

HOUSE OF ASSEMBLY**Tuesday 26 June 2012****ESTIMATES COMMITTEE B****Chair:**

Hon. M.J. Wright

Members:

Hon. M.J. Atkinson

Hon. S.W. Key

Mr S.S. Marshall

Mr L.K. Odenwalder

Mr A.S. Pederick

Mr T.J. Whetstone

*The committee met at 09:00***DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, \$127,990,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF ENVIRONMENT AND NATURAL
RESOURCES, \$12,443,000****Witness:**

Hon. P. Caica, Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation.

Departmental Advisers:

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

Mr M. Cooper, Acting Chief Financial Officer, Department of Environment and Natural Resources.

Mr A. Gerace, Corporate Accounting Manager, Department of Environment and Natural Resources.

Mr A. Geytenbeck, Corporate Management Accountant, Department of Environment and Natural Resources.

The CHAIR: The estimates committees are a relatively informal procedure and as such there is no need to stand to ask or answer questions. The committee will determine an approximate time for consideration; that has been done. Changes to 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 secretary by no later than Friday 21 September. I propose to allow both the minister and lead speaker for the opposition to make opening statements.

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

There is no formal facility for the tabling of documents before the committee; however, documents can be supplied to the Chair for distribution to the committee. All questions are to be directed to the minister, not the minister's advisers. The minister may refer questions to advisers for a response. I also advise that for the purposes of the committee television coverage will be allowed for filming from both the northern and southern galleries.

We have the portfolio of Environment and Natural Resources. The minister appearing is the Minister for Sustainability, Environment and Conservation. I declare the proposed payments

open for examination and refer members to Agency Statements Volume 2. I invite the minister to make an opening statement.

The Hon. P. CAICA: I do have a very short opening statement. In 2011-12, the Department of Environment and Natural Resources brought conservation of the environment, management of natural resources, and climate change mitigation and adaptation policy together. The integration of sustainability and climate change responsibilities within DENR has provided an opportunity to ensure that changing climatic conditions are taken into consideration when considering the conservation and sustainable management of our natural resources.

Key objectives and priorities for DENR now include:

- implementing whole of government climate change and sustainability strategies and policies;
- managing our natural resources sustainably, including the state's public land, national parks and reserves, marine parks, and coastline;
- achieving co-management of more protected areas through engagement and support to Aboriginal people and communities in the management of traditional lands;
- involving the community and volunteers in projects to improve the condition of the environment and natural resources and our cultural assets;
- working with state government agencies, councils and the community to manage fire across the landscape; and
- providing policy leadership for humane treatment of animals.

The South Australian government has long supported action to address climate change, and this will continue, including addressing the commonwealth government's carbon pricing mechanism to move our economy towards a lower carbon future. I recently represented the Premier in his capacity as co-chair of the States and Regions Alliance at the World Summit of States and Regions and attended the UN Conference on Sustainable Development in Rio as part of the Australian delegation. I was fortunate to be part of the Rio +20 event and to be involved in the negotiating process to develop pathways to a safer, more equitable, cleaner, greener and more prosperous world for all.

The integration of the Natural Resources Management function into DENR, in cooperation with the state's eight natural resource management boards, is on track to deliver more accessible, effective and efficient services in all regions. Following an intensive period of stakeholder engagement and public consultation, the state NRM plan 2012-17—Our Place, Our Future was released on World Environment Day, 5 June 2012. The plan is guided by themes that include: community and landholder ownership of and responsibility for NRM; an NRM system that is relevant and connected to communities; and a landscape approach that transcends public, private and administrative boundaries.

Another high priority for DENR in 2011-12 has been the government's marine parks program. Consultation has occurred with key stakeholders to inform the preparation of South Australia's marine park draft management plans, and a proposal for the location of sanctuary zones has been developed and released for public comment. Priority areas, including impact statements incorporating the proposed sanctuary zones, will be available for public comment later this year.

DENR delivered a number of fire management activities during the 2011-12 year. This forms part of the \$23.1 million funding announced last year to increase DENR's fire management capabilities and a staged approach over four years to help protect the state against the ongoing risk of bushfire. DENR's operational capacity was increased through a number of projects, including the recruitment of an additional 26 seasonal firefighters, employed for a period of nine months over the prescribed burning and fire danger periods, and four ongoing fire management officer positions. The recruitment of new members to the agency's brigade continued, maintaining numbers at nearly 500, including 324 listed as active firefighters and 173 operations support personnel. An annual works program was undertaken during the year, including prescribed burning and other fuel management works, fire access track maintenance and upgrades, and fire management infrastructure improvements.

The Coorong, Lower Lakes and Murray Mouth recovery project delivered significant milestones this year, including:

- The five-year, \$136 million funding agreement being executed for the CLLMM Recovery Project from 2011-12 to 2015-16; and
- DENR and the Ngarrindjeri Regional Authority entering into a long-term service agreement to the value of \$4.79 million to support the delivery of the CLLMM Ngarrindjeri partnerships agreements.

This year the Arkaroola Protection Act 2012 was enacted for Arkaroola to be permanently protected from mining through the establishment of the Arkaroola protection area, which is a significant place for the Adnyamathanha people. This protection will provide future conservation of its natural and cultural values and its ongoing accessibility for visitors and scientific research. Arkaroola has also been nominated for state and national heritage listing.

Over the last 12 months a considerable amount of work has been done in resolving native title claims in South Australia. Indigenous land-use agreements were established with traditional owners over the Flinders Ranges National Park, Gawler Ranges National Park and Lake Gairdner National Park, which recognised the rights of the traditional owners to reconnect with their country.

As part of the NRM community grants funding, \$1.6 million was allocated to 117 projects involving 99 community and non-government organisations across the state to carry out local land care, coast care and water care projects. Other key highlights over the year include:

- Seeds have now been collected from over 1,500 of our native plant species, including approximately 59 per cent of our state's threatened plant species, which are stored in the South Australian Seed Conservation Centre.
- The western entrance of the Adelaide Botanic Garden and the newly-completed Garden of Health were officially opened.
- The First Creek wetland construction commenced in the Adelaide Botanic Garden.
- Upgrades at Seal Bay and refurbishment of the visitor and information centre at Kangaroo Island were completed.
- Upgrades at the Belair National Park also continued.
- The Adelaide's Living Beaches sand transfer project commenced construction in March 2012.
- The People and Parks: A Visitor Strategy for South Australia's National Parks, Marine Parks and Reserves and Conserving Nature 2012-2020—a strategy for establishing a system of protected areas in South Australia was developed.
- A number of additions were made to the national parks system through the government's protected area strategy.

The 2012-13 state budget papers reflect the operating budget allocation of \$127.99 million on a net cost of services basis to deliver a range of programs during the year.

The budget also reflects the ongoing commitment to meet the government's saving measures announced in the 2010-11 budget and the last two budgets, with a further net cost of service saving in 2012-13 of \$12.1 million, comprising expenditure reductions of \$12.3 million and revenue or cost recovery measures reduction of \$0.2 million.

An amount of \$29.7 million has been provided in the budget for investing expenditure during 2012-13, which includes:

- \$9.7 million for the Adelaide Living Beaches Sand Transfer Infrastructure project;
- \$4.6 million for the Adelaide Botanic Garden's aquifer storage system;
- \$4 million for the Riverine Recovery—Kattfish Reach Flood Plain project;
- \$1 million for fire management on public land—Enhanced Capabilities;
- \$1 million for further upgrades to facilities at Belair National Park; and
- \$0.2 million for further work on the Seal Bay Conservation Park facility upgrade.

The balance of the program is allocated to minor capital works and equipment. On 30 May 2012, I announced the amalgamation of the Department for Water with the Department of Environment and Natural Resources from 1 July. Work is already underway to progress the amalgamation and

establish the Department of Environment, Water and Natural Resources. I am grateful to all staff for their commitment and dedication to their work, which are critical to the success of the new department. I thank you for allowing me to provide an opening statement.

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

Mr MARSHALL: Only that this is my first appearance before this committee and, as a new shadow minister in this area, I apologise in advance if my questions are of a tedious, boring and administrative nature—nothing too spectacular today, unfortunately.

The CHAIR: I am sure there will be nothing too tedious for the minister.

Mr MARSHALL: Unfortunately, I beg to differ, but anyway, there we go.

The CHAIR: You are in order, member for Norwood, if you would like to ask your first question.

Mr MARSHALL: I wanted to start by just getting an understanding of how the overheads are allocated by the various programs. Last year's budget had a specific program, which was Program 2—Agency Leadership and Support, with total expenses of \$30 million. That does not exist in the new budget, so what I am trying to determine is: over the three programs and some of the sub-programs, how have you allocated those overheads? Has it been done just on a basis of turnover, or is there some other method? Can you give an indication of what that level of overhead is by program, in terms of both FTEs and dollar expenditure?

The Hon. P. CAICA: Thank you very much for the question. As I understand it, a change has been made from the previous year. Corporate overheads were previously consolidated into a single 'Corporate overheads' column, and the instruction that came through was to do them on an FTE allocation basis and split them across the components within the portfolio responsibility.

Mr MARSHALL: Can you tell me what the basis of that allocation has been across those portfolios in terms of FTE and dollar value? By way of example, with the Botanic Gardens, in the original setting of the budget this financial year, the budget was \$7.8 million; in the revised budget, it went up to \$9.7 million. Would it be fair to assume that what looks like an increase in the budget for the Botanic Gardens was in fact \$1.9 million worth of overhead charges from the department's corporate services just allocated to the Botanic Gardens and therefore no increase in service?

The Hon. P. CAICA: I am advised that that summation is correct. Where it appears that there has been an increase because of the manner in which it is reported, that has included the overheads that were shown and displayed in a different way previously and, as I said, the 7.8 and the 9.7 include those overhead costs.

Mr MARSHALL: Yes, but can you provide them by program for me? That is the question.

The Hon. P. CAICA: I am advised that we do not have that information, but we will certainly work at providing you with that information.

Mr MARSHALL: Another area that I do not understand very well is administered items. I am just not sure—

The Hon. P. CAICA: Sorry; I apologise, Steven. I am told that, in the financial commentary at page 131 of the Agency Statements, Volume 2 that refer to my portfolio responsibilities under Program 3: Botanic Gardens, if we look under the heading of financial commentary at the second dot point, the \$1.1 million decrease in expenses is primarily due to reduced expenditure relating to targeted voluntary separation packages in 2011-12 of \$0.3 million—that is to your previous question. Sorry, I interrupted you. Please proceed.

Mr MARSHALL: No, that was not my previous question. My question was the allocation of the corporate overheads.

The Hon. P. CAICA: That is it.

Mr MARSHALL: Is it \$0.3 million?

The Hon. P. CAICA: Yes.

Mr MARSHALL: But it is not though, that is the point.

The Hon. P. CAICA: If you have a look throughout that though, it says, 'The \$1.1 million decrease in expenses is primarily due' and there are three dot points: reduced expenditure resulting from various savings measures (\$0.5 million), reduced expenditure relating to targeted

voluntary separation packages (\$0.3 million), reduced expenditure relating to various externally funded projects (\$0.3 million). Following that, a \$2.5 million decrease in income is primarily due to reduced commonwealth income relating to the Aquifer Storage Recovery project for \$2.2 million.

Mr MARSHALL: Thank you, minister, but I am not really asking questions generally about the Botanic Gardens at this point. I was just really trying to determine the methodology of allocating the corporate overheads to the individual programs. I just used the Botanic Gardens by way of example because the original budget for the Botanic Gardens was \$7.8 million for this current financial year, contained in last year's budget. It was then revised so that the corporate overheads were put into the individual programs and sub-programs. So, it went from \$7.8 million to \$9.7 million. There was a \$1.9 million increase in the budget. It has got nothing to do with the points that you have just made.

What I am trying to determine is: is there just an allocation methodology which we should be looking at which is 22 per cent of expenditure by program? It is not actually a trick question, I am not trying to catch anybody out: I am just trying to get an understanding of the allocation of the overheads, that is all.

The Hon. P. CAICA: Yes. I do not have a reconciled process in front of me.

Mr MARSHALL: I promise I am not trying to be difficult or tricky. I just want to get an understanding of how the finances work.

The Hon. P. CAICA: But I am not assuming that you are trying to be difficult.

Mr MARSHALL: Thank you.

The Hon. P. CAICA: I am just trying to provide an answer as best I possibly can, but I will reinforce the point that it has been undertaken on a FTE allocation basis and I will provide you with that ledger.

Mr MARSHALL: Great, thank you very much. Just on administered items then, how do you determine what becomes an administered item versus something which is directly involved in a program? I notice that there are very few employee costs in administered items—only \$395,000—but there is huge expenditure going through. Can you just provide me with a little bit of background as to what an administered item is and what would come specifically under a program?

The Hon. P. CAICA: I am advised that administered items in the context of the question to which you refer relate to other legal entities—for example, the board of the Botanic Gardens and NRM boards. Whilst we integrate the processes by which those other legal entities work within the department, they are, in their own right, legal entities and that is how that is reflected in the documents.

Mr MARSHALL: But there are very little wages in those administered items.

