen interest in the Riverland, we will move back to the Riverland Sustainable Futures Fund. In 2010 the government promised to provide the people of the Riverland with a transition \$20 million budget over four years through the RSFF. How much of that \$20 million has been spent in 2010-11 and 2011-12, separately, and what is the estimated spend in 2012-13?

The Hon. G.E. GAGO: This was a wonderful initiative of this government, putting the \$20 million Sustainable Futures Fund in place to assist those people who were very severely impacted by the drought. The fund was \$20 million over four years to promote investment and jobs in the area and also to support and enhance existing businesses and attract new businesses. So it was about looking at the long-term financial sustainability of the region.

In the previous session I outlined a number of aspects of the fund, so will not go over those again, but I am happy to repeat that I did state that of the funding to date, as of 10 May 2012, we had dealt with 14 applications totalling \$8 million to \$8.5 million. I am advised that has generated 92 new jobs, so it has been a highly successful program.

The program covered many different areas, which were identified in the prospectus as being key economic drivers to the area, including preretirement and retirement living, value-added food and beverage processing, tourism, education and local business development. All of the projects have been in line with those areas.

In the previous session I also talked about an EOI process, where we invited applications on a competitive basis. The EOI has now closed and a shortlist has been created. The people who have been successful in that short-listing process are putting together full applications, which will then be assessed by a panel and will go through the usual rigorous process of assessment in terms of due diligence and the strength of their financials, etc. In terms of the budgeted expenditure, it is \$7.59 million for 2012-13 and, for 2013-14, \$7 million.

Mr WHETSTONE: Minister, the question is how much money has been spent, not how much has been allocated.

The Hon. G.E. GAGO: This is the third time. I do not want to labour the point.

Mr WHETSTONE: No, there is a difference, minister, between allocating money and how much money has been spent.

The Hon. G.E. GAGO: I am advised that what has been spent to date will not be available until the projects have been completed, but we understand that most of those projects are on time. A few have had some small delays, but most of them are on time, so we would expect the bulk of that expenditure to be spent within the next six months, I have been advised.

Mr WHETSTONE: Minister, the program has now been running since 2010. Are you able to tell us how much money the government has outlaid to date on the successful applications? How much money has been outlaid on the successful applications? How much money has the government spent out of the \$20 million—not allocated: how much have they spent?

The Hon. G.E. GAGO: I've just answered that question.

Mr WHETSTONE: No, you didn't.

Mr PEDERICK: What has been received by recipients of the grants; what has actually been received, is what he's asking.

The Hon. G.E. GAGO: Oh, I see. I have been advised that, for 2010-11, \$10,000 was spent and for the 2011-12 year the estimated result is for \$5.4 million to be spent. We would need the final assessments to come in, but \$8.5 million has been allocated. In terms of the government's commitment to those projects, the government is committed to the \$8.52 million.

Mr VAN HOLST PELLEKAAN: Back to page 107: how many of the South Australian RDA entities were consulted prior to the establishment of the new regional development fund, which will replace the RDIF? Please list the ones that were consulted.

The Hon. G.E. GAGO: What was the first part of the question?

Mr VAN HOLST PELLEKAAN: How many of the RDAs were consulted prior to the decision being made to swap those funds from RDIF to RDF?

The Hon. G.E. GAGO: In relation to the restructuring of the RDIF, I have spoken to and received feedback from numerous people from regional communities, local councils,

RDA members from a wide cross-section and a lot of the tourism groups as well. I have received considerable feedback in relation to the frustration people have felt in relation to the criteria around the RDIF being too narrow. The effect that the criteria had was basically that it was really only projects involving water and power expansions or infrastructure changes that qualified.

As I said, there was wideranging feedback from across the regions about increasing the scope of eligibility so that more projects would come under the auspices of that particular grant fund. I have responded to that. I have rescoped that fund into two streams. The first stream is to assist with the RDA funding, given the removal of the \$4.1 million funding, which was a decision made previously. In acknowledgement of the importance of our RDAs, those funds have been allocated for RDAs, and there are some quite broad general criteria around that as well.

That will see the state government providing funds to the RDA that at least match that of the commonwealth currently and also, I understand, that of local government. The second stream would be open to RDAs as well as other organisations. Again, the criteria for eligibility are very broad and far-reaching. They are really about projects that attract investment and jobs in regions.

Mr VAN HOLST PELLEKAAN: Minister, is it not the case that you are replacing the \$3 million of RDIF funding with \$3 million of RDF funding, but you are still not replacing the \$4.1 million? So, \$3 million is replacing the \$7.1 million that currently exists.

The Hon. G.E. GAGO: That is not right. I do not know where you are getting those figures from; that is outrageous. It is \$4.1 million—

Mr VAN HOLST PELLEKAAN: That is going to be taken away.

The Hon. G.E. GAGO: Let me finish my answer. A previous decision was made about RDA funding, and that was that \$4.1 million of funds was removed from RDA funding.

Mr VAN HOLST PELLEKAAN: And not replaced.

The Hon. G.E. GAGO: I have come in here and been very open and transparent. What I have said is I have restructured the RDIF fund. We are now calling it the RDF fund. It is the same amount of money except that it is indexed, I hope you note, so that is at least some additional funds that will accumulate into the different—

Mr VAN HOLST PELLEKAAN: But the \$4.1 million is not being replaced.

The Hon. G.E. GAGO: How many times can you say, '\$4.1 million is not being replaced'? That is not the \$7.1 million.

Mr VAN HOLST PELLEKAAN: It is not outrageous then: it is true.

The Hon. G.E. GAGO: But you indicated it was \$7 million-odd that was being removed.

Mr VAN HOLST PELLEKAAN: It is \$7.1, \$3 million plus \$4.1 million.

The Hon. G.E. GAGO: Well, \$7 million-odd is not being removed. That is completely misleading and it is completely inaccurate. It is \$4.1 million, that decision was made some time ago. There is nothing new there and—

Mr VAN HOLST PELLEKAAN: It is \$7.1 million replaced by \$3 million.

The CHAIR: Order! Let the minister finish her answer.

The Hon. G.E. GAGO: It is not. The \$7.1 million has not been replaced. That is misleading, and you are being quite inaccurate in the way you are using those figures.

Mr VAN HOLST PELLEKAAN: What is replacing the \$4.1 million then?

The CHAIR: Order! You will have an opportunity to ask the question after the minister finishes her answer.

The Hon. G.E. GAGO: As I have said, with the \$3 million of restructured RDIF funds, what I have done is broaden the scope so that it will be able to apply to a much greater breadth of projects.

The Hon. S.W. KEY: Minister, I want to ask you questions in regard to food security and the National Food Plan. I refer to Budget Paper 4, Agency Statements, Volume 4, page 94. I would like you to outline what the South Australian government is doing to ensure food security and also the implications of that nationally.

The Hon. G.E. GAGO: The term 'food security' means different things to different people. It can include having a reliable food supply and having access to food locally, nationally and also globally. The Food and Agriculture Organization of the United Nations defines food security as existing when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.

Projections: I have indicated that by 2050 the world population will have grown by over 30 per cent and will require more than 70 per cent more food than is produced today. If this projection is met we will need solutions to overcoming key constraints on farm inputs, including energy and fertiliser and potential impacts on climate change and challenges of limited additional agricultural land being available.

Around 25 per cent of the value of SA's food and wine primary production comes from the Greater Adelaide region, Barossa, Adelaide Hills and Fleurieu, from just 3 per cent of South Australia's productive land area. Obviously, protecting this production is critical. Australia produces more than two and a half times the amount of food that is consumed in Australia. South Australia produces more than four times the amount that we consume locally and, as such, we are obviously a large exporter of food.

Growing demand for food presents an opportunity for the agrifood industry to continue to develop and meet this demand, both in Australia and across the globe. We support a range of programs to assist in the competitiveness of productivity of food. Food self-sufficiency is an issue that is sometimes confused with the topic of food security. Australia has an extremely secure food supply, but it is not self-sufficient in all food products; therefore, Australia has advocated, in a number of international forums, that food trade is a strong contributor to a secure food supply at national and international levels.

The aim of the national food plan is to integrate food policy by looking at the whole food supply chain, to protect Australia's food security and develop strategy to maximise food production opportunities. Key themes are identified and the federal Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig, has announced that the next step in the development of a national food plan is the release of a green paper outlining current policy on food issues. PIRSA will then ensure that the South Australian food strategy of 2010-15 aligns with that changed national policy.

The Hon. M.J. ATKINSON: I refer the minister to Budget Paper 4, Volume 4, Agency Statement, page 94. I note that one of the highlights for 2011-12 was the National Lamb Value Chain project. Can the minister please advise what is being done on this matter?

The Hon. G.E. GAGO: I thank the member for his most important question. The Primary Industries Ministers Council (PIMC) agreed to work on enhancing productivity through analysis of agricultural value chains. This is a national project that has investment and support from six states. South Australia led the development and implementation of a national project to determine the potential for more integrated agricultural chains to improve agricultural productivity.

The aim of the project is to evaluate whether productivity improvements can be made by improving systems, from production through to the final consumer, using a value chain approach. The evaluation is being conducted by an expert group, made up of value chain experts, industry and government representatives, reviewing real-time case studies of lamb value chains. PIRSA led the South Australian case study, conducting a sustainable value chain analysis of lambs produced and retailed in South Australia by major retailer Woolworths.

The case studies comprised a combination of consumer research, carbon and water lifecycle assessment and mapping the chain to analyse material flow, information flow, relationships, consumer insight, innovation and environmental sustainability. The project findings have been promoted through the commonwealth and state governments and the South Australian food industry, and highlight room for improvement. Highlights have included a presentation to the Primary Industries Standing Committee, the report of findings submitted to PIMC and a presentation by key partner Woolworths to the Agribusiness Association of Australia (South Australia).

As a direct result of the project recommendations, Woolworths are going to implement a Meat Standards Australia quality management system for the lamb category, develop a premium lamb category, introduce packaging improvements and make changes to the internal management structure of the lamb category including promotional activities within the retailer. Following the success of this project there may be scope to value chain projects in other areas such as horticulture, seafood and meat in the future.

Mr VAN HOLST PELLEKAAN: Under the new RDF program, both in stream 1 and stream 2, the most that any RDA organisation can hope to attract is \$400,000 in any one year from the two components. How will RDAs continue to provide the same results for regional South Australia given that they currently receive on average \$585,000 each per year from the state government under core funding and can receive up to \$700,000 a year?

The Hon. G.E. GAGO: The RDAs will need to work within their budgeted means. They will need to assess their core priorities and work to those accordingly.

Mr VAN HOLST PELLEKAAN: So it is a reduction in funding?

The Hon. G.E. GAGO: I do not know how many times I can say this, but I am happy to keep repeating it. In regard to the \$4.1 million, a former decision was made to remove that from the budget and that decision has not been changed. I have restructured an RDIF. It was a fairly narrowly applied grant fund and I have broadened that so that the RDAs can have access to that as well as other organisations so that it has a much more, if you like, potential for a stimulus impact on regional communities. I have been very open about that, and I can say it a number of different ways and the member can keep asking me the same question, but the answer is the same.

Mr VAN HOLST PELLEKAAN: At page 108, Highlights for 2011-12, in the middle of the page the budget reads, 'Worked towards the completion of the feasibility study into Upper Spencer Gulf heavy industry hub.' It was a Labor Party election promise in 2010 that this study would be completed by mid-2011. There was \$200,000 allocated to this in the 2010-11 budget to do the work; in the 2011-12 budget there was \$300,000 to complete the work, but it has still not been completed. Why has this important study not been completed and when will it be completed, and will it cost even more?

The Hon. G.E. GAGO: Regional SA will benefit significantly from the mining boom, and the government is investing in a number of mining initiatives in the Upper Spencer Gulf to try to capture the benefits coming from that and to position itself to maximise opportunities as well. In recognition of the demand from the resource sector for world-class heavy industry infrastructure and manufacturing facilities, a key election commitment included \$500,000 to fund a comprehensive feasibility study into the Upper Spencer Gulf heavy industry hub.

The study aimed to determine the needs of the future for mining and major development projects in the Upper Spencer Gulf and the capacity of local industry to meet those needs, and it provides a very timely opportunity to create a substantive and strategic study which industry can use to inform investment decisions, glean knowledge for the optimal Upper Spencer Gulf heavy industry support, identify potential infrastructure configurations and assess these demands against infrastructure capabilities.

Obviously a strategic and whole-of-government approach has been adopted to the study to ensure broader benefits to the community. The substantive part of the project has been completed, and the agency and I simply need to sign off on that and consider implications from that. That will be released publicly very soon. It has some very exciting material in it, and I think it will be very helpful and inform industry considerably.

Mr VAN HOLST PELLEKAAN: We are all waiting for this mining boom. You have just said that a substantial part of it will be completed soon, and my question was: when will it all be finished? When is it going to be finished?

The Hon. G.E. GAGO: The report itself has been completed.

The Hon. M.J. ATKINSON: Some questions are so stupid.

The Hon. G.E. GAGO: They run out of questions.

Mr VAN HOLST PELLEKAAN: If it is so stupid, give me a date, minister. If the member for Croydon is correct, please give me a date.

The Hon. G.E. GAGO: In the fullness of time.

Mr VAN HOLST PELLEKAAN: Yes, that is what I expected. Minister, on page 108, in 2010-11 the government promised to provide \$4.5 million over four years for the Enterprise Zone Fund—Upper Spencer Gulf and Outback. How much of that fund has already been spent in 2010-11 and 2011-12, and what is estimated to be spent in 2012-13?

The Hon. G.E. GAGO: I have been advised that in 2010-11 there was no spend, as preparation work was being done, and I am advised that in 2011-12 we have a budgeted amount of \$1 million and we expect to fully expend that.

Mr VAN HOLST PELLEKAAN: The other part of the question related to 2012-13.

The Hon. G.E. GAGO: In 2012-13, we budgeted for \$1.5 million.

Mr VAN HOLST PELLEKAAN: Minister, can you then guarantee that the outstanding \$2 million (\$1 million from last year, \$1.1 million planned to be spent this year, out of \$4.5 million promised) will be spent in the Upper Spencer Gulf and outback on this important work?

The Hon. G.E. GAGO: The carryover from 2010-11—

Mr VAN HOLST PELLEKAAN: It was 100 per cent—

The Hon. G.E. GAGO: Yes, the—

Mr VAN HOLST PELLEKAAN: Nothing was spent.

The Hon. G.E. GAGO: —if you would let me finish—the budget decision was made to address that, and that resulted in the adjustment to the budget of \$1 million in 2011-12. The carryover was in the form of \$1.5 million in 2012-13; and, in 2013-14, another \$1.5 million. The total amount is \$4 million, and our intention has always been to ensure that that \$4 million is fully expended on this project.

Mr VAN HOLST PELLEKAAN: Minister, that is not quite true because in 2010-11 your intention was that it would be \$4.5 million.

The Hon. G.E. GAGO: No, that is not so.

Mr VAN HOLST PELLEKAAN: The 2010-11 budget promised to provide \$4.5 million.

The Hon. G.E. GAGO: No, I am advised that that information is incorrect. It was only ever \$4 million, so I think you made that up.

Mr VAN HOLST PELLEKAAN: I will check that, thank you.

The Hon. G.E. GAGO: What you may be doing is counting the \$500,000 for the Upper Spencer Gulf feasibility study. It was \$4 million for the fund and \$500,000 for the study I spoke to before.

Mr VAN HOLST PELLEKAAN: I will check that, thank you, minister.