The Hon. P. CAICA: Because most of the employees, I am advised, are within the controlled program, not the administered items.

Mr MARSHALL: Just on some of the points that are made under the administered items that I wanted to look at, one was the sale of surplus land.

The Hon. P. CAICA: Could you just refer to the page?

Mr MARSHALL: Page 146. Cash inflows for next financial year (next week) are predicted to be \$3.519 million. Can you provide details of what those surplus land sales would be?

The Hon. P. CAICA: Yes, I think I possibly can. Between July 2011 and May 2012, gross proceeds realised from crown land disposed by the Department of Environment and Natural Resources under Premier and Cabinet were 114, \$3.542 million. Under circular PC 114, net proceeds from the sale of Crown land are to be returned to consolidated account. The net proceeds for the period between that period of time—July 2011 to March 2012—were \$3.4 million. The difference of \$138,000 between the gross proceeds and the net proceeds relate to the operating costs associated with selling Crown land. The proposed sale of Tungkillio Beach will not proceed in 2011-12, as negotiations with the proposed purchaser have not been completed.

In addition to that, the sale of the land will now be completed in the 2012-13 year, and \$230,000 of the zoo land sales target may not be achieved in the financial year. DENR has flagged both of those variations to the Department of Treasury and Finance. There are a variety of sites scattered across South Australia, and I do not have which parcels of land they were. I take an active interest in some of the major ones that might provide some concern to communities in the

vicinity. I will get the details back to the committee on what parcels of land were sold during that period of time.

Mr MARSHALL: My question was about next financial year. You have a budget item of \$3.519 million on page 146, and I am wondering what the planned sales are for the coming financial year?

The Hon. P. CAICA: You are quite right to point out that the budget provides for DENR to achieve Crown land sales of \$2.6 million as a financial contribution to the Royal Zoological Society. There is also a land sales target of \$199,000 in 2011-12 relating to operating expenditure—

Mr MARSHALL: This is to do with the 2012-13 year.

The Hon. P. CAICA: Yes, that is right. They are the next steps. There is also a land sales target relating to operating expenditure approved to help generate sales of surplus Crown land, but again, you are asking specifically what parcels of land have been targeted for—

Mr MARSHALL: You have a budget that is quite specific. It is not like a target; it is very specific. It states that \$3,519,000 will be sold in the next financial year (starting next week) and I want to know what—

The Hon. P. CAICA: We do not have those parcels of land targeted at this point in time.

Mr MARSHALL: How did you arrive at that budget figure of \$3.519 million?

The Hon. P. CAICA: That is what we were required to find. That is how it works.

Mr MARSHALL: So, Treasury has given you an instruction to come up with \$3.519 million worth of Crown land sales in next financial year's budget?

The Hon. P. CAICA: Yes.

Mr MARSHALL: Then your responsibility, as minister, is to work out where it is best to sell them, where it is going to have the least impact upon programs that you are already running?

The Hon. P. CAICA: There might be a variety of criteria that is used with respect to what it is that is targeted for sale. It might take into account various things, but ultimately, you are correct, we have been allocated a figure, the proceeds of which will come from the sale of Crown land, and then we will go about targeting those particular areas to reach the figure that we have been allocated to find.

Mr MARSHALL: Just to clarify: you are going to give me a list—when it is finalised; not immediately—of the land that was sold this financial year. But for next year, is it possible to provide the criteria upon which those decisions are made? I do not suppose that is legislated. I suppose it is something—

The Hon. P. CAICA: That is right. The decisions are made two ways. First, the process by which Treasury will say: this is the amount of money that is required to be found. Then, we will undertake a process of identifying those parcels of land. That includes, ongoing discussions with the community and stakeholders who live in the vicinity of that particular land and making sure (from a government perspective) that we get the best possible bang for buck that we can for those parcels of land. I will undertake, as minister, to keep you up to speed, if that is what you require, with some of the processes we undertake during the year to get to the conclusion that this will be the parcel of land that will be sold. I have no problem with that.

Mr MARSHALL: That would be great. I know you answered this before, but I did not quite catch it. Did you say that the proceeds from the sale stay in the department as income, or are they returned to Treasury?

The Hon. P. CAICA: Sorry, could you repeat that question?

Mr MARSHALL: I think you answered it before, but I did not quite catch it. What happens with the proceeds of the surplus land sale?

The Hon. P. CAICA: The PC114 does detail the criteria for the sale of the land.

Mr MARSHALL: The what?

The Hon. P. CAICA: Criteria, you mentioned earlier about the criteria.

Mr MARSHALL: Yes.

The Hon. P. CAICA: That is contained within that particular document, and we can direct you to that. I mentioned earlier that the net proceeds from the sale of crown land are to be returned to Consolidated Account, and the net proceeds for the period between July 2011 and March 2012 were \$3.404 million.

Mr MARSHALL: I do not know whether or not this is a question I am allowed to ask but, with the forward estimates going out for four years, have you been set a target for the four years for surplus land and property sales target; if so, what is that?

The Hon. P. CAICA: I am told that the forward estimates leading out to 2015-16 from 2013-14 are \$202,000. It is really \$202,000 for each of those financial years. That is what has been set at the moment.

Mr MARSHALL: I have a very minor final question on these administered items. There is an item on page 144 on cash outflows, 'Parliamentary salaries and electorate and expense allowances of \$270,000', virtually every year going back, as well. I am wondering what those parliamentary salaries and electorate expenses—

The Hon. P. CAICA: On page?

Mr MARSHALL: Page 144.

The Hon. P. CAICA: Yes, I am pleased to report that that is me.

Mr MARSHALL: That is you?

The Hon. P. CAICA: Yes, so one day that might be you in a time far, far away, but at the moment it is me.

Mr MARSHALL: I might say, minister, that is money well spent, sir.

The Hon. P. CAICA: Does that mean you will be seeking an increase to that when you—

Mr MARSHALL: I think you should prop that one up. I want to look at the specific programs contained in the budget, and in particular I want to take a look at Program 1: Natural Resource Stewardship.

The Hon. P. CAICA: What page number, Steven?

Mr MARSHALL: I think 117 would be the best page, but it does flow on. Can you provide, either now or on notice, a list of not so much the amounts going to individual entities but the basis of the grants and subsidies, which is \$4.1 million? Are they under a specific range of programs? The recipients are not of as much interest, but who would they would be going to? Are there any specific programs, or are some of them discretionary; that is, you can make a decision during the year and say, 'Look, this is an organisation which needs some money and so we will make that allocation'?

The Hon. P. CAICA: It is made up of a variety of things. I can tell you that I do not have any discretion, or very little discretion. I cannot think of anything that I have had any discretion over in my two years of being minister, or where I have invoked that discretion that I may have.

Mr MARSHALL: Who is running this show?

The Hon. P. CAICA: I think it is very important that when we undertake grants and subsidies processes—and I know not all previous governments have acted this way—that there is a transparent process that needs to be undertaken, that it is based on a meritocracy and that in addition to that it actually delivers value in regard to the management of our natural resources and the conservation of our national systems to ensure the sustainable use of natural resources. For example, within that, the RSPCA would get \$700,000, and I think you were involved in the discussions that we had previously—

Mr MARSHALL: Yes.

The Hon. P. CAICA: —about the Animal Welfare Act and its relationship with the role and responsibility that we, as a government, ensure that the RSPCA provides on behalf of the people of South Australia. Then there are the state NRM community grants which I have announced in parliament on numerous occasions, and I think in my opening address I referred to the amount of money there.

Mr MARSHALL: That is what I am trying to determine. Do those two amounts come out of that \$4.161 million. For example, the amount to the RSPCA, is that out of the supplies and services, is that out of the \$4.161 million?

The Hon. P. CAICA: Yes, it is.

Mr MARSHALL: And the NRM grants are all out of the \$4.161 million?

The Hon. P. CAICA: Yes, it is.

Mr MARSHALL: Is it possible to get a breakdown of what the full \$4.161 million is, as I said, again, by program?

The Hon. P. CAICA: Yes, it is.

Mr MARSHALL: That is great. I have another newbie question on the NRM side of things. We understand that the NRM staff are now all, from 1 July, going to become DENR staff. Were they not previously DENR staff? Where were they previously and when do they become DENR staff?

The Hon. P. CAICA: It is an interesting process. If I go back a couple of steps, they will all become DENR staff as of 1 July, as has been previously announced. When the natural resource management boards were established back in 2004, there was a variety of staff in a variety of areas, some working for the then department, others working for the various boards, that included the pest boards, the soil boards, all these things that were amalgamated, including also local council.

Then they became employees of the statutory authority itself, the NRM boards, and have remained so through that period of time, although, there was, as I understood it, some residue of a handful of employees who retained their existing terms and conditions that related to where they had previously been employed. In essence, they are all being folded back—which is, in my view, a very appropriate thing to do—into the employment under the auspices of the new department as of 1 July.

Mr MARSHALL: So how many NRM staff will join DENR on 1 July?

The Hon. P. CAICA: Approximately 300.

Mr MARSHALL: So 300. Where are they contained?

The Hon. P. CAICA: It is approximately 320, and they are contained and employed within the various 18 NRM boards at this point in time.

Mr MARSHALL: Yes, but specifically in the budget you have a program that I presume they would be included in, which is natural resource stewardship. It is an interesting one, because it had a budget staff this year of 908, which was a decrease from the 957 it had in the previous year, but instead of actually achieving that decrease it had quite a substantial increase to 973. The budget for next financial year under that program has actually gone down to 858. Are we to assume from that, if there are 320 additional NRM staff, that there is quite a significant reduction in FTEs under the general program which you have run previously, called natural resource stewardship?

The Hon. P. CAICA: No, we are not, on the basis that the NRM employees who are employed by the specific NRM boards are not included in this year's budget. They will be included in next year's budget because they are still operated and accounted for under the relevant reports, annual reports and employment provisions that the NRM boards are still responsible for at this point in time. There is no relevance between the question you have asked—and I am not being disrespectful—and what exists in this budget, but next year they will be folded into the budgetary arrangements of the department, that is, those current NRM employees who will become Department for Water and Natural Resources the following year.

Mr MARSHALL: This is the budget for next financial year; it is not the budget for this year. It is the budget for next financial year and it states that there are 358. Is that the budget for 30 June, so on 1 July that 358 will go up by 320 people?

The Hon. P. CAICA: It will be whatever the costs are of those 320 people who will be included in that line, but, of course, we cannot put in for next year's budget because it is not factored in as yet because the amalgamation will not occur until 1 July and these budget papers, of course, were prepared before that decision had even been made. It is probably not true to say before that decision had been made—let me rephrase it—but before that material could be

incorporated into any budget. You cannot incorporate what does not exist at the moment and the amalgamation of the departments, or the merger of the two departments, will occur.

Mr MARSHALL: Can I ask you to check that with your officers, what you are just saying?

The Hon. P. CAICA: I have just checked it.

Mr MARSHALL: There is just no way that could be right.

The Hon. P. CAICA: Quite simply, what will happen is that those adjustments will be made at the Mid-Year Budget Review process and as part of that particular process.

Mr MARSHALL: For clarity, are you saying that you have a budget for a department, which we have known about for months and months, and the NRM staff are going to be rolled into DENR from 1 July, which does not include the increased costs of those staff in the budget? Surely not!

The Hon. P. CAICA: I do not mean to do it in a simplistic way, but this might help: the people that come across also come with their budget allocation.

Mr MARSHALL: What is that going to be?

The Hon. P. CAICA: I do not have those specific figures in front of me. I do not have those, but we will certainly make those available when they are finalised.

Mr MARSHALL: So there is no provision within the DENR budget for the increased expenses, employee-related or program-related, for the incorporation of NRM from 1 July, despite the fact that we have known about this for more than six months? I have attended meetings of boards that have been discussing this at length.

The Hon. P. CAICA: And, quite simply, again, that will be managed by the NRM boards and that is what occurs. They have an allocation for those staff that will continue to be provided by the boards, notwithstanding the merger that is being undertaken. The revenue will appear in the papers to increase because, along with those employees, will be the cost of—

Mr MARSHALL: So there is no income or costs associated with NRM folding into DENR in your budget for DENR for the next financial year, despite your knowing that both those things will be coming through your books?

The Hon. P. CAICA: It is not shown in these papers. What we do expect, of course (and that is part of the very reason for the whole-of-landscape merger of entities that work in that particular area), is that, depending on where you sit in the scheme of things, you might refer to it and view it as costs: we will look at it in a different light, and that is the significant efficiencies that will occur not only at the ground level but in all processes by which we undertake that ongoing reform towards a whole-of-landscape management process.

Mr ODENWALDER: I refer to the same program, Budget Paper 4, Volume 2, program 1, page 118. Could the minister explain the significance of the state protected area strategy and what new parts have been created over the last 12 months?

The Hon. P. CAICA: I can, and I am pleased to announce that the government has developed a protected area strategy, called Conserving Nature, to provide, for the first time, the strategic direction for establishing protected areas in South Australia on public and private land. It is an important strategy and it is about developing a protected area system comprising parks and reserves managed by the Department of Environment and Natural Resources, Indigenous protected areas and private land conservation areas.