Mr SIBBONS: I refer the committee to Budget Paper 4, Volume 4, page 93. South Australia's grain industry is the state's largest agricultural export commodity, worth an estimated average of \$3 billion per annum and, in recent years, as much as \$4.6 billion to the South Australian economy. How has the government helped South Australian grain growers to contribute to the South Australian economy?

The Hon. G.E. GAGO: The grain industry is the highest contributing sector in the South Australian food industry and also provides important feed input to the livestock industry. The industry is diverse, covering very mature sectors such as wheat, barley and oil seeds, as well as more recent additions of pulse crops such as lentils. The South Australian Grain industry is heavily dependent on world markets, with around 85 per cent of its food and feed grain product exported as a commodity for overseas processing in food value chains and for livestock feed.

Because of this important role in the economy of the state, I would expect the industry to consider whether multiple bodies are a preferred or desirable way to advocate grain grower interests. The dispute with SAFF, which has resulted in the division in grain grower representation, culminating in the formation of a second group, Grain Producers SA, is obviously very disappointing. Both SAFF and GPSA are claiming to advocate for South Australian grain growers on a number of different industry issues. Recently they have been discussing how they might work together in the future and what their respective roles might be.

The Wheat Marketing Act was written at a time when SAFF grains section had strong support from the industry. The act requires that I forward grain grower contributions to them. Clearly, this arrangement could not continue, given the establishment of GPSA as a body also representing grain growers. It is desirable to continue the grains industry funding for the purposes of any legitimate grain grower representative body and it is critical that levy paying grain producers receive clear benefit in return for the establishment of a new funding scheme.

The industry is using the PIFS system or scheme, effectively transferring the head of power for the collection of that levy that did go to SAFF. The new PIFS fund commenced in March 2012 with wide support from the grain industry, and I have given notice about that. The

SAFF and Grain Producers SA, the new grain grower representative organisation, have agreed to equally share the residual funds, I was pleased to note, and have provided a list of projects benefiting grain growers, and I have forwarded payment.

Like all PIFS funds, the new fund is administered by the government and the funds applied in accordance with a five-year management plan that outlines key outcomes to be achieved for the benefit of the industry.

The Hon. S.W. KEY: My question is with regard to Budget Paper 4, Volume 4, Agency Statements, page 96. Although you have talked about the aquaculture industry already, I am wondering if you could comment on what is happening with regard to the management of marine debris?

The Hon. G.E. GAGO: The government regards aquaculture development as key to South Australia's overall economic wellbeing. The South Australian aquaculture industry is widely acknowledged as an international leader in terms of promoting innovation and research and encouraging the planning which is needed to support the sustainable growth of the industry. Debris from fishing and aquaculture activities can be created when waste is detached and lost unintentionally due to a variety of reasons, including unusually strong currents and storm events. In the past, concerns have been raised regarding the impact of fisheries and aquaculture derived debris on marine coastal environments, particularly adjacent to Eyre Peninsula.

PIRSA has met with industry association leaders, the Eyre Peninsula NRM, and some other concerned residents from Tumby Bay. The meeting aimed to further the current understanding of this issue and to devise a program of activity to address the long-term issue. At the meeting, it was acknowledged that there is a need to improve at-sea practices to prevent marine debris occurring, as well as cleaning the debris from the beaches when it does occur. While not all marine debris is derived from fisheries and aquaculture-related activities, these industries have a permanent and visible presence in local waters.

Debris may also have a negative impact on wildlife and other users. Current legislation within the Aquaculture Regulations 2005 stipulates penalties and fines for licensees who fail to adequately contain waste and debris and fail to maintain their farming structures. PIRSA obviously takes compliance seriously. We have dedicated fishery compliance plans for both recreational and commercial fishers, and those plans are important.

The three core strategies to those plans are educational awareness, effective deterrents and appropriate enforcement. Some aquaculture industry members already undertake their own marine debris monitoring program, with employees regularly patrolling the beaches around their licences.

The southern bluefin tuna, mussel and finfish aquaculture industries have agreed to a program called 'Adopt a Beach', where 13 companies are responsible for the regular collection of marine debris at predetermined sites along the coastline north and south of Port Lincoln. I certainly acknowledge the industry's commitment to that initiative, and I commend them for their efforts.

Mr VAN HOLST PELLEKAAN: With the RDF there are two streams of \$1.4 million and \$1.6 million each. There are seven RDAs in stream one, which can attract \$200,000 each. Optimistically, all seven would get the maximum amount and the whole \$1.4 million would go. If it does not, under the guidelines, any balance can flow down to stream two, which I understand. But is it not likely that that will not happen until after you know what amount has been allocated to the RDAs? It would make it very difficult to spend the full \$3 million that you have promised per year in any year. So, either the RDAs all get their maximum \$200,000 each, or it is actually quite hard to spend the full \$3 million. Is that the case?

The Hon. G.E. GAGO: I have been advised that what officers have done is put in place a process that enables the RDAs to indicate well in advance of the financial year what their needs are. We anticipate having in place contracts with the RDAs so that they are fully cognisant of what their payment will be by March next year; that, in effect, will be three months before the financial year begins. That is what our intention is. They will know well in advance and will be able to do their budget planning and management accordingly.

Mr VAN HOLST PELLEKAAN: Minister, I assume that they will all tell you well in advance that they need the full amount. I cannot imagine that any one of them is going to tell you well in advance that they need less than \$200,000. So, should they all assume, then, that is what they will get? If it is as simple as that they tell you in advance what they need, and they can be pretty

comfortable that they are going to get it, why not just tell them that they can have \$200,000 each and tell them that it is not a competitive program?

The Hon. G.E. GAGO: I am not too sure what your question is. Do I expect that it will be fully expended? Yes.

Mr VAN HOLST PELLEKAAN: So, they will all get \$200,000—all seven will get the maximum \$200,000 each in stream one.

The Hon. G.E. GAGO: That is not necessarily a given, but certainly our attention is to try to ensure that all RDAs are treated fairly and have access to funding. Our officers certainly will be assisting them to make sure that their projects are in line with the criteria and provide them with whatever assistance they might need. Obviously we are going to be attempting to treat the RDAs as even-handedly as possible.

Mr VAN HOLST PELLEKAAN: Minister, have you considered the impact on the ability of the RDAs to attract and retain staff under an annual competitive funding model? If so, what is your opinion on that?

The Hon. G.E. GAGO: I have been advised that under the funding program RDAs will be able to apply for two years of funding in advance.

Mr VAN HOLST PELLEKAAN: So, essentially, they can offer two-year contracts to attract and retain staff?

The Hon. G.E. GAGO: If they so desire.

Mr VAN HOLST PELLEKAAN: If they choose; they will not be able to offer permanent employment positions?

The Hon. G.E. GAGO: With the funding for RDAs, the MOU has been for three to five years. As far as I am aware, it is always been funding arrangement commitments for only a certain period of time—three years or five years, or whatever. I understand that commonwealth funding arrangements are similar, and local government as well. I do not believe there has ever been permanent funding commitment to RDAs from any of the funding partners.

Mr VAN HOLST PELLEKAAN: I think we would consider an employment contract for two years to be very different from an employment contract for three to five years, which is what you said. A big difference. I refer to page 108 and targets for 2012-13. The second target reads:

Continue to work with regions to finalise a statement that outlines the role of regions in delivering on the state government seven priorities.

My view, it will not surprise you to hear, is that I think it should probably be the governments that are supporting the regions on delivering their priorities, but my question is: does the government have any intention of watering down the independence of RDAs, their boards and their independent decision-making, by bringing them more closely under the wing of government, just as it has done by bringing all natural resource management boards and staff under the Department of Environment and Natural Resources?

The Hon. G.E. GAGO: The short answer is no.

Mr VAN HOLST PELLEKAAN: Terrific, so no intention whatsoever. That is great. On page 108, under Highlights 2011-12, one of the highlights states:

Facilitated four regional consultation visits by the Regional Communities Consultative Council and supported its work program...on identifying opportunities from the seven state government priorities.

That is a highlight for the financial year that is closing at the moment. Can you specify what new opportunities have been identified for each region?

The Hon. G.E. GAGO: I have been advised that they do report each year, and that the outcomes for 2011-12 include that certain committees met at certain times and that the council considered review of the fly-in fly-out workforce practices in mining, review of the Natural Resources Management Plan, a statewide wind farm development plan amendment, the Barossa and McLaren Vale charter preservation bills, implementation of Skills for All vocational education and training reform, the impact of the proposed Murray-Darling Basin plan, the Strategic Infrastructure Plan for South Australia, the right to farm, food security and land use conflicts, the impact of the mining industry expansion, and regional infrastructure and community issues.

The Hon. S.W. KEY: I refer to Budget Paper 4, Volume 4, Agency Statements, page 93. Minister, can you advise how the government is assisting with the food industry contribution with

regard to the South Australian economy? I am looking at 'sustainable business' in the food guide and at Budget Paper 4, Volume 4, portfolio statement, page 93, looking at the food industry's contribution.

The Hon. G.E. GAGO: I had the pleasure of launching in 2012 the annual Food SA summit held at the Waite Institute. This was the second year Food SA has hosted this informative event, and this year's theme for the summit was 'total trends'. The summit brought together and provided an opportunity for the food industry to discuss the latest trends shaping our food industry now and what the industry might look like in the future. A range of experts attended to lead discussions.

At the summit I launched a new resource that aims to encourage food producers to improve their environmental performance, and that is called 'Your Guide to Sustainable Business in Food', jointly developed by Food SA and Zero Waste. It is a great resource and a practical guide that provides businesses with an understanding of how to develop and achieve a good level of sustainability for their business. It goes through different steps of the process from identifying problem areas through to finding solutions that incorporate the right level of sustainability.

It covers a whole range of things like increasing energy and water efficiency, engaging producers and suppliers through the whole chain, the importance of monitoring and evaluation, and lots of additional practical information. Several Food SA member businesses will take part in a mentoring program with Zero Waste SA to demonstrate how the sustainability guide can be applied and the types of outcomes that can be achieved. Also, workshops will be coordinated.

The guide is available through Food SA and Zero Waste websites, and the project supports the South Australian 10-15 food strategy by encouraging the food industry to practise in sustainable management of its limited natural resources, including optimising water waste and energy. I certainly commend Food SA and Zero Waste on this really important initiative.

Mr VAN HOLST PELLEKAAN: Minister, in your opening statement this morning at the session before this one, but covering these same portfolios, you said that the government's regional development portfolio comprises policies, programs and services to support and to monitor service delivery and an across-government approach to regional development. Can you please advise what action you have taken to ensure that government spending in regions on broader mainstream services, such as health, education, transport, etc., increases at a rate no less than inflation?

The Hon. G.E. GAGO: The budget recently handed down, as I said previously, is a budget that has been made in very tight economic times. Savings have been required right across government—and that is all portfolio areas including transport and health. So right across government saving initiatives have been expected. What I am really pleased to be able to note is that part of the budget strategy for this year was delaying some of our infrastructure spends, and that included things like the extension of the electrification of the Gawler line and also some of the works at The Queen Elizabeth Hospital. What I am pleased to be able to say is that there are significant infrastructure spends allocated to regional South Australia and we were able to avoid any deferral as part of those budget savings on any regional infrastructure plans. That was something that I was particularly pleased about.

There might be delays with some of those regional projects but they would be delays in relation to the projects themselves. They are certainly not part of any savings initiatives. We have been able to quarantine regional development in relation to that and, of course, again, South Australia is a wonderful and very beautiful state but most of it is remote and covers vast distances.

We have a very challenging road network and, again, this government spends significant sums on regional roads. There will continue to be significant expenditure but, as I said, all portfolio areas were required to achieve savings and that occurred right across government.

Mr VAN HOLST PELLEKAAN: You have not said whether you have been able to at least maintain inflation pressures or not with spending on those across government areas that you commented on in your opening statement. Can I ask it another way then: given the across government advocacy for regional development that you mentioned, what have you done to ensure that spending on those important areas—like health, education, transport and others—in regional areas is keeping pace then with spending in metropolitan Adelaide?

You are telling me, if I précis your last answer, that these are tough times and you may not have been able to keep up with inflation in all areas but you are doing the best you can. Can you tell me what you have done to make sure that regional South Australians are receiving the same

level of increase, whatever that might be, compared to metropolitan Adelaide in those important across government areas?

The Hon. G.E. GAGO: In terms of any detail of budgets in relation to other portfolio responsibility, the member is advised to ask those questions of those ministers. I am here today to discuss the budget papers that are in front of us, and they do not include the detailed funding of other portfolios. The member is advised to ask his detailed funding questions in the other relevant estimates sessions. What I can say is that the state budget involves a commitment of investment of around \$95 million throughout regional South Australia and that includes:

- \$3 million per year from 1 July 2013 for the Regional Development Fund for programs that support regional economic development and employment and also the attraction of new investors;
- \$792,000 over two years for the installation of digital camera projection systems in Whyalla, Renmark and Port Pirie, plus a \$332,000 fire safety upgrade for Port Pirie;
- \$200,000 to support key studies to help guide the long-term strategy for the further development of Port Pirie;
- \$22.3 million for 86 new prison beds in the Port Augusta Prison;
- a \$10.9 million upgrade of the security system at Mobilong Prison with digital technology;
- \$2.6 million for extra training officers to increase the skill base of CFS and State Emergency Service volunteers;
- replacing \$1.5 million of Country Fire Service breathing apparatus;
- \$500,000 for replacing the State Emergency Service's marine rescue vessel;
- \$20.8 million towards the Berri Hospital;
- \$12.7 million towards Port Lincoln Health;
- \$8.5 towards Port Pirie GP Plus;
- \$8 million towards the redevelopment of the Mount Gambier and Districts Health Service; and
- \$3.1 million towards the establishment of a new five-chair dental clinic at Wallaroo.

As you can see, there are considerable capital investments and commitments by this government in this budget.

The CHAIR: We are due to swap over to ForestrySA.

Membership:

Mr Pengilly substituted for Mr Whetstone.

Departmental Advisers:

Mr I. Nightingale, Chief Executive, Primary Industries and Regions SA.

Mr R. Robinson, General Manager, Forest Strategy, Primary Industries and Regions SA.

Mr W. Materne, Chief Financial Officer, ForestrySA.

Mr D. Plowman, Deputy Chief Executive, Primary Industries and Regions SA.

Mr T. Mader, Group Executive Director, Regions Strategy and Policy, Primary Industries and Regions SA.

Mr R. Janssan, Group Executive Director, Corporate, Primary Industries and Regions SA.

Mr S. Johnke, Director, Finance and Prudential Management, Primary Industries and Regions SA.

Mr M. Williams, Manager, Budget Strategy, Primary Industries and Regions SA.

Ms M. Morgan, Adviser.

The CHAIR: Minister, do you have any comments?

The Hon. G.E. GAGO: Yes; very briefly. I will begin by explaining that PIRSA and ForestrySA are separate entities within the government of South Australia. PIRSA's responsibilities include the provision of forestry policy and development advice to the South Australian government. ForestrySA is a public non-financial corporation that manages state-owned forest assets and undertakes other commercial activities as a government business enterprise.

In 2012-13, PIRSA will work with industry and the community to articulate the clean and green attributes of South Australia's plantation-grown timber. South Australia's timber industry is based entirely upon plantation, which is of an excellent quality. The main activities within PIRSA's forestry policy program are to support the sustainable development of an internationally competitive forest industry.

PIRSA worked with the Forestry Industry Development Board and, after extensive consultation, prepared the South Australian Forest Industry Strategy. PIRSA has also prepared an update to its Guidelines for Plantation Forestry in South Australia, a code of practice for the industry. PIRSA and ForestrySA supported the AUSTimber 2012 International Conference and Exhibition at Mount Gambier in March 2012, which I had the pleasure of attending.