Protected areas are generally recognised as the best way of conserving biodiversity and the strategy supports the ongoing partnerships and actions of government and the community in establishing and managing land for conservation. Conserving Nature was prepared in consultation with peak conservation, mining, farming and native title bodies. These groups have given strong support for a document that presents the state priorities for establishing protected areas into the future. The targets in the strategy are aspirational, largely establishing outcomes for the type of protected area system we want in South Australia.

The primary target that may be of interest is strategy 1.1, which seeks to increase the area of land in protected areas for the regions of South Australia, known as bioregions, where there is currently less than 10 per cent of a bioregion conserved in protected areas. Importantly, Conserving Nature states that South Australia's priorities are for those areas in bioregions with less than 10 per cent conserved in protected areas and which are also found within one of the five

NatureLinks corridors. I might just make the point here, too, that South Australia is being held up as an example on the eastern seaboard, and elsewhere, for our approach to the NatureLinks corridors and that whole-of-landscape approach.

Conserving Nature does not commit the government to resourcing an accelerated program of land acquisitions, as much of the outcome is likely to be achieved through private protected areas. Future additions to the national parks and reserves system will largely be focused on consolidating existing protected areas through the addition of unalienated crown land or opportunistic purchases of high conservation value, rather than a concerted expansion of the park system. During 2011-12 a number of additions have been made to the national parks and reserves system, including:

- the addition of 2,078 hectares to the Flinders Ranges National Park as result of an extremely generous donation from the lessees of Commodore Station;
- the addition of 198 hectares to the Naracoorte Caves National Park, protecting some significant cave areas;
- two new conservation parks covering 1,678 hectares in the CoastLinks Conservation Area on Eyre Peninsula, being the Cape Blanche and Searcy Bay conservation parks, in the beautiful electorate of the member for Flinders; and
- two new wilderness protection areas covering over 2,902 hectares of offshore islands in the Far West, being the Nuyts Archipelago Wilderness Protection Area and the Investigator Group Wilderness Protection Area.

These important additions continue to build on the government's significant achievements in this area over the past 10 years. We have created 52 new parks and added land to 49 existing parks, including giving nearly one million hectares of land wilderness protection status, which is the highest level of protection the state can provide. These achievements reflect the government's commitment to protecting our state's unique biodiversity, ensuring that generations of South Australians to come will be able to enjoy our natural environment.

The other point I would like to make, for the benefit of the committee, is that in this particular area, what I notice when I visit the various parts of South Australia is the innate understanding of landowners who work their land for consumptive use and its relationship between biodiversity and the health and wellbeing of the entire landscape—that is, that it is of benefit to that consumptive use as well, far from being mutually exclusive. I thank the member for his very important question.

The Hon. S.W. KEY: My question refers to Budget Paper 4, Volume 2, Program 1: Natural Resource Stewardship, on page 117. Will the minister describe the significant steps made in progressing the government's marine parks program in 2011-12?

The Hon. P. CAICA: I would be delighted, and I thank the honourable member for her question. Our state's coastal waters support an amazing diversity of plants and animals, many of which are found nowhere else in the world. Our waters are also vitally important to the communities that rely on them for their livelihoods.

Marine parks are much like national parks on land, and are being established all around the world to help protect and conserve our oceans and the marine plants and animals that live within them. In fact, the southern coasts of South Australia and Australia were actually highlighted at the recent Rio+20 conference. The government is committed to implementing marine parks in a balanced way that increases protection for the marine environment whilst also ensuring people's lifestyles and livelihoods are protected.

During 2010 and 2011, the government worked with the 14 local advisory groups as they developed zoning advice for their local parks. We continued this work with a number of key stakeholders, culminating in a forum in April where broad agreement was reached on the priority areas for conservation. These priority areas are the proposed sanctuary zones released for full public preview on 27 April 2012. Maps showing proposed sanctuary zoning are available for viewing on the government's 'Your Say' website, along with a blog for the public to add comments and ask questions about the proposal.

I would like to take this opportunity to put on the record the government's appreciation of the contributions made by the chairs and members of the 14 local advisory groups. They voluntarily contributed their local knowledge and many hours of time to prepare their advice, and the majority of this advice has been included in the proposed sanctuary zones.

In addition, the specialist advice provided by the South Australian Marine Parks Management Alliance (representing commercial fishers), the South Australian Recreational Fishing Advisory Council, the South Australian Marine Conservation Alliance, the Scientific Working Group, the Marine Parks Council, the Local Government Association and the regional local government associations were incredibly valuable in developing the proposed sanctuary zones. In particular I would like to thank Dr Gary Morgan, Mr Brenton Schahinger, Mr Peter Owen, Professor Rob Lewis and Professor Anthony Cheshire for their significant efforts at the key stakeholder forum in April.

All the advice received to date has resulted in proposed sanctuary zones that total about 6 per cent of the state's waters. Significant areas included are:

- the southern right whale breeding ground and sea eagle nesting site at the Bunda Cliffs;
- reef fish, Australian sea lion and New Zealand fur seal hotspot, the Pearson Island Group;
- popular diving and snorkelling sites at Chinaman's Hat, adjacent Innes National Park, and at Noarlunga Reef;
- sea lion and fur seal home Cape du Couedic, adjacent to Flinders Chase National Park; and
- eco-tourist destination and world-renowned great white shark hotspot, North Neptune Island.

Under our current proposal we have ensured that recreational fishing will be largely unaffected. As a keen recreational fisher, I can attest to that. South Australians will continue to enjoy recreational fishing, including shoreline fishing at all popular beaches, jetties and breakwaters. We have worked closely with the South Australian Recreational Fishing Advisory Council and will continue to do so.

I am advised (and I was not there—I normally do not miss the Boat Show) that many inquiries were made to the marine parks stall there, with the significant majority of those being positive feedback with respect to what recreational fishers expect from a marine parks system.

Whilst some impact on commercial fishing will be unavoidable as a result of marine park zoning, the government has made a firm commitment that marine parks will have less than a 5 per cent economic impact on the state's fishing industry (measured as impact on annual gross value of production). We have also developed a comprehensive framework to manage any necessary fisheries adjustment.

The current task is to develop draft management plans incorporating the proposed sanctuary zones. The draft plans will be released for public consultation in coming months. At this time, economic, social and environmental impacts of each draft management plan will also be publicly available. This will allow people to understand the impacts of the draft plans before making their comments. I genuinely look forward to progressing this important conservation initiative over the coming months.

Mr MARSHALL: I turn to the Botanic Gardens, in particular under Administered Items on page 143 there is an item of one-off expenditure in the current financial year to the Board of the Botanic Gardens and State Herbarium of \$1.2 million. Can you tell us what was that one-off expenditure to the board?

The Hon. P. CAICA: I am advised at this stage (and I trust that that will be the advice I receive after I have said this) that a one-off expenditure in 2011-12 relating to the Board of the Botanic Gardens and State Herbarium was a carryover from the previous year and it is reflected as a once-off expenditure in 2011-12 allocated the previous year and then carried over to the next financial year.

Mr MARSHALL: I am not sure what you mean by that.

The Hon. P. CAICA: Carryover? It means that it was money allocated the previous year for some form of expenditure that was not expended. It is a pretty tedious process from time to time to go through, with some of our Treasury officials, to secure carryover, but I am advised that that \$1.2 million relates to the carryover.

To save me having to get back to you, I am told that \$840,000 was required by the Board of the Botanic Gardens and State Herbarium to meet a range of objectives delayed until 2011-12, including completing the plant biodiversity research publications and the Santos funding for the community education programs and cultural exhibitions in the Museum of Economic Botany. The rest, I am told, is carryover under other components.

Mr MARSHALL: Has your department made any request to Treasury for carryover from this financial year into next financial year, and what would be the value for that and the reason?

The Hon. P. CAICA: In a broader sense (and again I am not being disrespectful to Treasury), quite often we get commonwealth grants as well, and those grants are provided for a particular year. If we use, for example, the fine member for Chaffey's area, we know that a significant amount of work has been done at our historic Ramsar site, Chowilla, and because of the water that has come down—water that has been very welcome—a lot of the work has had to be delayed because of the inability to complete that whilst the river is in flood.

There is, in a variety of areas, carryover that we seek, and quite often it relates to some of those funds that have been provided often from the commonwealth but, as part of the 2012-13 budget process, there is \$1 million of approved carryovers for administered items from 2011-12 through to 2012-13 and subsequent financial years. They include \$0.3 million for the National Heritage Trust grants management database and \$0.7 million for the National Action Plan for Salinity and Water Quality. That, again, is money that is provided federally. Further analysis will be carried out on the final 2011-12 result to identify any additional outstanding commitments that will require carryover from 2011-12 to 2012-13 and, indeed, subsequent years, because some of these programs go over a period of time.

On the controlled side of the budget, as part of the 2012-13 budget process, a carryover of \$8.2 million was approved into 2012-13 for major investing projects, namely \$8 million for the Adelaide Living Beaches Pipeline project and the Seal Bay facilities upgrade at \$0.2 million. In addition, \$1 million operating funding from administered items was approved to be carried over to the 2012-13 and subsequent years—namely, the NAP that I mentioned earlier and NHT database funding. As I mentioned, further analysis will occur to make sure that we are able to carry over as much as we possibly can, if it has not been spent.

Mr MARSHALL: Just returning to the Botanic Gardens on page 131, you have listed there 82.7 FTEs on 30 June. That is obviously a decrease from the existing year but, in addition to that, I just want to further inquire about the allocation of overheads from the corporate services. What number of people have been allocated to the Botanic Gardens FTE from corporate services previously in Program 2 from this current financial year? That way I will get an apples for apples comparison of the number of people employed in that Botanic Gardens.

The Hon. P. CAICA: Just so that I get it right, it is those people who are within the corporate services of the department who are allocated there—is that what you are asking?

Mr MARSHALL: Yes, because as we have established, under Program 2 of the previous financial year, there were a large number of FTEs. They have now been allocated across different programs. We have a budget for 82 FTEs in the Botanic Gardens but, let's face it, maybe five or eight of those are now just corporate services people, so in actual fact, a better comparison would be to diminish that number down further and then, as a supplementary question, I would like to know: where have we lost those actual people working under the Botanic Gardens program?

The Hon. P. CAICA: We do not have those figures here, but I will undertake to get you those. I guess the point I would make on the corporate services is that I spent a previous life working for the fire brigade, of course, and the corporate services people are very important in servicing what is required by the people on the ground.

Mr MARSHALL: I totally agree.

The Hon. P. CAICA: That's good, but I do not have those figures here in front of me. I will get those to you and that will give you a clear indication of what is going on there.

Mr MARSHALL: What would be really great under the Botanic Gardens heading, if you are prepared to do this, would be a breakdown of the 82 people? What number of people are actually employed in the garden in what areas, and what number is then corporate services?

The Hon. P. CAICA: So are you asking for the roles and responsibilities of the 82 FTEs?

Mr MARSHALL: Broadly, not individual people—'This person looks after the compost heap'—but if we could say, there are this many people at Wittunga.

The Hon. P. CAICA: What I do know is this, Steven: I have visited Wittunga, as you would expect, I have visited Mount Lofty and I have been many, many times down here and there are also those people who are, for want of a better term, either interchangeable or undertaking a role and responsibility across the three gardens, as you would expect us to do. I think that is a reasonable question and I think I can provide that information. I just qualify it to say that, whilst a

person's primary employment might be seen to be at Wittunga, they can be down here at the Adelaide Botanic Gardens or elsewhere at any point in time.

Mr MARSHALL: Thank you very much.

Mr WHETSTONE: Minister, on page 118 of Volume 2, the estimated result on the fifth dot point refers to a land purchase as part of the Riverine Recovery program. Can you elaborate on the land purchase? What is it for and why did it involve a transfer of funds from the Department for Water?

The Hon. P. CAICA: Quite simply, it is not a convoluted process, but you know yourself that the funding comes from the commonwealth through to the Department for Water for this. We then carry out some of the responsibilities, amongst other things, in this case for the land purchase as part of the Riverine Recovery project. I am advised that it relates to the catfish component of that Riverine Recovery project.

Mr WHETSTONE: Thank you.

Mr MARSHALL: My questions now relate to Program 2: Strategy, Climate Change and Sustainability, which are on pages 128 to 130 of Budget Paper 4, Volume 2. Can you tell the committee what number of the FTEs and what programs specifically were transferred over from the Department of the Premier and Cabinet when they closed the Office of Sustainability and Climate Change?

The Hon. P. CAICA: The entire component of what was that agency was transferred over to the Department of Environment and Natural Resources, save and except those who had a core responsibility within the area of energy. When it was transferred and I was fortunate enough to become Minister for Sustainability, that group that was involved with climate change and sustainability in a broader sense came across. Those who were involved within the energy component are now auspiced within my colleague minister Koutsantonis's area. Along with it came the budget of \$1.71 million, and I often find it a bit difficult to talk about people in a percentage but 12.6 equivalent FTEs came across.