I advise that the government is currently developing a forestry industry policy statement to increase investor confidence and enable the South Australian forest industry to innovate, adapt and compete. PIRSA will produce a market overview for forestry to identify and inform the market and value chain opportunities.

The ForestrySA budget process this year has obviously been a complex one, as the final shape of the budget could be impacted by outcomes of the forward sale. Recognising the ongoing long-term nature of forestry, ForestrySA is continuing to fully fund its replanting, management and protection programs. In the Green Triangle area it is then budgeted to transition from being an owner and manager of plantation assets to being a provider of forest management services under the proposed forward sale model.

In conclusion, I note that forestry is obviously facing a period of change and a very difficult market, similar to the manufacturing sector, but I add that forestry is and will continue to be a strong contributor to the state and to its regional economies.

Mr PEDERICK: I refer to Budget Paper 4, Volume 4, page 105, Program 2: Forestry Policy. I refer to the following transcript regarding the forward sale of ForestrySA timber rotations between the previous minister for forestry (Hon. Michael O'Brien MP) and Mr Ian McDonnell at the forestry forum in Mount Gambier in October 2010. Minister O'Brien stated:

The Treasurer initially announced this in December 2008 during the global financial crisis when all possible means to retire debt were being considered and we still need to retire debt to help retain the AAA credit rating.

Ian McDonnell then asked:

Why is it so critical to retain the AAA credit rating? Why can't there be some sort of balance and why are you putting in jeopardy the industry? This is all about retaining the AAA credit rating obviously.

Minister O'Brien replied:

Yes, that's right.

Now that the South Australian AAA credit rating is gone and looks like long gone, will the minister step forward to stop the forward sale of three ForestrySA timber rotations?

The Hon. G.E. GAGO: I think a decision has been made about the forward sale of our forests and that decision has not changed.

Mr PEDERICK: So you will not lobby the Treasurer to change that decision seeing as the AAA credit rating has gone and, as the former minister stated, this was all about ensuring the AAA rating but, instead, it looks like it is paying for the Adelaide Oval upgrade.

The Hon. G.E. GAGO: What I am pleased to note is that the Treasurer put in place a process: he established an industry round table and that round table was able to identify issues of concern that they had about the forward sale, about security of employment and other aspects of the industry. The Treasurer has liaised very closely with that group. My understanding is that a large number of their recommendations have been incorporated or will be incorporated by the Treasurer in the future contractual arrangements of the forward sale. I believe that many of the

industry concerns have been inputted to the Treasurer and, wherever possible, the Treasurer has accommodated those concerns.

Mr PEDERICK: In light of that answer, how does the government intend to enforce—and I am sure that it will be an international company that purchases the forward rotations of the sale if it does go ahead—conditions on potentially a Chinese buyer or an American superannuation firm?

The Hon. G.E. GAGO: The Treasurer is responsible for devising the contract, the conditions of the contract and negotiations around the forward sale. The member would be better to refer those questions to the Treasurer.

Mr PEDERICK: And it will be very interesting because I think they will just snub their nose. I refer to Budget Paper 4, Volume 4, page 106, the 2012-13 targets state:

Lead the development of the government's forest industry policy position to increase investor confidence and enable the industry to innovate, adapt and compete.

Lead a forest industry market development program to explore value-adding along the whole forest...

How does the intended forward sale of three rotations of timber equate with this objective?

The Hon. G.E. GAGO: As I said, the round table was convened by the Treasurer to help advise on conditions of sale of ForestrySA forward rotations, and also identify future opportunities for the forest industry. Some of the responsibilities they undertook were to give advice to the Treasurer regarding specific conditions of sale, the extension of existing log supply contracts, placing a cap on exports, imposing a minimum rotation length prior to going to market, reviewing the adequacy of the requirements to be placed on a new owner of the forward rotations with regard to replanting obligations and to report to the Treasurer and Minister for Forests with recommendations for addressing challenges facing the forest industry.

As I indicated, the Treasurer has taken advice from the round table on those conditions, and the conditions are extensive and designed to ensure that the best outcomes are realised for South Australia while at the same time attempting to protect jobs and the integrity of the industry as well. So, there will be significant investment. The conditions of sale will form part of a binding legal contract with the successful bidder which will include regular reporting, compliance monitoring and a sanction regime for noncompliance. The investment made in our forestry industry will be very significant in terms of finance, and this is indicative of the growing confidence regarding the long-term future of the sector in South Australia.

Mr PEDERICK: I refer to Budget Paper 3, page 95, ForestrySA, table 5.5. ForestrySA will end up being a liability to the government of \$3.8 million for 2012-13, which is a vast difference to when it put in over \$40 million annually to the state government coffers, and it does not stop there. The estimated result will be \$20 million down from the 2011-12 budget. Can the minister explain in depth why the estimated net contributions to government are so down that forestry will become an expense to government and not a contributor to government?

The Hon. G.E. GAGO: I am advised that that downturn reflects the significantly reduced sales that are due to reduced housing construction, an increased market share of imports due to the high Australian dollar exchange rate, and depressed housing and construction in overseas markets, particularly Europe. That is the advice I have received to explain that.

Mr PEDERICK: Further on from that, I note that Budget Paper 3 page 95 states:

ForestrySA's estimated net contributions to government in 2011-12 of \$18.9 million are significantly below budget due to reduced timber sales...The reduction in ForestrySA's contributions from 2012-13 reflects the planned forward sale of forest rotations in the South East.

Can the minister explain which statement has had a bigger impact on ForestrySA's net contribution to government, and can I have a breakdown of both factors and their impact?

The Hon. G.E. GAGO: You are only asking for 2012-13; is that right?

Mr PEDERICK: You have stated that net contributions to government in 2011-12 and the reduction in ForestrySA's contributions in 2012-13 reflect the planned forward sale of forest rotations in the South-East. You are saying 2011-12 affected the reduced timber sales, but the contributions from 2012-13 reflect the flawed policy of planned forward sale rotations. It is two budget years.

An honourable member: A flawed plan?

Mr PEDERICK: Yes, it is flawed plan. I will get on to that.

The Hon. G.E. GAGO: Thanks for that clarification. I have been advised that a small component for 2012-13, particularly the early part of 2012-13, is the impact of the market. The larger component is the impact of the forward sale and the loss of a government asset.

Mr PEDERICK: In regard to that answer, and referring to the same budget line, we have had an industry that has been putting in at least \$40 million a year. We have dropped \$20 million just now in the budget, so over 111 years it is going to cost nearly \$5 billion just on current figures to the state budgets over that time. If the 2011-12 estimated result is anything to go by, is the government prepared for ForestrySA to cost it more than \$3.8 million in 2012-13?

The Hon. G.E. GAGO: I have been advised that the reduction in ForestrySA's future contribution from the 2012-13 budget is due to the fact that the ForestrySA operations will obviously change following the forward divestment, and the dividend stream affects the intended arrangement of ForestrySA being operational manager of the forests for the last five years. The government is not missing out on the dividend, as this will be effectively capitalised in the divestment proceeds.

I also bring to your attention the fact that some of those operating costs that will continue for ForestrySA are related to our ongoing community service obligation, particularly around fire and suchlike. Those payments will continue as well. The bottom line is that it is an overall financial decision; that is, the government will proceed with the sale if it makes good financial sense overall.

Mr PEDERICK: In regard to the community service obligation—and that includes firefighting and obviously the cost of managing the rest of the state's forests—is this still going to be the government's role even with the forward sale? Will the government be keeping up its community service obligation in the Lower South-East when these forest rotations are forward sold—and I am especially thinking in light of the firefighting?

The Hon. G.E. GAGO: There are a range of community service obligations for which ForestrySA receives contributions: native forest management, community use of forest reserves, forest industry development and community protection, including fire protection. The native forest management focuses on the quality and distribution of native forests, through the development and implementation of measures to protect and enhance biodiversity. Community use of the forests fulfils ForestrySA's obligation to provide public recreational access to its forest estates for walking, picnicking and other things.

Forestry industry development underwrites the component of ForestrySA's forest research program which is considered as being of high value to the forest industry and results from CSO-funded research made available to PIRSA Forestry and the forestry industry generally, through specific reports and field days. The fire protection is a component of ForestrySA's fire expenditure and supplemented by CSOs in recognition of ForestrySA's broader fire management efforts. The advice I have received is that all of those commitments will continue to be provided by ForestrySA.

Mr PEDERICK: And that will include the assets that will be forward sold? That is the main point I want to make.

An honourable member interjecting:

Mr PEDERICK: I have to get the answer. Will the government still have the fire control obligation?

The Hon. G.E. GAGO: I have been advised that, in relation to fire protection, the new owner will be required to fulfil fire safety and management operations at the same level that any other private operator would. The CSO are additional fire protection facilities that are provided over and above that which the private sector might be expected to maintain. We are saying that the government will continue that additional over-and-above component, but the new owner will be required to provide the core fire safety and management.

Mr PENGILLY: Are you saying that the ForestrySA firefighting capacity will be transferred to other areas or sold off or offered to the company that takes over? Or are you saying that the ForestrySA firefighting capacity will be maintained in the area to assist the new private owners.

The Hon. G.E. GAGO: I have been advised that the firefighting assets will be retained, and ForestrySA will provide the fire management service to the new owner.

Mr PENGILLY: Are you are saying that ForestrySA will contract to the new owner?

The Hon. G.E. GAGO: I have been advised that that is correct.

Mr PENGILLY: Therefore the government will be responsible for the ongoing maintenance of the equipment, and it will be used by the private operator under contract from the government, if necessary, which hopefully it will not be.

The Hon. G.E. GAGO: I am advised that we will be provided with a fee for service by the new owner and that the assets will be available for use by other government agencies in the area.

Mr PENGILLY: Will that fee for service be on an 'as required' basis in the event of an incident? Will it be billed out for that time or will it be billed at a figure for 12 months?

The Hon. G.E. GAGO: I understand that level of detail is still being resolved.

Mr PENGILLY: When they do get some sort of resolution, can the minister advise—

The Hon. G.E. GAGO: I am sure that all will be revealed in the fullness of time.

Mr PENGILLY: Sir Humphrey—

The Hon. G.E. GAGO: We are an open and transparent government; fully accountable, open and transparent.

Mr PEDERICK: If the minister could bring back to the committee, in the future, the details of that forward sale, because I think there is some confusion—especially with the special fire trucks that are needed and the personnel down there for emergency protection in terms of the community service obligation. I still think it is not entirely clear what will happen with that.

I refer to Budget Paper 3, page 95, and ForestrySA. It has been reported that the sale price the government is likely to get is probably somewhere in the vicinity of \$600 million to \$650 million, far less than what the forestry is worth to the people of South Australia. Some quotes have put it well over \$1,300 million. Has the government taken into account the fact that Queensland Forests was sold for about \$600 million, undervaluing the assets by up to \$700 million, a trend that Gunns in Tasmania has taken into account?

The Hon. G.E. GAGO: The member is just speculating and being quite mischievous with the figures he is using—

Mr PEDERICK: I reckon it will be close.

The Hon. G.E. GAGO: You are speculating and you are being mischievous. The price has yet to be negotiated, and the government will be making sure that we get the best possible price for this very rich asset.

Mr VAN HOLST PELLEKAAN: I have a supplementary question. I understand that the government cannot provide a target price in negotiations; that is quite straightforward. Has the government got a floor price in place, a minimum above which you must accept and below which you will not proceed?

The Hon. G.E. GAGO: The Treasurer is responsible for putting together and negotiating that contract. The member would be better off referring those questions to the relevant minister.

Mr PEDERICK: I refer to Budget Paper 3, page 95, and ForestrySA. It clearly states that the reduction in ForestrySA's contributions from 2012-13 reflects the planned forward sale of forest rotations in the South-East. Can the minister update me on the current state of the planned forward sale? It has been reported that a number of interested parties toured the South-East recently and all the assets associated with ForestrySA. Can the minister inform me of the outcome of those tours?

The Hon. G.E. GAGO: The Treasurer is responsible for those matters. The member would be better referring them to the relevant minister.

Mr PENGILLY: Following on from the questions about the capacity for firefighting, which you said would be contracted out to the new owner, are there any other ForestrySA services which will be contracted to the new owner? I am not an expert on this, but I would have thought it would probably be broader than just firefighting capacity. Are there other services that are being drafted up to be contracted out—research and that sort of thing?

The Hon. G.E. GAGO: I have been advised that probably the two main areas the member would most likely be interested in would be, first, the management of the estate, which ForestrySA will do on a fee for service basis, and, secondly, the management of the nursery. That is cultivating and then selling the seedlings to the new owner. That will be another important area of activity.

Mr PENGILLY: That would be fee for service?

The Hon. G.E. GAGO: Fee for service as well.

Mr PEDERICK: The omnibus questions are as follows:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2011-12 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?

2. For each department or agency reporting to the minister in 2011-12 please provide the number of public servants that are (1) tenured and (2) on contract, and for each category provide a breakdown of the number of (1) executives and (2) non-executives.

3. For each department or agency reporting to the minister, how many surplus employees will there be at 30 June 2012, 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 2011-12 for all departments and agencies reporting to the minister, what underspending on projects and programs was not approved by cabinet for carryover expenditure in 2012-13, and how much was approved by cabinet?

5. Between 30 June 2011 and 30 June 2012, will the minister list the job title and total employment cost of each position (with a total estimated cost of \$100,000 or more)—(a) which has been abolished and (b) which has been created?

6. For the year 2011-12, will the minister provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister—listing the name of the grant recipient, the amount of the grant and the purpose of the grants, and whether the grant was subject to a grant agreement as required by Treasurer's Instruction No. 15?

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

8. For each department or agency reporting to the minister, how many Targeted Voluntary Separation Packages (TVSPs) were or will be offered in total for the financial years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16?

The CHAIR: There being no further questions, I declare the examination of the vote completed. I thank the minister, her advisors and the committee.

The Hon. G.E. GAGO: Thank you, Chair, members, opposition and officers.

[Sitting suspended from 12:17 to 13:15]

ATTORNEY-GENERAL'S DEPARTMENT, \$89,409,000

ADMINISTERED ITEMS FOR THE ATTORNEY-GENERAL'S DEPARTMENT, \$43,344,000

DEPARTMENT OF THE PREMIER AND CABINET, \$113,059,000

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$20,551,000**

Membership:

Hon. I.F. Evans substituted for Mr van Holst Pellekaan.

Witness:

Hon. R.P. Wortley, Minister for Industrial Relations, Minister for State/Local Government Relations.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Department of the Premier and Cabinet.

Mr B. Russell, Executive Director, SafeWork SA, Department of the Premier and Cabinet.

Mr E. Brooks, Executive Director, Public Sector Workforce Relations, Department of the Premier and Cabinet.

Mr J. Loulas, Manager, Financial Performance and Strategy, Department of the Premier and Cabinet.

Mr S. Bruggemann, Senior Management Accountant, SafeWork SA, Department of the Premier and Cabinet.

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of the Premier and Cabinet.

Ms T. Bowe, Director, Public Sector Workforce Wellbeing, Public Sector Workplace Relations, Department of the Premier and Cabinet.

Ms J. Lovatt, Director, Strategic Interventions, SafeWork SA, Department of the Premier and Cabinet.

Mr A. Swanson, Executive Director, Finance and Business Services, Attorney-General's Department.

The CHAIR: I declare the proposed payment reopened for examination and refer members to the Agency Statements, Volumes 1 and 4. 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; that has been done. Changes will be notified as they occur. If the minister undertakes to supply information it must be submitted by Friday 21 September.