Mr MARSHALL: What programs specifically are they running out of Program 2? Are they involved in policy work or is there a grants program? Are they responsible, for example, for the \$922,000 for grants and subsidies in next year's budget and could you just outline the basis for those grants?

The Hon. P. CAICA: What I am told is that that \$922,000 does not relate specifically to the climate change component: it incorporates some of the other smaller grants and subsidies that are provided. I do not have the breakdown of that \$922,000, but we will get back to you. I do not like using the words 'rats and mice' because that might belittle some of the grants and subsidies that are provided to those people.

Mr MARSHALL: Sure, I understand.

The Hon. P. CAICA: The smaller grants are coupled under the heading Strategy.

Mr MARSHALL: Again, I am not trying to be difficult: I am just trying to get an understanding of this Program 2: Strategy, Climate Change and Sustainability. Would it be fair to say that they are around the 12 involved in the Climate Change and Sustainability component and the remainder of the 70 FTEs are involved in Strategy? Could you perhaps make some comments regarding their specific roles because, from the targets from next year, it is not clear to me what that would be?

The Hon. P. CAICA: Among those 70.3 staff are people who are working within the area of governance: the CE's office, the community education component of our operations and, importantly, ministerial office staff as well.

Mr MARSHALL: So, ministerial office staff come under a program? They are not separate. They are all in program 2?

The Hon. P. CAICA: Yes, that is right.

Mr MARSHALL: Last year, admittedly, the DPC undertook a review of the legislation regarding the Climate Change and Greenhouse Emissions Reduction Act.

The Hon. P. CAICA: Yes.

Mr MARSHALL: They undertook that, and you now have those staff in your department. Is there any legislative amendment to that act that is proposed by this unit, and if so, when would that come into place?

The Hon. P. CAICA: Under section 21 of the Climate Change and Greenhouse Emissions Reduction Act, a review of the act and its operations must be undertaken on a four-yearly basis. The first review occurred in 2009. It found that there were a range of issues that were unclear at the time that could affect the operation of the act, including the effects of the commonwealth government's then proposed Carbon Pollution Reduction Scheme. The Premier's Climate Change Council, which I have met with on numerous occasions, therefore advised that the second review should occur after two years rather than four years, as required by the legislation. The government agreed to this recommendation and undertook a second review in 2011.

The purpose of the review is to consider and report on the extent to which the objects of the act are being achieved and whether the act is sufficient to support action to address climate change in South Australia. The act then requires me to consult with the Premier's Climate Change Council, as well as relevant businesses and environment and community groups and organisations, as part of the review. The consultation process involved writing to relevant peak bodies, industry associations and partners to sector agreements established under section 16 of the act. The discussion paper and other relevant documents are also placed on the web for public access.

I could go through quite a bit, but the final report was completed in December 2011, in accordance with the act. A copy of the report on the review, Premier's Climate Change Council advice and government response were laid before both houses of parliament on 28 February 2012. Do you want me to go through the review findings?

Mr MARSHALL: The question was about whether there were any legislative changes as a result of that review.

The Hon. P. CAICA: At this point in time, the review finds that the SASP target to limit carbon intensity of total South Australian electricity generation to .5 tonnes of carbon dioxide equivalent per megawatt hour by 2020 should be recognised under regulations pursuant to the act. So, there would be mechanisms. I guess the point I am making is that there will be points where regulatory change—

Mr MARSHALL: Regulations might be changed but no change to the legislation; would that be fair?

The Hon. P. CAICA: I am not going to say there will be no change to the legislation, but, quite simply, the cleanest way of making variations, if you like, is through the regulations, which allow greater flexibility than opening up the act. I will not rule it out, but what I would say is that where we can achieve it through regulation, then that is what we will continue to do, and if not, we will be upfront and see what occurs.

Mr MARSHALL: My question is: when will you be making a decision about this? It is mandated by the legislation that the review occur within four years and the legislation be updated. That milestone passed last November, and we are nearly into the new financial year. When will you make a decision as to whether the legislation will be changed?

The Hon. P. CAICA: Look at it this way, if we take the proposal for an 80 per cent emissions reduction target for 2050—and this might be the best way of explaining things—the current headline target in the act is to achieve an emissions reduction of at least 60 per cent by 2050 based on 1990 levels. There is some issue as to updating the target. At this stage in particular, the commonwealth government is continuing to develop its emissions reduction policy through the carbon pricing mechanism, and the South Australian target will be subject to further review in 2013 by the CSIRO.

We undertook consultation on the proposal to update the target to 80 per cent. Feedback revealed that the community held divergent views on this issue. Updating the target in the legislation would not be consistent with the current target in our State's Strategic Plan for a 60 per cent reduction. We found that it is not appropriate to update the headline target at this stage, notably the legislative target is for reduction of at least 60 per cent, and South Australia may exceed this level of reduction. There is no intention to open up or make changes to the act at this point. However, I will let you be the first to know when we do, Steven.

The Hon. M.J. ATKINSON: I refer the minister to Budget Paper 4, Volume 2, Program 1: Natural Resource Stewardship Agency Statement, page 121. Will the minister provide an update on the progress, achievements and targets of the Regional Integration Project?

The Hon. P. CAICA: Yes, I can. I thank the honourable member for Croydon for his very important question given the importance of the Regional Integration Project to South Australia. We as a government are committed to ensuring that sustainable land management is looked after and our natural environment is a cornerstone of South Australia's development from an economic, social and environmental perspective.

Key to this outcome is an initiative to improve environment and natural resource management in this state by integrating the delivery of environment and natural resource management services. Member for Croydon, you would have seen I am sure or read some of the comments that have been made in some of the lesser informed media outlets in relation to this particular process—

An honourable member: Name them!

The Hon. P. CAICA: No, we know who I am talking about. In fact, it has made what is a very significant policy decision by the government to integrate natural resource management not more complex but it has created concerns that should not occur because of those ill-informed comments. However, the role of the Department of Environment and Natural Resources is to help the government and the community of South Australia to achieve a prosperous and sustainable lifestyle. The plan entitled 'Improving Natural Resource Management in South Australia: Regional Integration of Environment and Natural Resource Management Delivery' guides the integration of DENR and the eight regional NRM boards to deliver more accessible, effective and efficient natural resource work in all regions. Regional integration will reposition NRM in the community and strengthen their profile as strategic leaders of NRM.

The model for regional integration reflects the six broad issues identified as key to the integration process: aligning regional boundaries; redesigning organisational structure; improving community relationships and community interface; clarifying governance and intergovernmental relationships; integrating planning and investment; and streamlining corporate and business services. To lead the implementation of regional integration, the Regional Integration Task Force was established to provide strategic advice to government on reforming and improving the delivery of NRM. The task force is made up of several internal and external groups and committees, including peak conservation, local government, farming and Aboriginal groups that guide reform of NRM in South Australia.

The regional integration of environment and natural resources commenced with the appointment of one regional manager in each region to deliver the business of NRM boards and oversee 'business as usual', as well as drive integration at a local level which has produced immediate results. To further streamline senior management within the regions, 32 regional management team members were appointed in late 2011—down from 45. The regional management team support the NRM boards and DENR regional planning and delivery.

Very importantly, next steps include establishing the natural resource centres as a single point of contact and a focal point for communities to engage in integrated NRM across the eight NRM regions. Over the next few months, we will begin to see a cohesive and integrated environment and natural resources management service emerge, including rationalisation of office accommodation, staff roles and locations, consistent branding, business systems and a sharp focus on collaborating with and involving the community, industry and NRM agencies in integrated planning and delivery of all NRM work. I look forward to inviting all those who are relevant—members from the opposition—when I open, over the next few months, those natural resource centres across the state.

The regional integration initiative will deliver a shift to whole-of-landscape approaches (that I mentioned previously) to managing our environment, linking across both public and private lands. The regional integration initiative will improve the support for farmers involved in adapting and innovating to become more sustainable. It is anticipated that by December 2012 further stages of the implementation plan will be completed including fully integrated and more accessible delivery service for NRM; effective delivery of regional NRM services through partnership arrangements and integrated business plans and support systems; improved community connection and focused through the establishment of phase 1 of the natural resource centres.

The natural resource centres will facilitate a joined-up government approach to the community on a broad range of NRM issues and services. The natural resource centres and

repositioning of NRM boards as strategic leaders on regional NRM issues will improve engagement with communities, industry and the three tiers of government.

I want to put on the record my appreciation of the NRM boards across the state for their approach to this integration. Whilst it was not without its concerns to start off with, it is going along quite well. Of course, fundamental to this process is the NRM boards' interface with the community in connection with the community. Without being too disrespectful to my colleagues alongside and behind me, government sometimes has some difficulty in achieving that same level of coherence and interface with our broader community.

Mr ODENWALDER: I refer the minister to the Agency Statements, Natural Resource Stewardship, page 121 again. Can the minister provide an update on the establishment and implementation of the Coorong, Lower Lakes and Murray Mouth drought recovery project?

The Hon. P. CAICA: Yes, I can, and I thank the member for Little Para for his very important question. Honourable members in this chamber will be aware that the iconic Coorong, Lower Lakes and Murray Mouth region of South Australia was severely impacted by the millennium drought across the Murray-Darling Basin. It was on the verge of ecological collapse. The Coorong, Lower Lakes and Murray Mouth recovery project was created to tackle immediate drought-related challenges and to ensure that this internationally recognised wetland of significance could better cope with future droughts and floods.

Since the establishment of the recovery project, the federal and state governments have committed more than \$186 million to drought recovery in the Coorong, Lower Lakes and Murray Mouth region. Managed by the Department of Environment and Natural Resources, the recovery project is part of this state government's \$610 million Murray Futures program, with the Australian government providing funding under its Water for the Future strategy.

Among the first tasks of the recovery project was the development of a long-term plan for the region. The local community, scientists and the region's traditional owners—the Ngarrindjeri—are among those who played a central role in developing the long-term plan which sets out a number of projects and management actions to assist drought recovery and to build resilience into the region's environment.

These projects include a vegetation program of up to \$39 million to restore habitat and stabilise the region's ecology (and I invite members, if they feel so inclined, to come with me on occasions to continue that vegetation process and plant some plants—very important in building resilience into the regions by restoring habitat); up to \$46 million, after an initial investigation phase, to reduce salinity in the Coorong South Lagoon; more than \$6 million to build community capacity; and up to \$8 million for ecological and acid sulfate soil monitoring and research.

It is important to note that all of the 18 projects and management actions proposed in the plan are being implemented or are at an advanced stage of planning. The long-term plan also proposes an adaptive approach to managing the region, under which the lessons learned along the way are incorporated into future decision-making. The plan identifies that delivering the projects in partnership with the region's communities and the Ngarrindjeri is vital to success.

In May 2011, following a due diligence assessment of the plan's business case, the federal government announced funding to implement the recovery project. The \$136 million funding agreement in place between the South Australian and Australian governments includes a state contribution of \$30 million (10 per cent) towards the total project costs. This funding committed from the commonwealth is on top of the \$39 million it had previously allocated for early drought recovery works and the removal of the Narrung Bund and a further \$9 million it had provided for the removal of regulators in the Goolwa Channel.

The full recovery project will run for five years until 2015-16. In partnership with the community and the Ngarrindjeri, the government is confident that the Coorong, Lower Lakes and Murray Mouth recovery project will go a long way to ensuring that the region has a healthy, sustainable and resilient future.

Just to finish off on this, it is important that we learn not only from the scientific process of what was a drought that we hope we never see the likes of again (but the science tells us we will) but also from the review and the process of how the government reacted and how we were able to manage that situation. That is a project that has been undertaken by ICE WaRM in South Australia, so all the learnings from the way in which this process was managed, from both an on-the-ground perspective and from an administrative perspective, across government and in our interrelationship

with other organisations outside government, are also being looked at in this particular process. I thank the honourable member for this question.

Mr MARSHALL: My question really relates to national parks, and I suppose there are probably a number of pages relating to it in the budget paper but I am going to pick page 120. My question is in relation to the People in Parks strategy which is being published by the department. I would like to know: can the minister detail any discussions the department is having with potential private sector partners as part of the implementation of the People in Parks strategy and, specifically, what parks are being targeted for this private sector involvement?

The Hon. P. CAICA: As the member is aware, South Australia's national parks, marine parks and other reserves receive over four million visits each year and underpin the state's nature-based tourism industry. Over the last two years, the Department of Environment and Natural Resources has developed an innovative vision for recreation and tourism parks. This vision builds on the success of ideas from interstate and overseas and seeks to capitalise on the value of our parks to increase community stewardship for the environment, enhance public health, create jobs and boost regional economies.

The People in Parks strategy was developed in consultation with conservation, recreation, outdoor education, friends and tourism groups—so, across the spectrum. It was released for public consultation in January 2011 and received over 80 submissions. The main focus of the People in Parks strategy is to make our parks more accessible to people and to help people make a positive contribution. This will be done by getting more South Australians to visit parks, appreciate their special values and assist in their care.

People in Parks also seeks to get more community benefits from the state's parks in a sustainable way, and this will be achieved through a suite of actions such as the development of a multiday walk in the parks of Kangaroo Island. Appropriate and sustainable private sector investment in parks will not commercialise parks, nor diminish public access. It will, in fact, be a catalyst for the creation of exciting new attractions and investment in regional economies.

The population of South Australia and the popularity of the state as a tourism destination will continue to grow. This means that the number of people visiting parks will also continue to increase. The People in Parks strategy will ensure this trend is environmentally sustainable by limiting impacts, providing new opportunities to enjoy our parks and helping more people to understand parks and contribute to their care.

In essence, as I said, there were significant numbers in the group that we spoke about, such as those that I mentioned. The friends and outdoor education, tourism, recreation and conservation groups and, indeed, adjoining landowners were part of that process.

Mr MARSHALL: Thank you, but my question was whether or not the department is having discussions with any potential private sector partners as part of the implementation of that program and, specifically, what national parks are being targeted for that? The paper talks about working with the private sector for infrastructure, and so on, so I want to know who you are having discussions with and what parks are targeted.

The Hon. P. CAICA: For example, we do not have any set views but what we have done is engaged, and continue to engage, the private sector in a variety of ways. For example, the one that I highlighted—

Mr MARSHALL: I have got the KI one and I understand that, but are there any further ones?

The Hon. P. CAICA: That is an example—

Mr MARSHALL: It is a great one.

The Hon. P. CAICA: —and that will engage and, certainly, explore with the private sector how things might be able to be done there. I have walked part of that trail and I know we have some property within that that would require some renovation and updating of its facilities, and we will continue to talk with the private sector. KI is one of them and I am told that the KI walk, if undertaken properly, could match the one in Tasmania, and certainly equal it. But, at the moment—

Mr MARSHALL: There are no other discussions or no other parks targeted?

The Hon. P. CAICA: Not specifically, but we will continue to talk to private organisations. For example, I had a meeting with the cycling group about how certain national parks might be made more conducive to cycling from a mountain bike perspective. Underpinning that are certain

rules and regulations from our perspective that say that if an activity can be undertaken that enhances the visitor experience without diminishing the core objectives, that is, the protection and conservation of the area, that will be done. That is cycling in the Adelaide Hills, for example.

We also get a lot of requests for what activities can occur, and we will say that this is sort of like a public estate, as well in a broad sense but, in our reservoirs and the land surrounding our reservoirs, again, it is very important to ensure that any activity does not compromise their primary purpose, which is the collection of water.

There are also some discussions with Waterfall Gully and improvements that can be made there, with the private sector. The member for Schubert has had discussions with me, that I know have been undertaken with the department, about certain facilities that can be put up at the Whispering Wall, for example, at Innes National Park, a great national park—my favourite national park. I could recount the amount of fish that I have caught there; importantly, I will be able to continue to catch those fish down there under our very comprehensive marine parks process—

Mr MARSHALL: Most areas; not Chinaman's Hat beach, but most other areas.

The Hon. P. CAICA: Again, discussions are being undertaken with the private sector in relation to Inneston and Innes National Park.

Mr MARSHALL: I appreciate that, thank you. Can I ask another question about National Trust funding? I cannot find any reference in the budget to any budget line. Is that because there is no funding for the National Trust in this current budget?

The Hon. P. CAICA: I have met with the National Trust on a couple of occasions. I am not sure that we actually fund the National Trust to any significant amount, but I will take that on notice to see whether or not we provided any money for them and will get back to you.

Mr MARSHALL: With regard to the NRM levies for the next financial year, has the government gazetted the Adelaide and Mount Lofty Ranges NRM Board levy for next financial year? On what rate was it set, in relation to the budget that was previously provided?

The Hon. P. CAICA: I do not have those exact details in front of me. What I can say is that yes, it was gazetted; it was gazetted while I was away. The details of that gazettal notice were prepared the Friday before I left (that was two Fridays ago). It went to cabinet and then to cabinet's subcommittee and subsequently to the government for gazettal. It was gazetted at 6 per cent; the proposal was, in round figures, about 11.4 per cent, knowing full well that that had been the subject of significant consultation or preparation and that it was earmarked for this particular financial year.

So it went from 11.4 per cent and it was gazetted at 6 per cent. Whilst I do not have the figures in front of me, I do know that 12 per cent meant, to some people, an increase of about \$3 for families over the financial year up to, I think (and I will stand corrected if I am wrong), a high level of \$8. I think that may have been for the Walkerville council area. So they have been gazetted.

The proposal was for 11.4 per cent. You know the arrangement that exists here, where those levies will be taken to the NRM committee. It went to the NRM committee and that committee did not support it in the current format. I think (and again, I will stand corrected; we have the chairperson here) the message came back without setting a figure, and the NRM council asked me to have a look at that.

I had a look at it and then supported a reduction from 11.4 to 6 per cent. As I said, that will halve what would have been \$3 for the significant majority of people; \$3 across the realm of NRM contributors within the Mount Lofty NRM board, and \$8 for those at the top end. It will be halved, to \$1.50 through to \$4. Again, these are round figures—

Mr MARSHALL: Sure; I understand that.

The Hon. P. CAICA: There may be bits and pieces of cents here and there. It was also critically important, as you would also be aware, that we attempted to put through some NRM amendments earlier this year. They travelled through our house. These, I was advised, were the nuts and bolts to adjust things in such a way that councils have been asking for; that is, how can they actually get notification earlier about what these levy increases will be so that at the last minute councils do not have to introduce them and how can they work on how the NRM boards themselves would report through to parliament with regard to their requirements?

They have gone to the upper house and of course they are sitting there at the moment because those nuts and bolts issues we wanted to address through the introduction of the NRM

Act and its review in 2007 have not been able to be achieved there, given the fact that they have opened up the act to a whole lot of areas which in my personal view will render the NRM Act less effective than it was at this point in time.

Mr MARSHALL: Sure, we can look at this coming year—we can work together on that, no doubt.

The Hon. P. CAICA: Well, I look forward to working together with you on that.

Mr MARSHALL: I am very happy to sit down and discuss the non-contentious components to it.

The Hon. P. CAICA: I know that, Steven: you are a rising star on that side of the house and I understand that—

Mr MARSHALL: Just working hard, minister.

The Hon. P. CAICA: —part and parcel of that is because people can see you are working hard at what you do.

The CHAIR: The compliments keep coming.

Mr MARSHALL: All round, yes, Mr Chairman.

The Hon. P. CAICA: My mother used to say that self praise is no recommendation, but we can continue to praise each other.

Mr MARSHALL: That's right, it can be a reciprocal relationship. On that NRM—and again I am not trying to be difficult, I am just trying to get an understanding of that—you have gazetted and the gazettal (if that is the term) would allocate the rate per council of those 26 councils, and they have been informed of that?

The Hon. P. CAICA: Yes.

Mr MARSHALL: And that is by council? There was a spread; 11.4 per cent was the increase over the 26 councils—some were up by 25 per cent and some by 3 per cent. You have done a revised schedule, with the average being 6 per cent, but there is a differential levy now per council, and they have been advised as of last Friday? That is all I needed to know. It is not a difficult question or trying to catch you. You do not just say it is going to be 6 per cent, because some were below 6 per cent.

The Hon. P. CAICA: That is right. If you look though, the quantum increase of 6 per cent took it from \$22 million in 2011-12 to \$23.32 million, a quantum increase of 6 per cent, the average levy being \$36 across the various councils (now \$37.50), the total increase being \$1.50. It is a variation amongst the councils. Part and parcel of this process of course was an equalisation process across councils. I am trying to make it a more simple format.

Mr MARSHALL: I appreciate that.

Mr WHETSTONE: We have talked a lot about the Coorong, Lower Lakes, Murray Mouth projects. Why was there a reduction in commonwealth funding of \$21.83 million? What projects will be affected by the reduction in funding?

The Hon. P. CAICA: What page are we looking at, Tim?

Mr WHETSTONE: Page 121, dot point 9.

The Hon. P. CAICA: You would be aware that sometimes it is a little bit difficult in timing. Nothing will be reduced. What is committed to is committed to and it was a timing issue on the delivery, not so much the delivery but the due diligence which can sometimes be seen by some people to be undue diligence that is required by our commonwealth colleagues. For those listening and reading this, I do not mean that in a disrespectful way; I just think that we can do things in a simpler way (that is for their benefit if they do read this more so than for our benefit, Tim). In essence, it is about a timing issue.

Mr WHETSTONE: If there is a timing issue, will these projects be held back or will the completion date be—

The Hon. P. CAICA: It is quite simply that the commonwealth funding does not show up in the estimates process. It is committed to and agreed to, but it does not show up in here. We are working with the Department of Treasury and Finance to update and adjust the budget across the

forward estimates to reflect that money. That could well have been construed as you seeing it there and saying, 'What has happened to that money?' It is a timing issue with the commonwealth.

Mr WHETSTONE: Minister, can you elaborate a little more on the partnership between both the federal government and the state government with the expenditure of those projects or programs? Exactly what commitment has the state government put on the table as opposed to what the federal government is putting on the table?

The Hon. P. CAICA: In essence, in the general sense, it is the 10 per cent: 90 per cent contribution by the commonwealth and 10 per cent contribution from the state. If we have a look, if there is a \$136 million funding agreement, we provide 10 per cent (which is \$13.6 million) of total project cost, and then when you extrapolate that through the various programs that occur there up to \$6.3 million to build community capacity in the region, including supporting Ngarrindjeri partnerships, we will pay \$630,000 for that; and \$46 million following the initial investigation phase to reduce the salinity levels in the Coorong South Lagoon, we will pay \$4.6 million as opposed to the 90 per cent. So that is it—it is a 90:10 split.

The CHAIR: That might be an appropriate time for morning tea—sorry, minister, had you finished?

The Hon. P. CAICA: If you say I have, sir, yes, I have.

[Sitting suspended from 10:30 to 10:45]

Departmental Advisers:

Dr C. Gemmell, Chief Executive, Environment Protection Authority.

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

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

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

The CHAIR: We are now going to move on to the EPA. We have half an hour allocated to the EPA and half an hour allocated to Zero Waste. Would the minister like to make any opening remarks?

The Hon. P. CAICA: I have a very brief opening statement. The upcoming year will be one of change and opportunity for the Environment Protection Authority. The appointment of Campbell Gemmell as the Chief Executive of the EPA, which began on 30 January this year, is one that brings with it a wealth of international experience and leadership with regard to environmental regulation. We are pleased to welcome Campbell to South Australia and to the role.

Before I talk further about the coming year, I would like to take this opportunity to acknowledge the previous chief executive of the EPA, Helen Fulcher, who retired on 31 August 2012 after three years in the position. It was during Helen's term as chief executive that the EPA began to roll out its very important program of making public register information more accessible to the public.

Access to an index of site contamination nomination forms, EPA licences (or authorisations, as they are sometimes referred to) and a summary of completed prosecutions and civil penalties are now all available via the EPA website. To assist with making this information more accessible, the fees associated with accessing detailed information have been waived for people who can demonstrate that the information they are seeking directly relates to them or their property and/or for information that is provided electronically to the public.

While the task of making this information more accessible via the website seems simple, there was a great deal of administrative and technological preparation that needed to be undertaken to ensure that the information was prepared in a compliant manner and that the system could be put in place in a user-friendly manner. The next steps for the EPA, with regard to making the public register information more accessible, are to provide new environmental authorisation applications and an index of environmental protection orders on its website.

Further to that, the EPA will review the remaining public register categories so it can determine what is in the greatest demand from the public and then upload that information. This is about ensuring that, through greater transparency, we are able to better inform our public.

The 2011-12 financial year also saw the introduction of the EPA's illegal dumping unit. This initiative grew out of a review of illegal waste disposal undertaken by the EPA. The resulting strategy will deliver:

- legislative changes based on interstate approaches to allow more effective identification and prosecution of offenders;
- routine cost recovery to make offenders responsible for clean-up of their waste and, where appropriate, seize the profits of crime;
- better sharing of information and expertise with local government;
- an effective communication strategy to increase deterrence and change the culture of acceptability, leading to more public interest in prevention.

The EPA also played a significant role in the assessment of BHP Billiton's environmental impact statement for the proposed Olympic Dam expansion, which was approved by the government on 10 October 2011, subject to 157 conditions of development approval.

I think I will leave it there and finish off where I started. I have quite a bit more to say, but in the interests of getting through this I will not. I will finish off by reinforcing that having Campbell join us in South Australia augers well for positive programs to continue to be implemented and the development of other programs and systems that will further improve the EPA as a regulatory body and organisation that contributes to the broader themes of development and sustainability. I look forward to the year ahead. I am sure the EPA will continue to attend to the many challenges faced by all regulators with a balance that will be firm and fair. In the interests of getting through this, I will leave it there.

The CHAIR: True bipartisanship. Member for Norwood.

Mr MARSHALL: On behalf of the Liberal opposition, I extend a welcome to Professor Gemmell with our best wishes for his time in his role in South Australia. We would also like to record our thanks to the previous chief executive of the EPA, Helen Fulcher, for the work she did on behalf of the people of South Australia.