I propose to allow both the minister and the lead speaker of the opposition to make opening statements, if they so wish. There will be a flexible approach to giving the call for asking questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. A member who is not part of the committee may ask a question.

Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution. All questions are to be directed to the minister. The minister may refer questions to advisers for a response. I call on the Minister for Industrial Relations to make a statement if he wishes.

The Hon. R.P. WORTLEY: In his speech opening the 52nd parliament, the Governor discussed the seven key areas of focus for the government's forward agenda. Over the past year, the industrial relations portfolio has progressed significant legislative reform which supports the Premier's future vision for our state. One of the Premier's priorities is the creation of a vibrant city.

On 2 April, the South Australian parliament passed the Statutes Amendment (Shop Trading and Holidays) Act 2012, which allows all shops located in the central business district (CBD) tourist precinct to trade from 11am until 5pm on all public holidays, except Christmas Day, Good Friday and before noon on ANZAC Day. The new shop trading hours arrangements will reinvigorate the city centre and inject more life into the central business district of Adelaide. This initiative reflects the government's commitment to making Adelaide a vibrant city and central meeting place for the South Australian community and for visitors to our state.

The decision to allow shops in the central business district tourist precinct to trade on most public holidays has proven to be a successful one, with information provided by the Rundle Mall Management Authority showing that there were about 140,000 visitors to the Rundle Mall over the Easter period and 55,000 on the Queen's Birthday public holiday. The opportunities to increase trading is balanced by the prescription of part-day public holidays on Christmas Eve and New Year's Eve.

This reform recognises the importance of those nights for community celebration and family gatherings and acknowledges the fact that while most of us are at home or out enjoying ourselves at those special times of the year, there are others who are serving us and looking after us, such as nurses, police, hospitality workers, and so on. The part-day public holidays will allow

workers to access protections and penalty rates if they are required to work on those special nights.

Another of the Premier's priorities is maintaining our safe communities and healthy neighbourhoods. In support of this priority, the government continues to work toward the passage of the Work Health and Safety Bill 2011, which enacts the model work health and safety act, in this state to fulfil South Australia's commitment to adopting nationally consistent model occupational health and safety legislation.

The model work health and safety act provides, for the first time, work health and safety laws that will be the same in each jurisdiction, thereby giving all Australian workers the same work health and safety standards and protections wherever they work. The model work health and safety act was developed at a national level by SafeWork Australia, a tripartite body, including representation from the Australian Chamber of Commerce and Industry, the Australian Industry Group, unions and state and territory governments.

This important piece of legislation, which was subject to extensive consultation at both a national and state level, will ensure that South Australian workers are provided the highest level of protection so that no-one has to feel the agony of losing a loved one at work. It will also ensure that workers in this country have the same standards of safety wherever they work. The legislation recognises the changing nature of 21st century work relationships and encourages labour mobility by recognising licences across different jurisdictions.

Consultation on this legislation (at the state level) has occurred through the tripartite SafeWork SA Advisory Committee. The advisory committee, which includes representation from industry leaders and senior workers' representatives, continues to work tirelessly to ensure the safety of all South Australians by providing high quality advice to the government on occupational health and safety issues of importance to this state.

In December 2011, members of the advisory committee were appointed for the next term. The advisory committee is expertly led by Mr Tom Phillips AM, who, on 17 November 2011, was reappointed as presiding member. Mr Phillips has been the presiding member of the advisory committee since it was formed in 2005. During this time, he has presided over a range of critical matters in the area of occupational health and safety in this state. Mr Phillips' contribution to occupational health and safety extends to the national level, where he is Chair of Safe Work Australia, which is the Australian government statutory agency with the primary responsibility of implementing harmonised laws and improving work health and safety and workers compensation arrangements across Australia.

South Australia has always been a leader in the field of occupational health and safety, and it would be remiss of me at this point to fail to acknowledge the enormous contribution of Ms Michele Patterson. Michele retired from the position of executive director of SafeWork SA, this state's occupational health and safety and industrial relations enforcement authority, at the end of last year following nine years in the role. Michele has played a prominent role in occupational health and safety in Australia at state, national and international levels for over 25 years. Her extensive knowledge, hard work and experience has ensured that SafeWork SA is recognised as one of the leading labour inspectorates in the country.

The practices and procedures developed at SafeWork SA by Michele are also being used as a model in developing nations around the world. I also advise the committee that Michele was recognised for her work with an award in the Queen's Birthday Honours list, something very well deserved. A legacy of Michele's leadership is the highly successful Safe Work Week program of events. Safe Work Week is an annual event educating the community about how to stay safe at work. In 2011, more than 73 information sessions were held at the Education Development Centre at Hindmarsh and were attended by over 3,600 people.

The sessions were tailored to meet the needs of a range of stakeholders in the work environment, including employers, employees, occupational health and safety professionals, contractors, health and safety representatives and human resource personnel. The Safe Work Week concluded with the annual Safe Work Awards, which celebrate and publicly recognise the efforts of those employers and individuals who lead by example in demonstrating their commitment to workplace safety.

The winners of some of the categories in the South Australian Safe Work Award categories became automatic finalists in the national Safe Work Australia Awards, which were presented in April this year. It was pleasing that South Australia continued its recent success in these national awards with The Hub Fruit Bowl taking out the 'Best workplace health and safety practices in a

small business' category. This award recognises high standard workplace health and safety practices in a small business.

This government's commitment to safe, fair and productive working lives in South Australia is demonstrated through our participation in a range of strategic interventions, projects and compliance activities supporting state and national targets surrounding occupational health and safety and industrial relations. Some of these strategic interventions, projects and compliance activities have included the forklift safety in the grocery and fruit and vegetable wholesalers industry and the safe design, manufacture and supply of plant project which had a focus on imported machinery.

This is in addition to SafeWork SA's industry improvement program, which is a strategically targeted program that continues to assist employers in reducing the number and cost of work-related injuries that occur in this state. SafeWork SA also continues to administer the national industrial relations law on behalf of the Fair Work Ombudsman. This includes education—

Mr PENGILLY: Point of order, Mr Chairman. We have had nearly 15 minutes of this diatribe; can we get to the questions?

The CHAIR: I am sure the minister is conscious of the time, and I think he will draw it to an end.

The Hon. R.P. WORTLEY: I also note that five minutes was spent with the introduction, Mr Chair.

The CHAIR: Not quite that long.

The Hon. I.F. EVANS: Will you stop attacking the Chair?

The CHAIR: I am happy to be attacked.

The Hon. R.P. WORTLEY: I must say I had big shoes to fill when I took over this role as minister. Do you want me to continue or I am happy to stop?

The CHAIR: Yes, continue on.

The Hon. R.P. WORTLEY: This includes education, compliance and enforcement services through the use of local, regional and metropolitan SafeWork SA inspectors, who are appointed under federal industrial relations legislation in addition to their powers under state laws. Latest data reveals that SafeWork SA—

Mr PENGILLY: Point of order. Mr Chair, can the minister indicate how many more pages he has?

The CHAIR: No point of order.

The Hon. R.P. WORTLEY: Latest data reveals that SafeWork SA has recovered over \$920,000 in the current financial year and over \$1,580,000 since South Australia commenced participation in the national system of industrial relations for the private sector. SafeWork SA has also undertaken intervention strategies regarding industrial relations issues, including the Private Hospitals, Aged Care Centres and Nursing Hire Agencies Audit Program which led to the recovery of more than \$90,000 in unpaid wages and the delivery of information and education sessions for employers in the South Australian retail industry, and health and aged care sectors in metropolitan and regional precincts.

Mr Pengilly interjecting:

SafeWork SA is the lead agency in South Australia's Strategic Plan target on work-life balance and the agency is currently progressing two key projects in this important area. These projects are the Quality Part-Time Work Project which addresses the growth in part-time work in South Australia and looks at strategies for employers and employees to improve how part-time work is utilised, and the Work Life Balance Innovations Project which supported 15 South Australian employers in a pilot program to implement and evaluate innovative and flexible working options through participation in four master classes. Almost there, member for Finniss.

In relation to management of the South Australian public sector workforce, a range of industrial relations and wellbeing initiatives and programs were implemented by Public Sector Workforce Relations during 2011-12. This included successfully negotiating major enterprise agreements for the South Australian Ambulance Service; the South Australian public sector

building, plumbing and metal trades employees; trains and trams employees; and the South Australian Metropolitan Fire Service.

Public Sector Workforce Relations developed the Safety and Wellbeing in the Public Sector 2010-15 Strategy that was adopted by government in July 2010. Public Sector Workforce Relations continues to monitor performance against the targets in that strategy and supports further improvements of workplace safety, wellbeing and injury management. I will end there. I am very keen to get some questions from the opposition.

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

The Hon. I.F. EVANS: No, other than to thank our guest speaker.

The CHAIR: No opening statement? You have the floor.

The Hon. I.F. EVANS: Minister, last year in this committee you took on notice seven questions about asbestos at Inverbrackie. I am wondering, now that it has been a year, when can I expect my answers?

The Hon. R.P. WORTLEY: Yes, as members may be aware, the commonwealth Department of Immigration and Citizenship is responsible for immigration detention facilities in Australia, including the Inverbrackie detention facility in the Adelaide Hills. While the responsibility for DIAC employees and detainees in immigration detention facilities falls under the Comcare scheme (the commonwealth occupational health and safety regulator), the responsibility for South Australian contract staff who work in the facility remains with SafeWork SA.

I am advised that on 25 January 2011 SafeWork SA received notification of an alleged dangerous occurrence involving the exposure of a subcontractor to asbestos contained in material at the Inverbrackie detention centre. The alleged exposure came about as a result of work being undertaken to remove a floor for repairs and treatment for termites in late December 2010. The renovating company immediately notified SafeWork SA when it became aware, fulfilling its duties under the state workplace safety legislation.

Measures were put in place for subcontractors who were working at the site, which included the prohibition of all work on areas suspected of containing asbestos until samples were taken and tested and the area was confirmed as being safe. SafeWork SA inspectors have now reviewed the asbestos register, and it was apparent from the documentation that the asbestos considered high risk has been removed from the houses which were initially identified as having asbestos products present.

Comcare investigators have liaised with SafeWork SA inspectors on this matter and, based on the information provided to SafeWork SA inspectors during their visit, SafeWork SA is satisfied with the actions taken to address asbestos concerns at the Inverbrackie detention centre. Now I could go through quite a few pages of the Comcare investigation, if you wish, or I will leave it at that.

The Hon. I.F. EVANS: Can you confirm that the asbestos was dumped correctly according to the law? That was one of the questions asked last time.

The Hon. R.P. WORTLEY: Yes, that is correct.

The Hon. I.F. EVANS: Is there any reason why I had to wait until today to get my answer and not, as outlined by the Chairman in his opening comments, as an answer meant to be provided within a certain time period? Is there any reason why the opposition had to wait a full year to get its answer?

The Hon. R.P. WORTLEY: According to my advice, we thought you had been provided with the answer. I will check up on that and find out what happened. By all means, you are entitled to an answer within a specific period of time, and it was our impression that you got that. I will check up on that.

The Hon. I.F. EVANS: I refer to Budget Paper 4, Volume 4, page 67, that South Australia 'led the national harmonisation of health and safety legislation'. The intent of the 2008 COAG reform was to improve work safety while also decreasing the cost of business. Minister, Victoria and Western Australia have not yet signed up to the proposed legislation. A report prepared for the Victorian government by PricewaterhouseCoopers revealed that, under this legislation, Victorian businesses would face additional costs of more than \$3.4 billion over the next five years. Does the minister accept that South Australian businesses will also face significantly increased costs and that, therefore, the legislation will go against the intent of the

2008 COAG reform which was, in part, designed to decrease the cost of business, not increase the cost of business; and, if so, why should the South Australian parliament pass the laws?

The Hon. R.P. WORTLEY: You have highlighted that Victoria and Western Australia have not signed up for this yet. Western Australia apparently budgeted for the introduction of new work health and safety laws so it would not be unreasonable to believe that in a short period of time they also will sign up to this, so that leaves Victoria. Bearing in mind that most of this legislation was drafted on Victorian legislation, and they drafted the legislation themselves, it comes as no surprise, to be honest, that the Victorian government has come across a PricewaterhouseCoopers regulatory impact statement. On 12 April 2012, the government released a summary report on the impact of the proposed national model work health and safety laws of Victoria. I also repeat that this is a summary of the report.

The full details of this regulatory impact study have not been released and, as such, it is difficult to make any reasonable assessment of the findings of the review. While the summary report concluded that new legislation would cost businesses in Victoria \$3.44 billion over five years, many of its assumptions are not relevant to the South Australian context. The summary report does not contain sufficient detail or information to allow for a reasoned assessment of the broader impact of nationally harmonised legislation. By way of example, one statement highlights that only 1 per cent of Victorian businesses operate in more than one state. However, it is silent on the fact that this percentage of business activity covers a significant portion of workers in the state. It is undeniable that these people will benefit directly from the application of the consistent safety standards.

I will also mention that, if you look at the disclaimer on the PricewaterhouseCoopers' regulatory impact statement, it speaks for itself with regard to the accuracy of the statement, as none of the figures given to them by the Victorian government were checked. I imagine the disclaimer would protect PricewaterhouseCoopers, and that they are trying to protect themselves, and when proper analysis and the inaccuracies of their report come out, they will be able to declare their disclaimer.

South Australia commissioned a state-specific RIS on the model work health and safety regulations on 5 January 2012. The survey was sent to 380 businesses and 44 responses were received. A report on the outcomes prepared by Deloitte indicates that the safety benefits of harmonisation would exceed compliance costs. Consistent with the national RIS, the long-term return to the South Australian economy would significantly exceed the one-off cost of implementing the new laws, even without taking into account the expected productivity benefits of the reform.

The Hon. I.F. EVANS: Minister, South Australian businesses are already suffering in the current economic climate. We are currently the highest-taxed state in Australia. The PricewaterhouseCoopers' assessment shows that only three of 20 proposed changes would have a positive impact on the Victorian businesses. It was estimated that it will cost Victoria \$812 million to transition to the new model and \$587 million a year in the first five years in ongoing cost to business. Most of these costs will be borne by small enterprises which, of course, make up the vast majority of the South Australian businesses. What can the minister say to South Australian businesses that this legislation will lead to industry fears of job losses and a further slump in business?

The Hon. R.P. WORTLEY: First, I have already mentioned that a lot of the assumptions that come out of this RIS from Victoria are based on figures that have not been checked. I would also say that Business SA and the Australian Industry Group support the introduction of this legislation. Business SA, which is recognised as the representative of business in this state, supports the bill, obviously it has done its homework, so I would disagree with the premise of your question.

The Hon. I.F. EVANS: Can the minister rule out then that there will be any cost increase to South Australian businesses?

The Hon. R.P. WORTLEY: There will be cost associated with the introduction of the work health and safety legislation but the benefits will outweigh the costs.

The Hon. I.F. EVANS: What is the minister's estimate of the cost? What is the department's estimate of increased cost to South Australian businesses?

The Hon. R.P. WORTLEY: It is on the website. Unlike the Victorians, we have put our RIS on our website for the public to see. They may have given it to you, I do not know, but it is

certainly not available to the public or us. Ours is available on the website. I do not have it right here, but I can certainly forward it on to you.

The Hon. I.F. EVANS: The Housing Industry Association commissioned the consultant Hudson Howells to look at the impact of legislation on the economy. Its assessment was that, if it is adopted in South Australia, the bill will lead to up to 12,500 job losses every year and annual economic damage of up to \$1.4 billion, so why has the government discounted that warning?