My first question relates to Budget Paper 4, Volume 2, page 152. It is a general question. In recent years, we have seen fairly significant increases in the level of income to the EPA from fees, fines, penalties and different charges under different programs. That was all part of a cost recovery program which was instituted some years ago. My question is: has the EPA now completed its full cost recovery implementation, or are there further substantial cost recoveries planned for future years? Are we at the end of that implementation?

The Hon. P. CAICA: I thank the honourable member for his question. Over the past five years, the EPA has been identifying key functions and transitioning them to a cost recovery model. This has been done under the principles of best practice cost recovery modelling. Those measures are: cost recovery fee model for the administration and management of environment licences implemented in July 2009, cost recovery fee model for the administration and management of radiation licences, partial cost recovery for the container deposit scheme, and cost recovery fee model for environment licensing application assessment fees.

In answer to your question, my view, and it has been confirmed by my chief executive officer, is that we will never achieve full cost recovery in some areas, but where we can we will, and we should. Some of the costs that we incur from the delivery and discharge of our responsibilities in working with industry and others will never be fully recovered, but where we can we will.

Mr MARSHALL: Most specifically, are we at that point where we are likely to see increases in revenue going forward linked to CPI, or would you say you are part way through the implementation of this and that there might be some significant increases in future years?

The Hon. P. CAICA: There are still some areas we will pursue, but the CPI is already covered by some of them through the whole-of-government CPI increases. So, there are areas that are covered by that and we will continue to look at other areas where the costs borne by government can be transferred through to those who are seeking the services that are required of the EPA.

Mr MARSHALL: As with previous appearances regarding DENR, you committed to giving some information on grants and subsidies that were provided. I am wondering whether you could also make that commitment for the EPA to provide details of the very small amounts—obviously, in

the EPA budget, \$245,000 I think it is—whether you could provide some information on what programs they are offered under and what the basis of those are?

The Hon. P. CAICA: I undertake to give you any information or any briefings you want. Given you have asked them here, we will give them for the record but, yes, we will certainly undertake to do that.

Mr MARSHALL: Thank you. Can you provide details to me of the Environmental Protection Fund? I just want to know the basis of that. As I understand it, the solid waste levy (and I do not need the detail of that) is paid into the EPA and 50 per cent of it is transferred to Zero Waste SA; 45 per cent stays in the EPA but 5 per cent goes to this fund. Can you please tell me the most recently reported balance of that fund, what it is used for and how often we make disbursements from it?

The Hon. P. CAICA: As I understand it, the balance is about \$6.1 million.

Mr MARSHALL: It is \$6.1 million?

The Hon. P. CAICA: Yes, and it sits there. It stays within the—

Mr MARSHALL: So it would be on your balance sheet somewhere, would it? What item is it under?

The Hon. P. CAICA: Of that \$6.5 million the EPA uses about \$2.5 million.

Mr MARSHALL: What is the basis for the fund? What is the basis of how you can allocate out from that fund? We know that 5 per cent of the solid waste levy goes into the fund; what is the basis of what can come out of that fund?

The Hon. P. CAICA: It is prescribed under the act as to what it can be used for.

Mr MARSHALL: It is prescribed under the act; I will take a look at that. Will the minister outline the number of FTEs currently in the enforcement unit and provide details of investigations which are currently being undertaken by that unit?

The Hon. P. CAICA: I am told that it is six in the investigations unit and six in the illegal dumping unit. I am advised that, with respect to the illegal dumping unit, 20 cases are under consideration. I am concerned about what level of detail I can give you in a meeting such as this, but I am happy to provide you with a briefing of some on the areas that are being investigated; 20 might be give or take a couple, but, again, I do not think I would be expected to give any details of what investigations are being undertaken at this point in time in this forum, but I am happy to do so with you in a private briefing.

Mr MARSHALL: In previous annual reports you have been able to list the number of matters which are under investigation and also the number of matters which have been referred to the Crown Solicitor's Office. Is it possible to provide that level of detail today or perhaps afterwards? It would not bother me if it was afterwards.

The Hon. P. CAICA: Yes, I will provide that to you afterwards.

Mr MARSHALL: Can you indicate to the committee the total number of prosecutions that were actioned this financial year and any penalties associated with those actions?

The Hon. P. CAICA: I understand there was one prosecution last year and there are four for the current financial year. The penalties vary from around \$2,000 to \$50,000. Sorry, I stand corrected: it was \$80,000 for one of them. I make the point that with the arrival of Campbell we have had a discussion about our prosecutorial role and its balance between educating and when and how we activate a heavy hand if it is required.

We are looking at internal mechanisms that we wish to put in place over the coming year to look at being, for want of a better term, a little bit more nimble about how things can occur to make a decision early in the piece as to the opportunity, if that is the right word, or the ability to be able to prosecute, as well. From my perspective, in dealing with the administration of that, and in my preliminary discussions with Campbell, I think that is an area where we can improve. That is not to say our primary objective is to pinch people; it is not. It is just to make sure that the timeliness of the decision is such, because the longer you delay any decision to prosecute—

Mr MARSHALL: The more expensive it becomes.

The Hon. P. CAICA: It is not only more expensive but perhaps you lessen the opportunity to actually prosecute when a prosecution would have been appropriate. Our idea—again in talking

with Campbell—is to use teeth when necessary, use our teeth and bare them when it is necessary. In essence, it is to make sure that part and parcel of the EPA's program of operations with the broader community and business is about better informing them about what their responsibilities are and helping them, but using those teeth where it is necessary.

I am also advised, with respect to your previous question about the Illegal Dumping Unit, 13 foreshadowed to result in more prosecutions. It will be clearer re the impact of the IDU this year, given the fact that we only introduced it last year. I did not get a chance to listen to it, but some investigations are being undertaken this morning. It was reported on the radio, but I was preparing for this on the way, so I missed that.

Mr MARSHALL: Like a good minister should. That is very good. Just to try to get a handle on this, you have two units, and one is the illegal dumping one. There are no more questions on that, but in terms of the investigations branch, you do the investigation internally within the EPA, but then any prosecution is actually handled by the Crown Solicitor's Office, so you do not have any charge over and above those six people in preparing a case and prosecuting a case against somebody within your department. They are not transferred back from the Crown Solicitor's Office. I am just, I suppose, concerned that there is some reluctance to take on larger cases because of the cost associated with that, especially given the financial situation we find ourselves in in South Australia. I just want to know where the burden of that prosecution actually lies.

The Hon. P. CAICA: The preparatory work will be undertaken by the EPA. We do have two embedded officers from the Crown Solicitor's Office within the EPA. They will do the preparatory—

Mr MARSHALL: Two of those six, or six plus the two?

The Hon. P. CAICA: Six plus the two. They will do the preparatory work and it will still go off to the Crown Solicitor's Office. That is what I was talking about earlier, how we might be able to better refine our operations in this particular area. That is an objective.

Mr WHETSTONE: My question is a very easy one. How many positions at the EPA are tasked to develop guidelines on an audit of water quality, water treatment systems, on inland marine vessels? Are all these positions ongoing or will any of them be wound up at the end of 2011-12, or are any planned to be wound up in 2012-13?

The Hon. P. CAICA: I am advised there are two positions and they will be ongoing.

Mr WHETSTONE: They are ongoing?

Mr ODENWALDER: I refer the minister to Budget Paper 4, Program 1, Agency Statements, page 154. One of the highlights for 2011-12 is listed as the aquatic ecosystem condition reporting. What work has been undertaken to evaluate the condition of South Australia's waters?

The Hon. P. CAICA: In 2011-12 the Environment Protection Authority initiated a system of monitoring and evaluation on the health of South Australia's waters. The aquatic ecosystem condition reports, as they are referred to, represent a significant breakthrough in the way water quality is measured and reported in this state. The EPA used scientific evidence, biological and ecological measures, as well as traditional water chemistry, to assess the condition of waterways as ecosystems, including the water quality and plants and animals that depend on it.

The reports were first released in October 2011, covering over 200 sites throughout our inland waterways, across six natural resources management regions, and provide a summary of information on each location, presenting findings and the key pressures as well as management responses. The reports capture a more comprehensive picture of what is happening at those sites than has been gathered in the past. Importantly, they provide information to help benchmark progress in avoiding further degradation and improve the condition of our state's precious water resources.

Aquatic ecosystem condition reports have been designed as a clear communication tool about the condition of South Australia's aquatic ecosystems and to highlight environmental management decision-making. The reports present information in a transparent, web-based format that allows people to obtain detailed data easily and quickly. Each report describes the aquatic ecosystem condition of a waterway on a new six-level grading system as follows: excellent, very good, good, fair, poor and very poor.

The majority of our inland waterways have been rated as fair to poor on the ecosystem condition scale. This general condition of our waterways is expected, due to South Australia having

been extensively developed with urbanisation and agriculture over the past 170 years, and is also very consistent with the condition of waterways interstate and overseas.

A fair to poor rating does not mean a waterway cannot be enjoyed or is in a toxic condition. An example is the rating for Dry Creek in Valley View. It was given a poor rating as an ecosystem due to being surrounded by dense urbanisation and therefore subject to significant stormwater issues. However, it is fine for public enjoyment, such as walking, and it would be likely that you would hear frogs in that waterway in spring.

It is important to remember there are no quick turnabouts to improving the quality of these water bodies. It has taken a long time for these ecosystems to get into this condition. The reports have confirmed the key pressures on these ecosystems are recognised as the excess nutrients and sediments being washed off urban and agricultural catchments and released from some industrial discharge.

Rectifying the situation involves a collective effort by state and local governments, NRM boards, local land users, industry and the local community. Importantly, each and every one of those is important in resolving the issues associated with it. Management responses include strategies being developed and implemented such as Water for Good, the Stormwater Strategy and regional NRM plans.

The Aquatic Ecosystem Condition reports can be found at the EPA website and will complement a series of reports produced by each of the NRM boards which provide information on the state of the region and NRM boards' progress in achieving targets set in their regional NRM plan. The next stage of these new Aquatic Ecosystem Condition reports will be released later in the year, including reports on South Australia's near-shore marine ecosystems, and cover other NRM regions such as the Arid Lands NRM region.

The Hon. S.W. KEY: Minister, I compliment you on your poetic answers: it is an aspect of language that is quite often forgotten. Can I ask you about an issue that I am sure is of concern to all of us in the House of Assembly, and it refers to Budget Paper 4, program 1, agency statement No. 154. I noticed in the highlights for 2011-12 (and the member for Norwood has mentioned this as well) the establishment of the Illegal Dumping Unit. Can you outline the role of the unit and how it will work with local government, as I understand, sharing the responsibility for illegal dumping?

The Hon. P. CAICA: Yes, I can. Illegal waste disposal activity has the capacity to reduce amenity, damage human health and cause environmental harm. Illegal land fillers and illegal recycling depots avoid the costs of engineering an appropriate landfill or depot, meaning they typically do not have proper environmental controls in place. Offenders conducting illegal waste activities avoid paying disposal fees, licence fees and the waste levy. Some offenders also profit from charging people to receive the waste. This subverts the market, placing legitimate operators at a disadvantage and costing the government revenue.

These offences can also be very expensive for the government and community to clean up. In response, the state government allocated \$814,000 a year for an illegal dumping unit that will better target illegal waste activities such as illegal land filling, illegal dumping of hazardous waste, commercial quantities of demolition waste, liquid waste and industrial waste, and businesses operating without a licence.

The funding also increased capacity for a waste levy audit. It is well known that South Australia is a leader (as members would have seen in today's newspaper) in waste management and recycling and, whilst most businesses do the right thing, there are some people who continue to ignore the warnings and dump their waste illegally. Not only is this breaking the law but it is also undermining the legitimate waste operators who dispose of their waste in a safe manner, and the investments made by industry.

This initiative will support proper waste management and ensure there is a more level playing field. Consumers that I have spoken to have a clear expectation that industries and businesses will do the right thing for the benefit of the community, the environment and future generations in disposing of their waste.

The EPA will take a zero tolerance approach to illegal dumping. Offenders will be forced to pay full clean-up costs as well as penalties imposed through the court system. There are significant penalties for those caught illegally dumping waste. For individuals, penalties can be as high as \$500,000 or four years' imprisonment; for a corporate body, the penalty can be as high as \$2 million. While the EPA Illegal Dumping Unit does not deal with smaller roadside car boot dumping and dumping of domestic waste, the state government is going to continue to work with

local and state government agencies to deal with this particular issue. I think it is important to remember that both state and local government agencies have a shared role in addressing illegal dumping.

It is understood that the roles and responsibilities that are currently shared by the two levels of government will continue. The EPA will lead investigation of illegal dumps where people dispose of waste without proper environmental controls or an appropriate EPA licence. Also, the EPA will lead the investigation of illegal dumping of hazardous waste, and we know what that entails. Local councils will continue to manage smaller scale illegal roadside dumping.

I understand that the relationship between the local councils and the EPA in this particular area is working well, and will continue in a joint commitment to forge that relationship, to help each other but, importantly, to help the environmental health of our community and the people who live within it.