The Hon. R.P. WORTLEY: First, we do not agree with the position put by the HIA. We have seen its figures which it has used as the basis of its calculations. Its figures are very distorted. Many of the issues on there are required and are used now, so it has doubled up on that. It actually put a costing for three different sorts of height protections, when at any one time you need only one. Many of them are used now currently.

We have done a costing on the HIA's costs through two independent consultants. One was named Bottomley who is an expert consultant from Victoria. We then had his report analysed by another independent contractor, and the result of their research was that, if contractors, workers or employers are currently abiding by the current legislation, the impact would be almost insignificant.

The Hon. I.F. EVANS: The PWC report found that if businesses are already complying with the more general duty in the current Victorian laws, the greatest specificity in the model work WHS laws is unlikely to translate to significant safety benefits. Why then is the government placing a multimillion dollar burden on business when there is unlikely to be any great improvement on workplace safety?

The Hon. R.P. WORTLEY: What we are saying is that there is no multimillion dollar burden. The benefits as a result of the introduction of these laws will far outweigh the costs. I just have to disagree with the line of questioning. It is not the case.

The Hon. I.F. EVANS: How do you justify the claim that the bill will be supported as part of a harmonised package of laws? The bill in New South Wales has already been heavily amended. Both Western Australian and Victorian governments have indicated that they do not support the current bill and, at the very least, will amend the bill. I am just wondering how you justify this as somehow a harmonised piece of legislation?

The Hon. R.P. WORTLEY: First, it was adopted in Queensland, the Northern Territory, the ACT, federally and in Tasmania only recently, as well as in New South Wales. In New South Wales the only amendment to that was amending the others. You mentioned heavily the sort of jargon I have heard the Hon. Mr Lucas talk about when he has been misleading the public and everyone else. There was one amendment in New South Wales, moved in the upper house by the Greens, I believe, that gave union officials the right to prosecute low-level breaches of the act. We have decided not to go down that track, but all in all the actual pillars of the legislation are intact throughout the country, and they are still harmonised laws.

The Hon. I.F. EVANS: Does the minister propose to proceed with the legislation if the legislation is not passed by Western Australia and Victoria, as looks likely?

The Hon. R.P. WORTLEY: With regard to Western Australia, our position will be that that will be passed, and we are certainly not following Victoria. We are a part of negotiations which have taken place over quite a number of years nationally, the introduction of this harmonised legislation. It has now been passed by the commonwealth, Queensland, New South Wales, Tasmania, Northern Territory and the ACT, and we hope that in the very near future we will join that list of jurisdictions, which will then allow our workers and employers in this state to enjoy the same safety benefits as everyone else.

The Hon. I.F. EVANS: Does the minister accept that the claimed financial benefits have already been reduced by the fact the legislation has been amended by New South Wales?

The Hon. R.P. WORTLEY: No, not at all.

The Hon. I.F. EVANS: So on one hand you argue that there has to be harmonised legislation to reduce cost, and when there is not harmonised legislation it does not increase costs?

The Hon. R.P. WORTLEY: The pillars of this legislation, which are about giving safe work, health and safety benefits for workers, are still intact. The fact that they have given officials the right to prosecute low-level breaches has not in any way taken away from the benefits of the act.

The Hon. I.F. EVANS: Many small and medium-sized businesses do not have the ability to readily adapt to the changes that will be required under the proposed law. What is the government going to do to ensure that businesses understand their obligations under the law?

The Hon. R.P. WORTLEY: There will be significant literature developed through Safe Work Australia. They will be working with employers and employer associations to ensure that the provisions of the Work Health and Safety Act are disseminated amongst the employer groups. Any new regulations will be given a 12-month transitional period. I will pass you on to my colleague here, Bryan, who can let you know what is happening in that regard.

Mr RUSSELL: Through the chair, SafeWork SA, like other states and territories, will be initiating quite a comprehensive communication plan to ensure that businesses have an opportunity to be informed about the legislation. This is happening at a number of levels. At the high level, there is a number of codes of practice that have been developed to assist industry and provide practical guidance on complying with the legislation. In addition to that, SafeWork SA is embarking upon a communication program which includes the provision of information, advice and assistance. That is done through a series of briefings and seminars. Perhaps the hallmark of that is Safe Work Week, and a focus of Safe Work Week this year is the nationally harmonised legislation, indeed as it was last year. It is quite a sophisticated program of providing advice and assistance to industry.

The Hon. I.F. EVANS: Minister, to your official, it is true, though, that in the minister's opening comments he mentioned 3,500 participants in Safe Work Week out of 120,000 small businesses, so it is a very small component of businesses that actually attends Safe Work Week. That is not actually going to deliver much of a message at all to the small business community.

Mr RUSSELL: Through you, minister, and the Chair, just in response to that, you are quite right. In terms of the direct contact, that is quite limited, so we do explore other options of being able to extend the reach of that message. The most obvious mechanism for doing that is to use the current technology and the internet, and all the material that we provide and make available through Safe Work Week is available on our website. In addition to that, we have specific questions and answers with regard to the legislation that businesses can access through that website.

Given the nationally harmonised nature of the legislation, that information is consistently available through Safe Work Australia and through the states and territories that have adopted the legislation, so there is quite a broad program of information available, and workplaces have quite considerable access to that information.

The Hon. R.P. WORTLEY: Can I also add that COAG will be reviewing this legislation in 2014, 12 months after its introduction in 2013, so there will be a review. As a minister, one of the delights of this legislation is that it will provide us with certain aspects which will help save life and limb in the workplace. The sooner we get all this information out to small and large business, and whoever else, the better. A lot of effort will be put into the content of this legislation and the regulations.

The Hon. I.F. EVANS: What is the state budget for getting all this information out? How much have you budgeted to get all this information out to businesses?

The Hon. R.P. WORTLEY: I will hand you over to Mr Russell.

Mr RUSSELL: There is no additional budget for this. This is being conducted and undertaken through the existing operational budget of SafeWork SA. That is part and parcel of the ongoing programs we have in regard to prevention activities, and those programs encompass changes in legislation such as this.

The Hon. I.F. EVANS: How much is your current budget?

Mr RUSSELL: The current budget for this particular program?

The Hon. I.F. EVANS: I want to know how much you have available to spend on educating businesses about the significant change to their obligations.

Mr RUSSELL: On prevention activities—I will take that on notice and provide you with some further detail about that.

The Hon. R.P. WORTLEY: I would also like to add that Business SA, the AI Group and others who support this legislation will be working with SafeWork SA to get it out to their members. A very wide spectrum of employers out there are covered under these employer associations, so we are quite confident that in a reasonable amount of time we will be able to get that information out to employers.

The Hon. I.F. EVANS: What is the government's estimate of the impact on the cost of housing, and does the minister accept that the legislation will have a negative impact on housing affordability? Consultants Hudson and Howells have estimated that the bill and regulations will increase the cost of a single-storey dwelling by \$20,690 and a double-storey dwelling by about \$29,335. Consultants Rider Levett Bucknall, employed by the HIA, confirm the estimate with their own estimate of an increased cost of \$20,088 for a single-storey dwelling and \$28,450 for a double-storey dwelling. Rider Levett Bucknall are internationally qualified quantity surveyors used by state government to do their cost estimates on a number of projects, including the Adelaide Oval project. What is the government's estimate of the impact on the cost of housing?

The Hon. R.P. WORTLEY: The assumptions made by these consultants are based on information given to them by the HIA. What we are saying is that the HIA has given them information which is totally incorrect. We have seen the information and the figures the HIA uses, and they have things like toilets, signage and fences, all of which are used now—three different sorts of height protection; you only use one, and people who currently use one would be known.

We used two consultants; one looked into the results of the other. They said that as long as employers are complying with the current legislation the cost would be within 0.5 per cent, no more than \$2,000, and that is provided they do not use height protection now. The vast majority of builders, who are working on roofs and the likes, do currently use it, and it is a cost they incur now.

The Hon. I.F. EVANS: They are now obligated to do that, are they?

The Hon. R.P. WORTLEY: Correct.

The Hon. I.F. EVANS: So you are saying there is virtually no cost impact on housing?

The Hon. R.P. WORTLEY: I am saying that our figures show that it will be no more than \$2,000 for a single-storey building.

The Hon. I.F. EVANS: What is it for a double-storey building?

The Hon. R.P. WORTLEY: If we want to put it into perspective, you have about a 30 per cent or 40 per cent increase, so if that is the case here it will be \$2,800.

The Hon. I.F. EVANS: But has the government actually done the figures for a two-storey building, or are you just assuming that—

The Hon. R.P. WORTLEY: When you consider that probably 90 per cent—

The Hon. I.F. EVANS: You say that the consultants HIA is using are faulty 30 per cent, and you are ramping it up 30 per cent.

The Hon. R.P. WORTLEY: Hang on.

The Hon. I.F. EVANS: What does the government say on a double-storey building—

The Hon. R.P. WORTLEY: There is a figure in the Bottomley report. I do not have it with me now, but I will certainly get it to you. When you consider that the vast majority of housing estates are single storey, I think the important figure we look at is \$2,000—and that to me is a very liberal figure. If people are buying and using height protection now, it would be even less than that.

When you consider that in the last four years there have been 933 serious injuries and 84 serious falls; just for falls alone, there were 5,100 days off, which is around about 100 days per fall—and they are serious falls. What that indicates to me are a number of things. First of all, there are a lot of other falls which have been happening which have not been reported. When you consider that the vast majority in the housing industry are contractors, whose figures are not put into WorkCover, there is a gross under-reporting of what is actually happening out there at the moment.

We see the industry as needing urgent attention with regard to health and safety. It is surprising that HIA is really running a campaign against this legislation basically on its own and against the wishes of the AIG and others. Maybe they recognised that it is a pretty dangerous industry and know the consequences of not coming to grips with this new work health and safety legislation.

Our motive for introducing this legislation is to keep people safe in the workplace and to make sure they get home at night to have dinner with their family, and we do not apologise for that. What has been amazing to me is that, with all the debate in the upper house from the opposition,

not once has there been any mention of the fact that workers might be saved. It has all been about the cost, based on figures we believe are totally inaccurate.

The Hon. I.F. EVANS: Of the falls you have just talked about, how many of those were caused through inadequate height equipment?

The Hon. R.P. WORTLEY: The point is that the injuries happened because the controls were not there. They were—

The Hon. I.F. EVANS: No; hang on. The question I am asking you is: how many of those injuries resulted because the equipment you are now going to put in place was not in place? I am actually from the building industry, minister. I have worked on building sites; I have fallen off roofs. That does not mean that the scaffolding or the equipment was not in place properly. What I want to know is: of these 5,000 falls, or whatever the figures was—

The Hon. R.P. WORTLEY: Eighty-four falls.

The Hon. I.F. EVANS: Eighty-four falls—

The Hon. R.P. WORTLEY: Five thousand one hundred days lost.

The Hon. I.F. EVANS: No doubt, they would have been investigated by your agency, because they are very concerned about them. So, of the 84 falls, how many of those were caused by the incorrect equipment being in place?

The Hon. R.P. WORTLEY: I will hand you over to Mr Bryan Russell.

Mr RUSSELL: Thank you, minister. We would expect that all of those falls arose because of the absence of control measures to protect the fall from happening—

The Hon. I.F. EVANS: You would expect or you know?

Mr RUSSELL: We expect.

The Hon. I.F. EVANS: So, you did not inspect them?

Mr RUSSELL: I am not in a position to be able to say definitively that all of those were caused because there was a fault with the equipment.

The Hon. I.F. EVANS: So, you expect. This parliament has been debating this legislation for three years. You have been running this line about the falls, which is a serious concern to all. As a builder, I fell 28 feet off a roof. I know what it is like; I have been there. But that does not mean that the equipment was not in place. Can someone in your agency tell us: of the 84 falls, how many resulted from the equipment not being in place or installed properly?

Mr RUSSELL: We will take that on notice, and I will find that out for you.

The Hon. I.F. EVANS: Can you do that for me for each year for the last three years? Do you actually inspect each fall?

Mr RUSSELL: It would be a notified incident, and for notifiable incidents we undertake—

The Hon. I.F. EVANS: How many of the 84 falls were notified incidents to your agency?

Mr RUSSELL: We would expect that all of those would be notifiable incidents.

The Hon. I.F. EVANS: You would expect or you know?

Mr RUSSELL: I would expect.

The Hon. I.F. EVANS: So, no-one knows?

Mr RUSSELL: I will find out that information for you.

The Hon. R.P. WORTLEY: Just remember that—

The Hon. I.F. EVANS: Through the minister or to the officer who is answering, one assumes that, when the officers underneath the senior officer comes up and says, 'We've got this great idea to change occupational health and safety legislation; we have had all of these falls,' someone would have asked the question: how many of these falls were caused by inadequate equipment or, indeed, inadequate regulation, and how many of those have been notified to us?' One would have thought that would have been a pretty logical sequence of questions before you jump down the path of going to a higher regulatory role, because, ultimately, if the equipment is not

in place properly, it does not matter what the regulation is, the equipment is not going to be in place properly.

The Hon. R.P. WORTLEY: This legislation was negotiated at the national level between employers, unions and government. What you will find on the obvious question you ask—why didn't we ask how these falls occurred—is that we are talking about injuries throughout the state. The Regulatory Impact Study (RIS), both nationally and for South Australia, has indicated that the benefits of this legislation far outweigh any costs of transitioning to it. At the end of the day, the figures speak for themselves. We have done a very good job of reducing the number of injuries since 2002. We lead the country in reducing injury and death in the workplace, so we do not apologise for the fact that—

The Hon. I.F. EVANS: If that is the case, and South Australia leads the nation, as you claim—and I think I referred to the reduction in workplace injury in my contribution in another place—why are we adopting the Victorian model? If the South Australian model is delivering the best outcome for workers, as you have just told the house, why are we adopting a Victorian model? Why are we not sticking to the model that you claim has produced the best results in Australia?

The Hon. R.P. WORTLEY: There are a number of aspects to the harmonised law. First, it means that the same legislation and regulations are throughout the country, so it does not matter if a worker is working in South Australia, they can go to Queensland and have exactly the same laws and regulations; if they want to go to Tasmania, exactly the same. There is a great benefit to that, in itself. Also, the fact is that because we are doing a great job here does not mean we cannot do better. We are not going to rest on our laurels; there are still too many injuries in our workplaces. This new Work Health and Safety Act will provide us with certain provisions which will help us to improve health and safety in the workplace.

The Hon. I.F. EVANS: If injury is your concern, why are you budgeting to do less prevention initiatives this year than last year?

The Hon. R.P. WORTLEY: I will hand you over to Mr Bryan Russell.

Mr RUSSELL: In terms of the level of activity that is being projected for the work that we are forecasting for 2012-13, there is an increase in the number of prevention activities. You will see that the projection in 2011-12 was 27,000 and we have estimated that that will increase to 30,000, so we are, in fact—

The Hon. I.F. EVANS: But you did 32,000 last year.

Mr RUSSELL: We recognise that we exceeded that target last year and, certainly, we would—

The Hon. I.F. EVANS: So you have new laws coming in that are more complex and you are going to deliver less services. You are delivering 30,000 occupational health and safety workplace intervention activities; last year you delivered 32,000. The number of prevention initiatives delivered is 300; last year you did 320. Why would you deliver less when you are putting more brand-new regulation onto 120,000 businesses out there? Why would you be doing less?

Mr RUSSELL: I think the very important point you mention is that we are moving to new legislation and on the basis of moving to new legislation it is clearly important to be able to provide some support, advice and advisory services to workplaces. In that sense, it would be unreasonable for us to project a figure that could not be achieved, so we kept the figure at a modest 10 per cent increase on the number of prevention activities that we would be looking to undertake (that is, an increase from 27,000 to 30,000), and that is on the basis of being able to provide some additional support and advisory services to workplaces on the new legislation.