I could go on about the staffing levels, but the member for Norwood asked that. However, importantly we are undertaking a number of campaigns targeting licensed and unlicensed industry to ensure compliance with the Environment Protection Act and the Environment Protection (Waste to Resources) Policy. They will both be publicly advertised awareness campaigns. There will also be covert operations using state-of-the-art surveillance equipment. The first of these campaigns will be run in late June. That may well be what I heard on the wireless this morning, I think—

An honourable member: You were listening.

The Hon. P. CAICA: I listened to one bit there, because I did hear about the advertised awareness campaigns. Again, the unit currently has 15 active investigations, along with a number of other projects, analysing waste trends. I am very pleased that this government has introduced the Illegal Dumping Unit; I think it is a very important component of the way we manage waste disposal and, in particular, the illegal disposal of waste in this state.

Mr MARSHALL: The minister has previously outlined that the Nystar licence would be revised. I understand that this was not at the end of a licence period but a mid-licence period review. In fact, you stated that would be out in the next two or three weeks some four or five weeks ago. Has that been committed to again? If not, what timeframe will it be until that new licence comes out?

The Hon. P. CAICA: I thank the member for his very topical question. Airborne lead from the Nyrstar smelter site has historically been the prime contributor to the unacceptably high blood lead levels observed in the children of Port Pirie. We are all aware of the tenby10 program that commenced in 2006, aimed at reducing children's blood levels such that 95 per cent of children in the age range of zero to four had blood lead levels below 10 micrograms per decilitre of blood—the National Health and Medical Research Council recommended limit—by the end of 2010.

As at 31 December 2011 the Department of Health reported that 78 per cent of children had a blood lead level below that figure. This compares with 50 per cent at the same time in 2005, immediately prior to the commencement of tenby10. So there were improvements throughout that program but, despite these clear improvements, further work is required from Nyrstar to reduce lead emissions, and subsequently blood lead levels, on an ongoing basis, as the National Health and Medical Research Council recommendations for blood lead levels are still not being met in Port Pirie.

There was an extensive review of Nyrstar's EPA licence, and the EPA has finalised new conditions of its licence. This includes an environmental improvement program that will require Nyrstar to implement improvements to its facilities to reduce lead emissions, and establishes more stringent lead in air limits in Port Pirie. These new conditions have been agreed to by Nyrstar in accordance with the requirements of the Environment Protection Act. The EPA expects to issue new licence conditions in the next few weeks.

I do acknowledge that we said, some time ago, that it would be finalised, but we are still a couple of weeks away from it. Importantly, the environment improvement program will require Nyrstar to undertake a number of actions to control and reduce its lead emissions. These include, amongst other things, a systematic assessment of sources of emissions, implementation improvements following this assessment, and environmental training of Nyrstar staff who will support the programs. It also includes identification of options for improving its plant and processes to achieve further substantial long-term reductions in lead emissions.

Mr MARSHALL: Can you just clarify that it is a mid-term licence review that was undertaken?

The Hon. P. CAICA: That is correct.

Mr MARSHALL: Can you also clarify whether there will be any changes to the lead emission thresholds that were contained in the previous licence?

The Hon. P. CAICA: It will currently relate to those levels that are set by the National Health and Medical Research Council recommendations. They have not met those. We know those recommendations will become more in line with the international recommendations over a period of time. We will continue to work with Nyrstar, importantly from their perspective to reduce those, but of course we will work with them to do that as much as we can.

Mr MARSHALL: I only ask the question because some international guidelines have actually halved in recent years. I am wondering whether they will be incorporated not immediately but over a period time into that significantly reduced, acceptable lead emissions level.

The Hon. P. CAICA: You are absolutely right. I am not quite sure of the figure, but by 2017 I think we would have transitioned to that more stringent level of requirements. Ultimately, their aim to reduce the blood levels in children means the more stringent lead emission limits at Port Pirie monitoring stations are enforceable under the licence and will control maximum annual discharge. The point I make is this, Steven: as much work as Nyrstar can do, they have had difficulty under these figures and that is why a lot of the focus will be on the equipment upgrade necessary to make sure that not only does it meet these stringent requirements but also, it is hoped, that it will meet the future more stringent requirements.

Mr MARSHALL: As a final question on Nyrstar, I am keen to know whether or not, as part of this review that has been going for several years now, the government is contemplating prosecution against Nyrstar. We have a document given to the opposition which has been widely talked about in the media and which very definitely shows that the Crown Solicitor's Office was briefed regarding breaches 12 months ago. We are wondering whether that prosecution is still pending or has been removed and, if so, why has it been removed?

The Hon. P. CAICA: I thank the honourable member for his question. He is trying to trick me, of course. Steven, you are quite familiar with part 6 and part of part 7 of the act (and I know you are), which provide for matters of prosecution and licensing being a matter for the EPA. That will be considered by the EPA, not in a public forum.

The CHAIR: We are due to swap over to Zero Waste.

Mr MARSHALL: I just have one question from the member for Finniss on the EPA, if possible. It relates to Budget Paper 4, Volume 2, page 152, Program 1: Environment and Radiation Protection. In that program, it states that the objective is 'to achieve a clean, healthy and valued environment that supports social and economic wellbeing for all South Australians now and into the future'. The question from the member for Finniss is: is the minister aware of the World Health Organisation's recent decision to list diesel fumes as a carcinogen, along with asbestos, arsenic and UV radiation? Can he assure us that the EPA will consider this information in its current assessment of the health impacts of a diesel power station proposed for the Victor Harbor area within a few hundred metres of a school, residences and commercial premises?

The Hon. P. CAICA: As I understand it, diesel has always been listed as a possible carcinogen. The matter of its management in that context is under the national design rules for vehicles. The EPA works across government with our colleagues in transport and also our colleagues interstate as part of the national design issues relating to vehicles, and we will continue to do that.

Mr MARSHALL: But this question really relates specifically to a diesel power station proposed for the Victor Harbor area. I suppose the member for Finniss is asking whether the EPA will take into account the fact that the World Health Organisation has just listed diesel as a carcinogen when it is looking at this project.

The Hon. P. CAICA: What I would expect, and it has been confirmed, is that, through the planning processes, the EPA would have involvement in that planning process. I mentioned in my opening statement earlier the importance of the EPA in planning decisions and, through that licensing assessment, should an application be made, the EPA would have its appropriate level of input into that, so that a decision could ultimately be made.

Mr MARSHALL: Thank you very much.

Departmental Advisers:

Mr I. Harvey, Acting Chief Executive, Zero Waste SA.

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

Ms V. Caire, Manager, Government Business, Zero Waste SA.

The CHAIR: Minister, would you be so kind as to introduce your new advisers and make any comments that you would like to make as an introduction to this next session.

The Hon. P. CAICA: I will. Sir, to my left is Ian Harvey, the Acting Chief Executive; to my right is Piero Fioretti, Business Manager; and behind me is Veronica Caire, the Program Manager, Government Business. I do have an opening statement, but I will make it very, very short. Since 2005, the state government has awarded \$4.5 million for 20 metropolitan infrastructure projects, leveraging about \$10 million in industry investment. Additionally, \$6.4 million has been awarded to more than 100 projects in regional South Australia to improve the recovery of materials from country areas.

South Australia's Strategic Plan includes a goal to reduce waste to landfill by 35 per cent by 2020. Zero Waste SA is the key to achieving this target, underpinned by South Australia's Waste Strategy 2011-2015—a five-year plan for sustainable changes to South Australia's waste management and resource use—which guides Zero Waste SA and the wider community.

I think, as it appeared in the editorial of our morning paper, we sometimes in South Australia sell ourselves short, but it was clear that we are a national leader in the area of waste recovery and waste management, which makes us an international leader in that particular area. A lot of that is as a result of the establishment and the decision to establish Zero Waste. I am going to leave it there, to allow questions to be asked.

I will just say that I think every South Australian can be very proud of the role that Zero Waste has played—a jewel in the crown that has been a very important part of the process of engaging our community to the extent that we are at the forefront of waste management, not just from the top levels of how we do things through regulation and relationships with business but also at the community level. You only need to go to any small school or large school to have a look at the work they undertake in recycling, re-use and the recovery of those particular resources. I will leave it there for Steven to ask any questions, within reason, that he would like.

Mr MARSHALL: My first question is regarding the solid waste levy increase that has been passed recently by cabinet. Can the minister just simply confirm that that increase has not been included in the Zero Waste SA budget for this financial year and so will therefore result in an increase in surplus for this department of about \$3.5 million for the coming financial year?

The Hon. P. CAICA: I am advised that the increase has been included in the budget papers.

Mr MARSHALL: Just for clarity, the increase in the solid waste levy to \$42 per tonne was included in the budget before it was approved by cabinet?

The Hon. P. CAICA: From the Treasurer's perspective, it was indicated in last year's budget that we would increase the figure leading up to \$50 over a period of time. To that extent, there has been some build into last year's budget for the forward estimates of that particular figure.

Mr MARSHALL: I do not want to be tricky, but I cannot see where that has occurred. On page 232, it states that the estimated result of income from intragovernment transfers—which I presume is the money that is coming in from the EPA from the solid waste levy—is \$16.225 million. I can tell you now that a \$7 increase is not going to take it up by just \$700,000. So, I think that is incorrect and I wonder whether you can check that with your officers.

The Hon. P. CAICA: I am advised that the intragovernment transfers show a figure of \$16,992,000 that does include the revenue requirements within that figure for this current year.

Mr MARSHALL: But, quite simply, it could not. If you are getting \$16,225,000 from the rate of \$35 a tonne, it cannot go up to \$42 a tonne and you get an increase of only \$700,000. There needs to be some explanation for that, and I think the most logical one is that it is not included. What is included in there is the CPI increase but not the \$7 increase.

The Hon. P. CAICA: I know that some people find budget papers difficult to read but, if you look at the 2011-12 budget figure of \$15 million and the estimated result (because it is not

finalised yet) of \$16.225 million, that \$15 million figure, in round terms, has to be looked at in the context of the \$17 million figure, not the \$16.225 million you are asserting. It is an increase on the budgeted figure for 2011-12 and the budgeted figure for 2012-13.

Mr MARSHALL: What is the difference between the \$15 million and the \$16.225 million?

The Hon. P. CAICA: That should have been your first question. The majority of it is because of dealing with soil contamination. Through the midyear review, there was an extra allocation to deal with some of the soil contamination issues that have been confronted in this state, particularly in the Wingfield region. In essence, you have to look at the \$15.87 million and the \$16.992 million; that is then the increase over that period of time.

Mr MARSHALL: So the difference between the \$15 million and the \$16.2 million is basically a \$1.2 million increase in the solid waste levy for contaminated soil that was not originally in the budget for the solid waste levy.

The Hon. P. CAICA: Correct.

Mr MARSHALL: So, that means that the EPA would have received \$2.4 million in increased solid waste levy related to that. Does that relate to the RAH site?

The Hon. P. CAICA: Mainly, I am told, the RAH site.

Mr MARSHALL: The contaminated soil solid waste levy component went up by approximately \$2.4 million over the original budget for that.

The Hon. P. CAICA: That is correct. I guess what we are seeing throughout South Australia is a preponderance, if that is the right word (my friend the member for Croydon will correct my English), or certainly increased numbers of what are legacy issues that relate to the custom and practice by which we as human beings lived. You have seen that with respect to the groundwater contamination. You know that when we grew up (and I think I am significantly older than you) we all had a pit in our backyard.

Mr MARSHALL: Can I just ask, regarding the solid waste levy review that your department undertook—

The Hon. P. CAICA: I had not finished my answer.

Mr MARSHALL: Sorry.

The Hon. P. CAICA: I was talking about dealing with the legacy issues: sometimes you do not realise they are there; you do that, you have to get a budget allocation to deal with them in the here and now.

Mr MARSHALL: I just have a question regarding the solid waste levy review which was undertaken; I understand that Zero Waste SA has received two reports on this in the past 12 months. Is the government going to put out its considered review of the two reviews and, in that response, is the government contemplating any differential levies going forward?

The Hon. P. CAICA: It is an important question. When you say it is the government's review, it is a review that was undertaken by Zero Waste. I directed Zero Waste to undertake a review of the solid waste levy. That report was completed in 2011-12 by an independent consultant. The report is still being considered by the state government. Some recommendations have been made concerning the impact of the levy (in its current form as a blunt instrument) for resource recovery in the state.

The government is eager to pursue further work to make the waste levy a more sophisticated mechanism. I do not subscribe to the view, or the assertion, contained within the report that you will not change behaviour by increasing the levy, and that has been evidenced in other parts. I still think it can be an incentive to continue to increase the levels of recycling and reuse we have that are at the forefront of anywhere else in Australia. Questions have been asked by me lots of times about differential review. I am receptive to exploring that possibility.

When I talk to people from the waste industry about what can be achieved, I am eager, and the government is eager, to pursue further work to make the waste levy a more sophisticated mechanism. I am eager to explore other options, including the merits of a differentiated levy and how waste reduction and resource efficiency can be further improved in South Australia by examining the levy's optimal structure as well as other robust policy mechanisms to underpin the levy, and I have asked Vaughan and his team to do that work for me.

Mr MARSHALL: Zero Waste SA received that report last year. When will the government be articulating its response to that review?