The Hon. I.F. EVANS: But you did 32,000 last year.

Mr RUSSELL: Yes.

The Hon. I.F. EVANS: You know you can do 32,000; you did it last year.

The Hon. R.P. WORTLEY: I just draw the member's attention to the fact that for 2011-12 the projection was 27,000. The projection for 2012-13 is 30,000 and the estimated result for 2012 and 2013 may be 33,000—who knows? I think the line of questioning is irrelevant.

The Hon. I.F. EVANS: You would, minister, because it is a difficult line of questioning for you.

The Hon. R.P. WORTLEY: It is not a difficult line—

The Hon. I.F. EVANS: What you are doing is—

The Hon. R.P. WORTLEY: —it is actually an obvious line in the papers.

The Hon. I.F. EVANS: You are budgeting for a low target. You did 32,000 last year; that was your estimate. You just told the committee it might even be 33,000, so clearly you are going to exceed the 32,000. You have picked a low mark, simply so you can put a tick in the box. If anything, that should be a higher figure. You have 140,000 businesses out there about to be hit with a whole range of regulations, new work codes. I think you are going to need a lot more than that. What was the cost of the Bottomley report and the Ogden report?

The Hon. R.P. WORTLEY: We will take that on notice.

The Hon. I.F. EVANS: Is it still the government's advice that under the National Partnership Agreement there is about \$33 million over two years available to South Australia subject to its meeting its undertakings in the agreement?

The Hon. R.P. WORTLEY: That is correct.

The Hon. I.F. EVANS: Is there any breakdown as yet as to what components are attached to this particular piece of legislation, the work, health and safety legislation?

The Hon. R.P. WORTLEY: No.

The Hon. I.F. EVANS: The states that have not passed it: they have not been penalised?

The Hon. R.P. WORTLEY: Not yet, but, as I said, Western Australia has budgeted to actually pass the legislation.

The Hon. I.F. EVANS: But we know from your government that just because you budget for something does not mean it is delivered.

The Hon. R.P. WORTLEY: All I can say is that most state jurisdictions—

The Hon. I.F. EVANS: We are still waiting for the Mount Bold Reservoir expansions—

The Hon. R.P. WORTLEY: —have passed it.

The Hon. I.F. EVANS: We are still waiting for the Sturt Road/South Road underpass and the tunnel down on South Road and Mobilong Prison.

The Hon. R.P. WORTLEY: Most jurisdictions have passed the legislation. Western Australia has budgeted for it. I imagine that, if South Australia passes it, and Western Australia passes it, it will only be a matter of time before Victoria stops playing funny games and gets in where the benefits are.

The Hon. I.F. EVANS: I refer to the targets for 2012-13 on page 68. Can the minister outline how the government will review recent amendments to the shop trading hours and public holidays legislation?

The Hon. R.P. WORTLEY: The amendments passed in the Legislative Council provided for review of the operation and of the new shop trading arrangements in the central business district tourist precinct and removed the minister's authority to grant exemptions for longer than 30 days. The intention is that as of 1 January 2013 we will engage an organisation to do a review and give that review to the parliament. It is early days yet.

The Hon. I.F. EVANS: Will you be using external people or will it be an internal departmental review or—

The Hon. R.P. WORTLEY: We will be using external people.

The Hon. I.F. EVANS: What is the budget for that?

The Hon. R.P. WORTLEY: We anticipate \$200,000, but the actual end figure has not been decided.

The Hon. I.F. EVANS: Will that be going to tender?

The Hon. R.P. WORTLEY: Yes.

The Hon. I.F. EVANS: I refer to the public sector workforce targets for 2012-13 on page 69, specifically to complete the transition of the across government salary sacrifice arrangement to a sole provider. Is it correct that critical information, such as brokerage and other

lease expenses such as vehicle pricing and interest rates, was not sought from some or all of the tenderers for the salary packaging service tender?

The Hon. R.P. WORTLEY: I will hand over to Mr Elbert Brooks.

Mr BROOKS: The salary sacrifice arrangements were the subject of a public procurement process that was approved by government in August last year. The request for proposal (RFP) invited respondents to submit proposals for the delivery of those services. The RFP specified the outcomes to be achieved in relation to novated lease vehicle costs (for example, including to actively pursue the best value for the employee in the establishment and administration of novated leases), and to ensure the employee is provided with, and seen to be provided with, a genuine choice in the selection of vehicles and leasing arrangements.

The RFP also provided a detailed response template for use by respondents and invited respondents to detail any matters that had not been covered in the previous sections in the RFP and to provide any information viewed as necessary to be taken into consideration in the evaluation of the respondents' proposal. Information received from respondents was considered in the evaluation.

Employees who have an existing novated lease are currently making their arrangements known to the new service provider. Novated leases require the services of a financier, and the choice of financier may impact on the cost to employees in relation to the lease. The cost to individual employees in relation to vehicle leases varies depending on their financial arrangements and the vehicle and by reason of conditions that apply to that lease.

For the majority of these employees, it is anticipated that the existing individual novated lease cost will reduce. For those cases where this proves not to be possible, the new provider, who will come into effect on 1 July, is required to guarantee that the total cost to those employees will not rise above current levels. Each employee retains an individual right to nominate a financier of their choice in relation to novated lease arrangements, and the new provider is required to offer each employee the choice of at least three financiers, two of which must be at arm's length from the new provider or its parent company.

The Hon. I.F. EVANS: Just to clarify this in simple language for me, is it true that the critical information, such as brokerage and other lease expenses, such as vehicle pricing and interest rates, were not sought from some or all of the tenderers?

Mr BROOKS: What the request for proposal sought was such information from the respondents as they wished to proffer in relation to their proposal for the salary sacrifice procurement process.

The Hon. I.F. EVANS: If some of the tenderers provided the information and others did not, which I think is what you are telling me the answer is, does the minister accept that the South Australian government, in assessing tenders, was unable to consider the total costs of salary packaging for employees because, for example, novated leases, brokerage and other lease expenses, which comprised a much higher cost to employees than the associated salary packaging fee, were not necessarily sought from tenderers?

Mr BROOKS: With leave of the Chair, if I could respond to that. I can simply and only reiterate that information that impacted upon novated lease arrangements, whether they are brokerage fees or other information in terms of the contractual costs, were available to be provided by those respondents who wished to provide that information. Certainly, the RFP—

The Hon. I.F. EVANS: And if they did not wish to provide it?

Mr BROOKS: Well, that was their choice.

The Hon. I.F. EVANS: Then how was the assessment made?

Mr BROOKS: The assessment was conducted on the basis of information provided by respondents in their proposals under the RFP, and the RFP did, in fact, provide a detailed response template for use by those respondents. Those respondents then had a choice as to what information to provide.

The Hon. I.F. EVANS: Given the decision to provide the contract to a monopoly supplier, can the minister guarantee that the total cost of salary packaging to all employees under the government's monopoly supplier will be lower than might have been provided to any of the other tenderers?

Mr BROOKS: It is not possible to give that guarantee. It is not known what every individual novated lease arrangement is in relation to those individuals who are salary sacrificing. Individuals may have a different mix of arrangements.

The Hon. I.F. EVANS: Has the successful tenderer paid government an up-front sum of money which is above the mandated admin fee outlined in the original tender?

Mr BROOKS: No.

The Hon. I.F. EVANS: Why was no information sought in the tender process as to the satisfaction levels between the various providers and to the relative costs associated with novated leases on vehicles, which are the highest-value salary packaged items?

Mr BROOKS: Only about 9 per cent of salary sacrifice individuals enter into novated lease arrangements, and there will be no greater cost in relation to administration of those arrangements in the new salary sacrifice arrangements.

The CHAIR: Thank you. We now change over to State/Local Government Relations.

Membership:

Mr Goldsworthy substituted for the Hon. I.F. Evans.

Mr van Holst Pellekaan substituted for Mr Pederick.

Departmental Advisers:

Mr J. Hallion, Chief Executive, Department of the Premier and Cabinet.

Mr M. Petrovski, Executive Director, Office of State/Local Government Relations.

Mr J. Loulas, Manager, Financial Performance and Strategy, Department of the Premier and Cabinet.

Mr T. Nicholas, Principal Finance Officer, Department of Planning, Transport and Infrastructure.

Mr B. Morris, Executive Director, Corporate Operations and Governance, Department of the Premier and Cabinet.

Dr T. Donaghy, Deputy Chief Executive, Department of the Premier and Cabinet.

The CHAIR: I now call on the minister in his role as Minister for State/Local Government Relations and to introduce his advisers should they now change over.

The Hon. R.P. WORTLEY: With me today is Mr Jim Hallion, the Chief Executive Officer of the Department of the Premier and Cabinet and Mr Mick Petrovski, Executive Director of the Office for State/Local Government Relations. I begin today by noting that it is almost exactly one year since I became Minister for State/Local Government Relations. I thought it was a bit of a landmark which you might be interested in hearing. Over the course of the last 12 months, it has been important for me to visit as many councils as possible, as well as regional local government associations. I have always felt that actually getting out and talking to people in councils, both elected members and council staff, was the best way to learn about and discuss issues and initiatives that are most important to our local communities.

Since becoming minister I have visited 32 individual councils throughout the state, both within metropolitan Adelaide and across our regions, and I have also attended at least one meeting each of the regional local government associations, which means that I have been able to talk to representatives from all over our regional councils. That does not include many other various meetings that occur from time to time within local government.

Whether I have been at a council or a regional meeting, I have had many conversations about the seven strategic priorities that our government has identified as crucial to our state: clean green food as our competitive edge, sharing the benefits of the mining boom with all South Australians, growing advanced manufacturing, a vibrant city, affordable living, safe and healthy neighbourhoods and every chance for every child. These core areas resonate with councils from across the state.

Of course, every council and every region had their own priorities and their own issues, and I am aware of the fact that it is often harder for people in our regional areas to be part of a broader conversation about our future. Many of my visits have been to gatherings in regional councils and I admire the way these regional local government associations provide a forum for their member councils and related organisations to share issues and make real progress through joint work for what is most important to their regions, but I also appreciate that it can be hard to ensure that all state agencies participate in a region's discussions and strategic planning.

State government is a large place and it can be very difficult to navigate from outside of Adelaide. That is why I have directed the Office for State/Local Government Relations to support the regional local government associations to establish annual planning days in each of these regions. These planning days or forums will give all regional councils an opportunity to discuss the priorities for their region for state, federal and local government and, of course, for the community more broadly.

I anticipate that these regional planning days will assist both regional local government associations and regional councils in their strategic planning. I am also keen to extend our support for regional councils beyond shared strategic planning to their financial and asset management and service delivery. In South Australia, our smallest councils are overwhelmingly remote ones and, added to the challenges that are presented by a small rate base—

The Hon. M.J. ATKINSON: Apart from Walkerville.

Mr PENGILLY: Walkerville, yes—Burnside.

The CHAIR: Order!

The Hon. R.P. WORTLEY: I am glad for your protection, Mr Chairman—are those that come from distance and remoteness. While these challenges are beyond dispute, these council communities expect the same great service and excellent management that they do from councils that are much larger in size and in budgets. We need to support these councils to provide the services that are so essential to their communities.

Accordingly, I have established the Building Capacity in Small Regional Councils initiative. This initiative has committed \$150,000 over four years for the Office for State/Local Government Relations' budget to help small regional councils obtain necessary training, participate in partnership and mentoring programs, and undertake small practical projects to help them develop and maintain high quality practices within their councils.

I am particularly pleased that our funding has been matched by the Local Government Association so that, in total, \$300,000 will be available for this important work. Right now, it is particularly important that these councils do not miss out on the opportunities available to councils through the Local Government Reform Fund to improve their financial, infrastructure and asset management and governance practices.

Certainly, South Australia has been highly successful in gaining funding through this initiative. Our strong joint approach from state and local government, along with South Australia's leading work on financial sustainability and asset management, resulted in an initial funding commitment of \$1,650,000. This funding supported projects to build capacity within individual councils and across the sector to ensure that asset and financial management standards are high and remain so in the future.

A report has now been made to the federal government on the implementation of the first round of funding, in particular for the receipt of a further \$910,000 to implement projects covering workforce planning, climate change adaptation and ways to measure asset and financial management data in local government. Along with the project to implement an integrated design strategy for Adelaide city that received \$1 million support, our successful bids are a great example of state and local government working together to put forward high quality projects funded on cooperation and mutual support that put the South Australian local government sector in a strong position to receive federal funding.

South Australia's strong showing in applications for funding through the local government reform fund also shows the strength of the relationship between state and local governments here. That is the way we approach reform, particularly improvements to the legislative framework that councils work from here. We have a strong and open dialogue on changes that need to happen to improve how councils do their most important work—make their decisions and respond to their communities.

To its great credit, the local government sector has embraced governance reform over the past six years. Since local government undertook a review into councils' financial sustainability back in 2005, state and local government have worked together to improve councils' financial, asset management and accountability mechanisms. Now we are moving into the next era of governance reform and that is looking, again, at ways in which councils engage with and respond to their communities. The community governance, as I like to call it, covers codes of conduct for both elected members and council staff, dealing with complaints and concerns, issues around conflict of interest, and how councils deal with confidential issues and discussions.

With the introduction of the Independent Commissioner Against Corruption Bill 2012, our government has begun a new time of transparency and accountability for all South Australian governments, which includes councils. This legislation will introduce a new system of public integrity both by establishing a one-stop shop for all concerns regarding government activities and decision making, and by appointing an independent commissioner to investigate the worst allegations of corruption.

Importantly for local government, this Bill proposes to extend the Ombudsman's power to investigate allegations of breaches of the Local Government Act. This will include power to investigate breaches of elected members, codes of conduct, their use of position and information, and any possible conflict of interest. The power I currently hold to investigate councils under the Local Government Act will be transferred to the Ombudsman. Altogether, these changes will mean that concerns regarding councils can be tackled early by an independent investigator who will have the power to make sure that appropriate actions are taken.

Of course, the vast majority of council members in our state do the right thing; they are on council because they want to serve the community, and that is exactly what they do. However, for those times when concerns or even complaints are made, we need to make sure that they are investigated in a way that gives people confidence in their governance. That is why councils on the whole understand and accept the ICAC legislation.

The Office for State/Local Government Relations and the Local Government Association recently completed consultation with all councils on current governance issues, including the possible content of mandatory codes of conduct, conflicts of interest, confidential matters and meeting procedures. While we are still working through the detail of these issues and will continue to consult with the local government sector as we develop detailed responses on these issues—particularly on mandatory codes of conduct—councils on the whole have been very receptive to the idea of a transparent and independent process that ensures the integrity of all government decision making in South Australia.

They understand that if any government, state or local, wants a strong relationship with their community then the level of trust that we are making decisions in the public interest only is essential. Over the next six months or so the Office for State/Local Government Relations will be working closely with the local government sector to develop and finalise the regulations that will support a new era in councils' governance processes. While they are doing this, the other statutory bodies in my portfolio will be finalising significant projects of their own. The Outback Communities Authority is now working with the communities of Andamooka and Iron Knob on a future community contribution.

The people of Andamooka have decided that, for the first time, all of the community will make a financial contribution to the development of the planning and infrastructure they need, and the Iron Knob community is continuing discussions on the same. While they are being managed by the Outback Communities Authority, these community contributions will be determined by the local communities. The people of Andamooka and Iron Knob will make their own decisions on the contributions they will make to their future.

These community contributions will help both Andamooka and Iron Knob to make the most of the opportunities a mining boom in our state's north will bring and to meet its challenges. With my support, the board of the Outback Communities Authority has established the Andamooka Town Management Committee to allow a local presence that can guide the expected growth in Andamooka. Ms Deborah Allen has recently been appointed the town administrator to undertake—

Mr VAN HOLST PELLEKAAN: How many more pages, Russell?

The Hon. R.P. WORTLEY: One and a bit.

Mr VAN HOLST PELLEKAAN: We have nearly used 25 per cent of our time.

The CHAIR: Keep going, minister.

The Hon. R.P. WORTLEY: I am almost finished, but these are issues that I think are important to you as well, member for Stuart—on the committee's behalf the development and management of community development, business, environmental, and essential services and programs. It is a real step forward for outback communities and I commend the board and the people of these towns for their hard work on this important change.

Likewise, the Local Governments Grants Commission is now reviewing the way it distributes federal funding to councils. While the commission examines elements of its distribution model each year, a full-scale review has not taken place since the current system was implemented over 10 years ago. It is vitally important that this funding is distributed to the councils that need it most and that this distribution fully recognises all the cost pressures that councils face, keeping in mind that these can vary dramatically across the sector.

Accordingly, the commission will be consulting with the whole local government sector to make sure that this funding, which is such a significant source of income for many councils, is distributed fairly and most effectively.

In conclusion, the coming months will see many changes across the local government sector as councils continue to improve their asset and financial management, as the significant governance changes embedded in the independent commission against corruption bill are rolled out and as we review some of the processes that are most important to councils and our system of local government as a whole. Of course, I will continue to visit councils and regional associations as we undertake all of this important work. I will be supported by the Office for State/Local Government Relations, a small unit that is responsible for developing policy and advice on the best way to build and maintain a constructive relationship between the state government, councils and other associated representative groups, and on government policies and legislation that affect local government.

The Office for State/Local Government Relations also oversees the constitution and operation of the local government system, including all the statutory authorities for which I am responsible. Along with the Local Government Grants Commission and the Outback Communities Authority, which I have already referred to, these statutory authorities include the Boundary Adjustment Facilitation Panel and the Adelaide Cemeteries Authority. With this ongoing work and with all the priorities that I have just summarised, I expect that my next 12 months as Minister for State/Local Government Relations will be as interesting as my first. I look forward to working with all South Australian councils as we meet these future challenges.

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

Mr GOLDSWORTHY: No, I do not.

The CHAIR: Straight into questions. Member for Kavel.

Mr GOLDSWORTHY: Minister, I congratulate you on your one-year anniversary in the portfolio. I think your two predecessors spent about 64 and 73 days respectively in the portfolio. At least you have lasted for 12 months. We will see how we go. Just easing into things after 17 minutes of your opening statement, I refer to page 70. We really have only two pages in the budget that look at state/local government relations. Under the financial commentary, a reference is made to the carryover of funding associated with the Burnside council investigation. Can you expand on that? I think it is \$200,000.

The Hon. R.P. WORTLEY: There was a carryover; it was basically to finalise the court costs that we had to incur.

Mr GOLDSWORTHY: Can you tell us how much the court costs were in total?

The Hon. R.P. WORTLEY: The court settlement costs totalled \$165,000.

Mr GOLDSWORTHY: I refer to the same page. In your opening statement I think you alluded to the independent commission against corruption. Twelve months ago here—as I said, you had only just been appointed the minister—I had a number of questions concerning the Burnside council investigation. You were not prepared to answer any of those questions because you were going to make a ministerial announcement in the council—I think you told the committee—the following week or in the next few days, or whatever. You obviously made that announcement and you terminated the inquiry. We are all aware of the Supreme Court injunction and the one and a half million dollars that was spent on it and that the investigation was meant to take 12 weeks but it blew out to about 18 months, I think.

To paraphrase, I do not want to verbal you, minister, but it all basically became too hard, in your view, to progress the investigation. However, now that the commission against corruption is being established, and that is obviously government policy through legislation, it will arguably make it less convoluted for issues to be investigated and action taken one way or another on any area of government. Are you of the mind to refer the Burnside council issue to the commission against corruption?

The Hon. R.P. WORTLEY: We have exhausted all avenues, as far as we are concerned, up to this date, but the Attorney-General has stated on public radio that the independent commissioner overseeing the new ICAC will have the power to consider Mr MacPherson's draft report, the material on which it was based and the legal advice received by the government from the Crown Solicitor's Office.

Mr GOLDSWORTHY: Sure, but that is not really answering the question, minister. If that matter is referred to the commissioner, would it come with your support?

The Hon. R.P. WORTLEY: Yes, that would be my call, but it would make no difference to whether or not the commissioner took an investigation. The commissioner will look at the whole situation and the fact there is a suppression order over three of the terms of reference. Taking all the considerations which I took to actually terminate the inquiry, it will be totally up to the commissioner. The commissioner themselves could actually, under their own volition, call for an inquiry, so let us just see what happens. We have created the mechanism by which these issues will be sorted out in the future.

Mr GOLDSWORTHY: Absolutely. You are certainly aware of the motion that has been passed by the Burnside council members to have an investigation reinstated, and it may well be the case that the Burnside council refers the matter to the commissioner. In that case, would it come with your support?

The Hon. R.P. WORTLEY: The Burnside council can make whatever decision they wish to make. My support will not be predicated on what the Burnside council does. I have terminated that investigation and, as you will see in the budget papers, the savings to the consumer will be quite significant. What Burnside wishes to do they do, but that certainly will not influence whether or not I support it.

Mr PENGILLY: Can I ask a question on that. This Burnside council matter just does not appear to want to go away. My interpretation of the events currently is that the council is running quite well; however, there are former members and whatnot of that council (I can think of one in particular) who are running around having a fair bit to say and wanting to appear in front of parliamentary committees and spread their particular brand of poison. Should the report be tabled so that everybody can read it and this thing be sorted out once and for all?

The Hon. R.P. WORTLEY: No, not at all, because it was a draft provisional report and it was untested. Everything went haywire when that report was sent out to the 26 people named in the report and they took out a judicial review in the court; that is where it all went off track.

I make it quite clear that I would have liked nothing better than to come in as minister and have a completed report I could table to the parliament. That was not the case. They were the cards that were dealt. The reality on this is—

Mr GOLDSWORTHY: You made the decision to stop, it though.

The Hon. R.P. WORTLEY: I just made the comment that I would have liked nothing better than a completed report.

Members interjecting:

The CHAIR: Order!

The Hon. M.J. ATKINSON: No, only one judge said that; there were three of them.

Mr GOLDSWORTHY: I think you will find that is wrong.

The CHAIR: Order! Minister.

The Hon. R.P. WORTLEY: In July 2011, I made the decision that the investigation into the Burnside council should not proceed. This followed the Full Court judgement with regard to the judicial review sought by former councillors and careful consideration of appropriate advice. While the court validated the former minister's overall decision to instigate the investigation, it found that some of the terms of reference were beyond available inquiry. I remain firmly of the view that the

public interest will not be served by a further process to complete the report within the terms set down by the Full Court and with the additional expenditure that would involve.

Having made that decision, I understood there were concerns in the community about allegations of possible criminal conduct during the term of the previous council. To that end, I requested the Crown Solicitor to review the relevant material gathered by the investigator and if there was any evidence of possible criminal activity to refer it to the Director of Public Prosecutions for consideration. The Crown Solicitor's Office, having examined Mr MacPherson's draft report and relevant material, advised that there was insufficient admissible evidence to support any reasonable prospect of a successful prosecution for any offence.

The Attorney-General stated, on public radio, that the independent commissioner overseeing the new ICAC will have the power to consider Mr MacPherson's draft report, the material on which it was based and the legal advice received by the government from the Crown Solicitor's Office. I referred the draft provisional report prepared by Mr MacPherson to the Commissioner of Police for assessment by the Anti-Corruption Branch, at the commissioner's invitation. However, the draft report was returned to the department by SAPOL, which advised that, based on legal advice, the Anti-Corruption Branch should not examine the report.

In taking these actions, I sought to ensure that the relevant material from the MacPherson investigation was appropriately scrutinised with regard to any criminal activity. I do not resile from the decision to terminate the investigation. The community interest is best served by now looking to development of better mechanisms to deal with issues and problems of governance that may arise. In that regard, I have given careful consideration to the experience gained from the Burnside inquiry and to other important proposals put forward by the Ombudsman with regard to the checks and balances required to ensure that local government, both elected and officers, maintains the high standards of conduct expected by our community.

These issues have also been considered by the Attorney-General in the development of the government's anti-corruption and public integrity structure. In March of this year, in conjunction with the president of the Local Government Association, I released an important discussion paper on local governance issues, encouraging the community to provide feedback on a range of issues relating to governance, accountability and standards of conduct in the local government sector.

This paper builds on the legislative reform of recent years and takes into account issues arising from recent reports and investigations, including recommendations by the Ombudsman for legislative change. Importantly, it is framed in the context of the government's public integrity and anti-corruption framework. The very important reforms set out by the Independent Commissioner Against Corruption Bill, introduced by the Attorney-General, will have significant implications for the local government sector.

Councils, generally, work very effectively in serving their communities, but at times there is room for improvement and problems do arise. We are now considering the community and council feedback on the issues raised in the governance paper and will be using this important input to frame proposals for government improvements.

I have been to nearly all of the metropolitan councils, and I must say that, outside the boundaries of Burnside, no-one really cares about the problems of Burnside. They are very glad they have a new council, and very glad it is governing Burnside in the way it should be governed, but there is very little interest out there. There are a number of people who want to keep on dragging up the issues. While you are all concentrating on the past of Burnside, we as a government are looking to the future to ensure that we put in place appropriate mechanisms to prevent this from happening in the future.

Mr PENGILLY: All that is fine and well, however, you inherited the mess that was Burnside when you came into the minister's role. You have been vociferous in your praise of local government (the Local Government Association, etcetera.), yet your colleague the Attorney-General tore the Local Government Association to shreds during the debate in the lower house on the ICAC. He castigated the CEO, Wendy Campana, and was critical for what seemed like hours on end. Yet we have this whole mess of Burnside. I hear what you are saying about other councils (that they could not have cared less) but the media are not going to let it go. Would it not be terrific if you, as minister, could just fix it up and not handball it to a future ICAC? I am wondering where the government is coming from on this, particularly after the attack by the Attorney.

The Hon. R.P. WORTLEY: One of the reasons we set up the ICAC was that, when issues like this arise, they can be handled appropriately through the ICAC. To call for me to fix the problem is a very simplistic way of looking at the whole issue of Burnside. There are a lot of issues:

the suppression order, the fact that under the Local Government Act all I can do to a council, if it proves to be specifically dysfunctional, is to sack it. By the time I became minister, there was a new council with a new CEO. The investigator went into the terms of reference and all the evidence was taken with regard to much of it, and three references were found to be unlawful.

To go in there and disentangle all that, you would have to, I imagine, then re-interview people, and these people are no longer on the council. The whole thing got far too difficult to complete. There was about \$1.5 million, \$1.4 million or \$1.5 million of taxpayers' money, spent to look into a council that was behaving badly. I still find that quite mind-boggling when there are so many issues out there which require much less funding than that and we have had to make hard decisions with regard to this recent budget.

Mr VAN HOLST PELLEKAAN: I refer to Budget Paper 4, Volume 4, page 70, the same one that we were on before. In your opening speech I note that you discuss strong and open dialogue and constructive relationships. Can you please tell me if you were consulted in any way at all with regard to the government's plan to close the Cadell ferry and, if so, what your advice was? Do you believe that all of the commitments of the state/local government relations agreement between state government and local government in South Australia, signed by the Premier in May this year, have been met with regard to the handling of the plan to close the Cadell ferry?

The Hon. R.P. WORTLEY: First of all, I was not consulted on the Cadell ferry. That was a budgetary consideration. I understand that the Hon. Pat Conlon has admitted that the consultation left a lot to be desired and I believe he is taking measures to address that. Basically, it really was outside my portfolio. You mentioned the state/local government agreement, in many areas of various portfolios there is a great working relationship and full consultation occurs. However, now and again, especially when it comes to budgetary considerations and the introduction of legislation, this agreement to full consultation is very difficult to achieve. Overall, there is good communication between the various portfolios and we will continue to make that happen.

Mr VAN HOLST PELLEKAAN: I am looking particularly at clause 8B, 'The state government commits to consulting with individual and multiple councils on issues affecting specific individual communities or groups of communities.' Are you saying that this agreement that was signed by the Premier one month ago sometimes does not apply?

The Hon. R.P. WORTLEY: What I am saying is that sometimes things happen and the Hon. Mr Conlon made it quite clear that public consultation was far from adequate.

Mr VAN HOLST PELLEKAAN: Yes, but as the minister in charge of state/local government relations, is this not part of your responsibility as well?

Members interjecting:

The CHAIR: Order!

Mr VAN HOLST PELLEKAAN: I imagine that this is clearly within your area of responsibility—

Members interjecting:

The CHAIR: You cannot hear your own colleague speak.

Mr VAN HOLST PELLEKAAN: —to oversee state and local government relations.

The Hon. R.P. WORTLEY: There are decisions made by various ministers, budgetary considerations which are probably not practical to involve—there are so many areas which go across all the spectrums of the portfolios that would involve—

Mr VAN HOLST PELLEKAAN: But this is within state/local government relations.

The Hon. R.P. WORTLEY: The decision to do away with the Cadell ferry was a budget consideration so I was not consulted. However, the Hon. Patrick Conlon has admitted quite openly that the consultation process for the closing of that ferry was inadequate. I do not know what more we can do. We have acknowledged—

Mr VAN HOLST PELLEKAAN: So you are saying that budget issues do not need to take this agreement into consideration.

The Hon. R.P. WORTLEY: No, what I am saying is that there will come occasions when these sorts of things arise. It really depends on the maturity of the relationship between the state government and local government to work our way through this. I think we have a very high regard

and respect for local government, and one of the first things the honourable Premier did when he became Premier was to get the Local Government Association in to talk about ways we could work together. I do not think there is any question on the fact that we have a good working relationship but times and occasions will arise when this does not happen and really it is going to be up to the maturity of the parties to work their way through it.

Mr VAN HOLST PELLEKAAN: I suggest the most mature way to start would be for the government to fulfil the obligations that it entered into one month ago.

The CHAIR: The member for Kavel has a question.

Mr GOLDSWORTHY: Yes, indeed. Minister, I go back to the answer you provided before to a question the member for Finnis asked. You said it was far too hard to proceed with the Burnside council investigation and you referred to Mr MacPherson. Mr MacPherson has appeared before the upper house select committee in relation to the Burnside council issues. I make it my business to go and sit in the gallery of those select committee meetings. I think he might have been the very first witness that appeared before the committee, and he said that for a relatively small amount of money, given that about \$1.5 million-plus has been spent, for about another \$300,000 or \$400,000 with some legislative changes he could complete the investigation and table a report or provide you with a report that you can then table or do what you like with in parliament.

The Hon. R.P. WORTLEY: The original investigation was to take 12 weeks and \$250,000. There were two extensions and it went up to \$1.3 million or \$1.4 million. I really find it hard to take the advice. I have total regard for Mr MacPherson, but I do not think he is the person I would be asking how much it would cost me to complete that report.

Mr GOLDSWORTHY: Why not? Because he would do the work.

The Hon. R.P. WORTLEY: How on earth would Mr MacPherson know how long it was going to take, with all the obstacles in the way of the Supreme Court decision, how would he know how long it would take?

Mr GOLDSWORTHY: He was the investigator.

The Hon. R.P. WORTLEY: He took on that role. We believed it was going to take 12 weeks and \$250,000. It took 14 months just to produce a draft copy and \$1.3 million or \$1.4 million. So I would say with all due respect that I certainly would not—and I had already made the decision to terminate the inquiry based on a number of factors. Mr MacPherson also said at that committee that I had every right, as did the Ombudsman, to terminate that inquiry. Considering the fact that it is an inquiry that looked into my termination of that, and you have the Ombudsman and the investigator both saying that I had every right to do it, I think this whole committee has turned into a bit of a waste of money.

Mr GOLDSWORTHY: Sure, he said you had every right—

The Hon. S.W. KEY: Point of order, Mr Chair. I am wondering if the government can ask some questions as we have only dealt with two issues in the local government portfolio and it would seem to me that there are a number of other issues that need to be discussed.

The CHAIR: You are in order if you have a question.

The Hon. S.W. KEY: I would like to ask the minister in reference to Budget Paper 4, Volume 4, pages 180 to 181: the Minister for State/Local Government Relations has previously advised that current arrangements for the Local Government Disaster Fund are in need of reform. Minister, can you advise what work is being done to remedy this situation?

The Hon. R.P. WORTLEY: Thank you very much for that very important question. I must say that it was one of the questions I was expecting the member for Stuart to ask because it is such an important question. The state Local Government Disaster Fund assists—

Mr Goldsworthy interjecting:

The Hon. R.P. WORTLEY: Well, we will never know that because I waited—

Members interjecting:

The CHAIR: Order!

The Hon. R.P. WORTLEY: The state government's Local Government Disaster Fund assists councils in the remediation of damages caused by events such as the widespread storms in December 2010 and February 2011 over the northern, Mid North and western regions of South

Australia. Extensive wind and flood damage occurred to local government infrastructure in a number of council regions including Goyder, Flinders Ranges, Clare and Gilbert Valleys, Barossa, Mid Murray, Light, Orroroo Carrieton, Northern Areas and Peterborough. Funding of \$15.5 million was made available to the fund to contribute towards the cost of reparation.

The Local Government Disaster Fund was established in 1990 to help councils remediate damages sustained to infrastructure, for example, roads, bridges, culverts, drains, etc., as a result of uninsurable, severe and/or extreme weather events, and natural disasters including flooding and bushfires. The fund is overseen by the disaster fund management committee that comprises senior representatives from the Department of Treasury and Finance, the Office for State/Local Government Relations, the Local Government Grants Commission, and the Local Government Association.

The government imposed a special levy of 0.005 per cent on a then existing state tax, the financial institutions duty (FID), to provide revenue for the fund. The levy was originally imposed for a period of five years but the FID act was amended in 1994 to enable the levy to be extended indefinitely. As part of the national taxation reforms in the early 2000s, which included the introduction of the GST, the FID was abolished from 1 July 2001. There was no replacement revenue arranged for the disaster fund, although the fund continued to earn considerable revenue from the investment of significant amounts which had built up in the fund until 30 June 2001.

The President of the Local Government Association and I have agreed to conduct a joint review of disaster funding arrangements between the state and local government with a view to developing new arrangements more consistent with the National Disaster Funding arrangements with the states and territories. The President of the Local Government Association has written to the Prime Minister, the Leader of the Opposition and the relevant federal and shadow ministers, as well as to all South Australian federal members of parliament, raising concerns about South Australia's ability to access the proposed flood levy.

The Hon. S.W. KEY: I refer to Budget Paper 4, Volume 4, page 177. Minister, can you outline how the government is assisting with the common effluent management systems in areas of South Australia not serviced by SA Water sewerage systems and the benefits to regions of the provision of these systems? Again, a question I would have thought would come from the other side.

The CHAIR: Do not antagonise them.

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

The Hon. R.P. WORTLEY: I think most councils would be more interested in this than what is happening in Burnside at the moment. Community wastewater management systems (CWMS) are common effluent management systems installed by councils in areas of South Australia not serviced by SA Water sewerage systems. In total, 45 councils run the CWMS that provide approximately 10 per cent of all public wastewater management services in South Australia. The state government has provided a subsidy for the installation of the CWMS since 1972. The current funding agreement runs for nine years from 2008 until 2017. Under this agreement, the subsidy amount provided to councils is equal to any shortfall between the lifetime cost of the scheme and the revenue that can be raised from the application of SA Water country sewerage rates to its users over this time.

I am pleased to advise that in 2011-12 the state government provided \$3.627 million in subsidy funding for the construction of new CWMS schemes. Furthermore, in 2012-13, the state government will provide \$3,718,000 to fund the construction of new CWMS schemes across South Australia. The installation of these systems can assist economic and population growth within the regions. They also protect water and land resources from pollution and reduce drawdown from existing water supplies including the River Murray. The funding provides equity between users of CWMS and the users of SA Water sewerage systems. This funding does not only support the installation of this vital infrastructure in our regional communities but also it helps to support innovative new research in wastewater management and initiatives that help councils to better manage the system in their area.

Recently, the final works in the Statewide Wastewater Recycling Project were completed. This project, with the strong support of the state government and overseen by the CWMS Management Committee, invested \$20 million of federal funding to assist councils across South Australia to upgrade their wastewater schemes so they can re-use the treatment water they produce. Not only has this project helped to improve wastewater schemes in nearly all councils within the CWMS but it will result in an estimated eight gigalitres of treated wastewater being re-

used in a multitude of ways—to water parks, ovals, public spaces and more—saving water from the Murray River and other precious water resources.

Looking at all the work that has taken place on community wastewater management systems, revitalised state funding, commonwealth support and a huge effort across the local government sector to improve the provision and management of this essential service, I think there is probably no better example of state, local and federal governments working together to the benefit of our regional communities.

Mr GOLDSWORTHY: Minister, in your opening statement you spoke about the improving governance discussion paper that you issued going back a number of months now. Some of the contents of that paper have been picked up in the independent commission against corruption legislation, and obviously some have not been. How do you intend to proceed with those issues that have not been included in the legislation?

I know that you spoke about it in your opening statement, but are you going to prepare a new paper and submit that with the remainder of the issues that are not picked up in the legislation? How are you going to deal with it? When you come to make a decision on what you think will be included in regulations, or however you are going to manage it, will you go through a consultation process with that?

The Hon. R.P. WORTLEY: Work is in progress to develop detailed proposals for legislative reforms across this range of issues where appropriate. These are complex issues and will require detailed considerations in conjunction with the local government sector. Consideration will also be given to other non-legislative measures which would help councils and their elected members in fulfilling their roles, duties and responsibilities.

The first priority is to develop the content and scope of the mandated code of conduct for councils, council-elected members and council staff as required by the ICAC legislation. This will be done in consultation with local government. In discussion with councils around the state, I have found strong support for a consistent code of conduct to provide a clear framework for councils and support for enforceable sanctions for breaches of the code. There is considerable variation in views, however, on the scope and level of detail and the prescription that should be set out in such a code, as well as accountability mechanisms.

These complex matters will require careful consideration. The state government and the Local Government Association are committed to working together on governance issues and further reforms to local government's legislative framework.

Mr GOLDSWORTHY: In relation to the consultation concerning the Independent Commissioner Against Corruption Bill, what feedback did you as Minister for State/Local Government Relations receive in relation to that piece of legislation?

The Hon. R.P. WORTLEY: I know there was consultation between the Attorney-General and local government in regard to how the legislation would impact on councils. There was consultation.

Mr GOLDSWORTHY: You did not consult and you did not receive any feedback yourself, minister?

The Hon. R.P. WORTLEY: I have been involved in discussions with the LGA and the Attorney-General in the past, and since my involvement the Attorney has consulted with local government with regard to that bill as it affected councils.

Mr PENGILLY: Minister, can you provide dates of meetings you had with the LGA to discuss the ICAC Bill and how it was going to affect local government?

The Hon. R.P. WORTLEY: Yes, I will take that on notice.

Mr PENGILLY: That is fine if you take that on notice, but I would like the dates in particular and the officers from the LGA whom you discussed it with, given, once again, the Attorney-General's comments during the debate in the lower house.

Mr VAN HOLST PELLEKAAN: Minister, I refer to Budget Paper 4, Volume 4, page 71 this time, Program 15. What modelling has the minister or the government done on the effect of the carbon tax on individual councils this 2012-13 financial year, given that we know the carbon tax will have an immediate effect on electricity and water prices, the solid waste levy being increased to \$42 a tonne, amongst other fee increases as a result of the tax?

The Hon. R.P. WORTLEY: Thank you for your question. It is very important. On 1 July 2012, the federal government's carbon price mechanism, established to reduce the amount of carbon dioxide emitted within Australia, will commence, with an initial price of \$23 per tonne. I expect that the carbon price will have an impact on councils through increased electricity and fuel costs and through the costs associated with waste management and the construction of buildings and infrastructure.

While there is a level of uncertainty regarding the precise impact a carbon price will have on councils, I understand the Local Government Association has been providing assistance to councils to understand the impact of a carbon price on their budgets. The modelling that the LGA has done indicates that the possible impact on council rates will vary, with estimated increases ranging from 0.5 per cent to 1.4 per cent in the first year. Given this, I expect councils to make their budget and rating decisions on the best available information, not on the basis of speculation. I expect councils to accurately represent any impact on their rates that can be attributed to the carbon price and not use an increase to obscure more significant rate increases that have been made for other reasons.

It is also important to remember that, while the carbon price will apply to emissions from landfill facilities, it will not apply to legacy waste, that is, previously deposited waste. As it is estimated that it takes approximately 12 months for deposited waste to emit carbon, it is expected that landfill emissions will not be measured and the carbon price not applied until mid to late 2014, at its earliest.

While at this point it is unclear how many landfill facilities in South Australia will meet the emissions threshold for payment of a carbon price, it is expected that many of our facilities will not pay the carbon price at least until a review of the scheme takes place in 2015. There is also substantial federal government support available to both households and councils to offset possible increases. Along with the federal government's household assistance package that will relieve households of additional costs attributed to the carbon price, there are opportunities for councils to take action to reduce their emissions with support from a number of funding programs.

I understand that incentives to introduce energy efficient schemes are available through the Low Carbon Communities program within the Clean Energy Future package, and the Carbon Farming Initiative provides opportunities for councils to generate credits for landfill emissions by reducing emissions from waste deposited prior to 1 July 2012. I encourage all councils to take advantage of these programs, for both the financial and environmental benefits they can bring to their communities.

Mr VAN HOLST PELLEKAAN: Thank you, minister. The question, though, was about government modelling. You referred to LGA modelling. Does that mean that the government has done no modelling on carbon tax as it will affect councils?

The Hon. R.P. WORTLEY: Well, first of all, we do expect the LGA and local government to actually be fully involved in this area. And also it is very early; it is actually too early for the government to get precise and accurate data.

Mr VAN HOLST PELLEKAAN: It is early enough for the LGA to do modelling, surely it is early enough for the state government too.

The Hon. R.P. WORTLEY: Well, maybe. All I can say is I imagine that modelling will occur as it arises. There are probably a lot of complex issues that need to be considered, and they will need to be considered as the carbon modelling—

Mr VAN HOLST PELLEKAAN: So, no modelling?

The Hon. R.P. WORTLEY: None that I've got.

Mr GOLDSWORTHY: Minister, how can you say it is too early, as the member for Stuart also highlighted, given that Tea Tree Gully council has factored in an amount of \$500,000—half a million dollars—into their budget this year and Mitcham council has factored in \$190,000 into their budget for this year? How can you say that it is too early to assess the impact of the carbon tax when you have got a large metropolitan council and medium-sized metropolitan council factoring in the impact in their current budgets?

The Hon. R.P. WORTLEY: There are a number of issues here. First of all, as I said, at this point it is unclear how many landfill facilities of South Australia will meet the emissions target.

Mr GOLDSWORTHY: Are we talking about electricity, Russell, the cost of electricity?

The Hon. R.P. WORTLEY: The Productivity Commission will be having a very close look at any organisation, not just local government, that increases their rates way out of proportion to the actual cost of this carbon tax. I do not know exactly what the budget is per head for Tea Tree Gully. I do not know what \$500,000 represents; I am not quite sure. However, already with the modelling of the LGA it is between 0.5 per cent and 1.4 per cent. I am not here to answer to how the councils are all putting up their rates in regards to carbon tax.

Mr GOLDSWORTHY: No, but you're here to answer statements that you make, and you said that it is too early to make any projections on it, when we have got councils—

The Hon. R.P. WORTLEY: And the Productivity Commission—

Mr GOLDSWORTHY: —factoring it in their budgets now.

The CHAIR: Order!

The Hon. R.P. WORTLEY: The Productivity Commission is taking a very close look at the sorts of increases made by all organisations, not just councils, and if it seems to be—

Mr GOLDSWORTHY: Let's move on. You haven't done—this a local government relations agreement—

The CHAIR: The minister has got the call.

Mr Pengilly interjecting:

The CHAIR: The minister has got the call.

The Hon. R.P. WORTLEY: If it is seen that they put up their rates far too high, the Productivity Commission will deal with them.

Mr GOLDSWORTHY: We will keep pushing along here, Mr Chairman. The member for Stuart raised the issue of the state/local government relations agreement. Who monitors the performance of government against that agreement? Who actually checks to make sure that you are honouring your commitment that the Premier signed up to in relation to the agreement? Clearly, you have not fulfilled your commitment to the Cadell ferry. Your commitment was questionable in relation to consultation for the ICAC bill. There are two examples in the last couple of months, and the agreement has only been going for a couple of months, signed last month, May/June. Who looks at it?

The Hon. R.P. WORTLEY: We have a local government forum, with myself as minister—

Mr GOLDSWORTHY: Yes, that meets pretty often, too.

The CHAIR: Order!

The Hon. R.P. WORTLEY: What happens is that we have very in-depth discussions with local government. As I said before, the relationship is very good right across the government spectrum. Issues such as the Cadell ferry will arise, and I must say the Hon. Pat Conlon did not try to hide from it. He made it quite clear that he was not satisfied with the public consultation process. So, I really do not know what else you would want in regard to that, an acknowledgement that the process was not good enough, but you—

Mr VAN HOLST PELLEKAAN: Minister, the question from the member for Kavel was actually about the general implementation of the agreement. Who monitors it, who makes sure that you are doing what you are supposed to do, given there are two examples so far in a month, we haven't—

The Hon. R.P. WORTLEY: I meet quite often with the LGA, with the president, Ms Wendy Campana, and they are not shy coming forward. If they have a problem, they will let me know. I am constantly getting letters from them that are cc'd from me to other ministers.

I had a meeting with them only the other week, and they were telling me the areas where they have had a great relationship in regard to health initiatives and other things. So, it actually does work in the vast majority of cases. There will be occasions when issues come up which, unfortunately, you would think would go against this but, all in all, the relationship between the state government and the LGA is very good.

At the last Local Government Ministerial Council, we were the only state in the country that showed in principle support for financial recognition for local government. I was taken aback to see the opposition and Liberal states all basically express concern over recognising local government

in the constitution. We have a good relationship—probably one of the best relationships in the country—between ourselves and local government. There are always issues that could be better—we are not all perfect—but this relationship is very good and it has been very productive for both state and local governments.

The CHAIR: I think that is a good note to finish on, minister. There being no further questions for the minister, I declare the examination of the proposed payments for the Attorney-General's Department and the administered items for the Attorney-General's Department completed. I also declare the examination of proposed payments for the Department of the Premier and Cabinet and administered items for the Department of the Premier and Cabinet adjourned until 11.45 tomorrow.

At 15:16 the committee adjourned until Tuesday 26 June 2012 at 09:00.