The Hon. P. CAICA: I am not quite sure of the time frames. It has been provided. There are certain things in it that I think are of merit and others that the government will not contemplate. How we articulate that response, whether it will be done internally or publicly, is yet to be determined. At the moment, it is with other sections of government for their input, and I am awaiting that input. I will then determine how it is that, as a whole of government, we respond to that. That should not be an impediment to doing some additional work that I think has arisen from it anyway, in particular the differential levy component.

Mr MARSHALL: Would it be fair to say that the commitment the government made (I think probably more than a year ago) that it would increase the solid waste levy to \$50, and we have seen that increase from \$26 last year to \$35 this year and \$42 next year, are we likely to see the increase (as previously committed) to \$50 for the following year and then the response to the review in the years after that, or could there be a change mid-way through that initial program to take it to \$50?

The Hon. P. CAICA: I cannot confirm otherwise. The budget papers of last year talked about getting to a level of \$50 over a period of time. This was a step toward that. In answer to your specific question, I do not think it is mutually exclusive to exploring other options, including the merits of a differentiated levy, outside the commitment that has been made by government to increase it to \$50. So, they can go in parallel, and hopefully if they are going in parallel they will come to meld together. I guess I am saying that it is not mutually exclusive for that work to continue anyway.

Mr MARSHALL: On page 233, under targets for this coming financial year, you talk about the review of a regional waste management plan. The implementation of the carbon tax will affect some landfills but not all landfills. In fact, there is, basically, a threshold of about 25,000 tonnes: anything above that will trigger carbon tax liability and anything below it will not. We are hearing that several regional communities are now contemplating reopening their regional landfills simply to avoid the carbon tax. Are you aware of that, and will that be taken into consideration during the planning for the revision of the regional waste management plan in the coming financial year?

The Hon. P. CAICA: I thank the honourable member for that question. We have not been advised nor have we gained an understanding that councils are thinking about that. That has not come to our attention. In regard to those who will simply do things to avoid any payment, I say we are human beings, are we not, and that might occur?

Mr MARSHALL: That is why we have that Illegal Dumping Unit.

The Hon. P. CAICA: Yes. The full implications, if you like, of the carbon tax are still not understood, notwithstanding the fact that it is coming in on 1 July, and what its implications will be on the waste area. With respect to the review of the regional waste management plans across South Australia, they will be undertaken as the picture becomes clearer in regard to what the implications are. I would be very disappointed if that was the case, but I would need to get a fuller understanding of what they are contemplating and what the implications of that are.

Again, we know that there are significant improvements required with respect to regional South Australia. When I go out into the country areas that is one of the difficulties—the tyranny of distance—not only from a proper disposal perspective but also other aspects of recycling. That is why we have committed a reasonable amount of money to regional South Australia over an extended period of time (\$6.4 million awarded to more than 100 projects in regional South Australia) and we will continue to do that as well.

Mr MARSHALL: With regard to the solid waste levies relating to regional areas I note that they are half the metropolitan areas but if you are a regional council and you are sending waste to a landfill that services metropolitan Adelaide, like one of the larger ones, which rate are you assessed at?

The Hon. P. CAICA: I am advised, and this seems logical to me, that the rate is where the waste is being generated not the location it is taken to.

Mr MARSHALL: On that regional waste management plan, we are hearing from landfill operators that they still have not been able to determine their carbon tax liability for a range of reasons. It is not like an emission from a car where you can work out what the emission is and offset it immediately. Landfill has emissions over a 30, 40 or 50-year lifespan and landfill operators have to essentially model up, charge in advance and keep the money aside so that they can pay

those emissions when the government allows them to offset them—which is not in the first three years of the program—or service them over the period of the emissions.

We are hearing that there is going to be a cost to landfill operators somewhere between \$15 and \$35 per tonne for the carbon tax. As I said, this will affect the largest landfills but it will not affect a regional landfill. In a funny way, the carbon tax is actually driving some regional communities to consider what I suppose the department has been working against, which is that we would like to see waste treated in one of these highly engineered landfills operating at best practice, flaring their emissions so as to reduce the long-term emissions, but these regional landfills essentially will not be subject to it; there is no way they can be subject to the carbon tax, because it only kicks in at 25,000 tonnes. I just make that point.

The Hon. P. CAICA: I think it is a good point, and I make the point that what we want to do is to avoid as much as we can (in fact it would be good if it was zero) the amount of organic waste that goes to landfills. There are some people around the place—and I do not subscribe to their view—who say that this is the cheapest form of energy that can be produced. To me it is a nonsense. We have legacy issues around those and there will continue to be a lot of emissions that are harnessed over that particular period of time.

We have two choices, do we not? One is to continue to use that as organic material or to, in time, which has happened in other parts of the world, have anaerobic digesters of a scale but also, if we were to look at purely the production of energy, we should have a dedicated site where that material can subsequently be used for another round of composting and recycling of that material. We are not there yet but we will continue to work with local governments in the regions to see how we can best manage what is something that you have highlighted as being a bit of a curious situation.

Mr MARSHALL: Just on waste to energy, because it is something I have been quite interested in, it states on page 233 that you will develop a revised waste to energy policy by March next year. One of the significant problems that landfill operators have had historically is not so much generating the energy but connecting it back up to the grid. Will this be taken into account, and will the minister consider allowing the scope of the Waste to Resources fund to be expanded to allow connections back up to the grid as part of this waste to energy policy?

The Hon. P. CAICA: The waste strategy 2011-15 recognises the need to support new technologies, as you highlight, that either enhance performance or replace landfill as a disposal option, consistent with the guidance of the waste hierarchy. Zero Waste first developed a waste to energy policy in 2005. Since then, waste to energy has rapidly developed worldwide. In 2012-13 Zero Waste will review and update the existing Zero Waste SA waste to energy policy and consider a broad range of environmental, social and economic factors.

This aims to equip Zero Waste SA and partner government agencies with a better understanding of the opportunities and priority areas associated with recovering energy from waste. It will also examine opportunities with alternative waste technologies and optimal use of waste resources and set directions for research and innovation. We will continue to collaborate with other relevant government agencies and encourage a partnership approach. Zero Waste will continue to monitor energy recovery enterprises to ensure that viable options for higher order beneficial uses are not circumvented.

That was by way of background but, in answer to your specific question, it would certainly be my view that any contemplation of connection to the grid would be a matter for the determination of those who are extracting the energy from the grid, not something that would come from the Waste to Resources fund.

Mr MARSHALL: I refer again to page 233. I want to ask about the food waste recycling program. Trials have been running for some years, looking at removing food organics from the putrescible waste stream which goes to landfill. There have been some trials where baskets and bags are provided to households, and it has been a contentious issue (mainly from the government side, I might add, not from the opposition side) regarding moving from weekly to fortnightly collection of the putrescible stream. I am wondering whether you could give an update on those trials and what the government's plan is in regard to taking that food waste out of the putrescible stream and putting it into the recycling stream?

The Hon. P. CAICA: To date, we have supplied \$1.3 million, awarded to eight councils, which will help approximately 155,000 households to increase their recycling efforts. Only last night, after coming back and having my son and a few friends stay over, there was more stuff to dispose of in the little green bag to take out to my green bin—which I did last night. Ten councils

were funded to the pilot domestic food waste collection. Eight councils were awarded the \$1.3 million. Given the previous question, we will keep looking at ways by which we can divert, if you like, organic waste in the most effective way for it to go to its most effective use.

We need to do that by working with councils who are responsible for the collection of that particular waste. A third round of funding will be available for councils to implement food waste systems at the kerbside. The Zero Waste SA 2012-13 business plan provides \$400,000 for this program, with a further \$800,000 in 2013-14. We will continue to work not only with councils but also importantly in the great area where we still need to do some improvement. You will know that Sally Neville was appointed to the Zero Waste board, and she brings with her a great level of expertise in the restaurant and catering industry, to see how we can harness in a more effective way that waste that is produced by that particular sector. We will continue to do that work and we welcome, as you have indicated, the opposition's bipartisan support for that particular process and program.

Mr MARSHALL: But the government is not supporting a move from weekly collection of waste to fortnightly collection of waste, as it was previously supporting? It has completely moved away from that now?

The Hon. P. CAICA: It is mandated, as you are aware, within our policy document and we are not contemplating a move away from that. But, also, we will have ongoing discussions with certain councils about ways in which we can improve and, as I said, the way in which we recover that very important resource and put it to effective good use.

The CHAIR: Do you have omnibus questions?

Mr MARSHALL: Yes.

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 proposed payments concluded.

DEPARTMENT OF THE PREMIER AND CABINET, \$113,059,000
ADMINISTERED ITEMS FOR THE DEPARTMENT OF THE PREMIER AND CABINET,
\$20,551,000

Membership:

Dr McFetridge substituted for Mr Marshall.

Mr Griffiths substituted for Mr Whetstone.

Witness:

Hon. P. Caica, Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation.

Departmental Advisers:

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

Ms N. Saunders, Executive Director, Aboriginal Affairs and Reconciliation Division, Department of the Premier and Cabinet.

Ms F. Ward, Director, Projects and Planning, Aboriginal Affairs and Reconciliation Division, Department of the Premier and Cabinet.

Ms S. Bartlett, Acting Manager, Strategy and Support, Aboriginal Affairs and Reconciliation Division, Department of the Premier and Cabinet.

Ms A. Reid, Executive Director, Arts and Cultural Affairs Division, Department of the Premier and Cabinet.

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

Mr J. Loulas, Manager, Finance and Business Performance, Department of the Premier and Cabinet.

The CHAIR: It is to be noted that the member for Florey is here as an observer. I declare the proposed payments open for examination. Minister, do you wish to make an opening statement?

The Hon. P. CAICA: Very briefly, and I will put it in this context: the government is committed to reducing the level of disadvantage experienced by Aboriginal South Australians and to improving the health status, educational attainment, economic participation and independence of Aboriginal people. This is demonstrated by the targets in the South Australian Strategic Plan and the increased prominence given to Aboriginal people, our commitment to the National Indigenous Reform Agreement, and our signing of an overarching bilateral Indigenous Plan with the Australian government in 2010.

We acknowledge the size and complexity of the task to improve the circumstances of Aboriginal South Australians, but we are making progress. The government has resolved to continue its concerted and sustained efforts to bring about improvements for this state's First Peoples. There have been achievements during the 2011-12 year, where we have continued to progress our government's reform agenda to close the gap in Aboriginal disadvantage and deliver better outcomes for Aboriginal people.

The government is realising its commitment under the National Indigenous Reform Agreement to harness mainstream agencies to increase the accessibility of services, to ensure Aboriginal affairs have prominence across government and are the responsibility of all agencies, and also to change the way it engages with Aboriginal people. I could go on for quite a while, but I will highlight just a couple of further things in my opening address, that is, the significant progress that has been made in the areas of early childhood health and schooling.

We are closing the gap in child mortality rates, the gap in low birth weight babies is falling, smoking rates amongst pregnant Aboriginal women are falling, and the 2011 NAPLAN results show that South Australia is progressing on the track to close the gap in literacy and numeracy by 2018.

These are positive results that are being delivered by the efforts of SA Health, the Department for Education and Child Development, and our Australian government and NGO partners—and, very importantly, the efforts of Aboriginal people.

With respect to the engagement of the Aboriginal community—the various communities across this state—to close the gap we speak about in relation to Aboriginal disadvantage, governments need to have a genuine engagement and dialogue with Aboriginal people. As the minister in this government, I am committed to undertaking that.

I might leave it at that and allow the opposition to ask its questions. I will finish off by saying that we have come a long way, but we still have more to do. I hope that we can do that in such a way that we—as the government and the opposition—engage not only Aboriginal communities but our broader community to collectively improve the conditions that relate to our First Peoples.

Dr McFETRIDGE: My history in Aboriginal affairs has always been one where I have tried to put the issues and challenges that face Aboriginal people in South Australia first and politics a long way second. I will continue to work in this vein as long as I have this portfolio—and I hope to have this portfolio as a minister in the not too distant future.

The need to recognise the challenges is one that governments of all persuasions have struggled with. I think we are doing a better job than we have in the past, but there is certainly a long way to go to close the gap. We hear a lot about that; there is a long way to go, but we should never, ever stop trying to assist Aboriginal people to achieve what they want to do—that is, to have the very best that this great state and this great country can offer them.

The only other comment I will make in this opening statement is that in other departments and portfolios there is always an annual report put out—whether it is by the MFS or SAPOL or CFS, which come under emergency services, or other departments—yet with the Aboriginal Affairs and Reconciliation Division, at least in this year's Premier and Cabinet report it is a bit over a page. It does highlight some of the things that have been achieved and some of the challenges. We need to be able to publish, not just for the APY lands, as we have with achievements there listed in other reports, but for all Aboriginal people in South Australia to make sure that everyone knows where we are going and what we are achieving. With that, I will start some questions.

Budget Paper 4, Volume 4, pages 49 to 51 are the main references. My first question is on Budget Paper 4, Volume 4, page 51, Targets. On page 51 six targets are listed for 2012-13. Four of these targets focus on the APY lands. As I said in my opening statement, only a small part of the South Australian Aboriginal community is actually focused on the APY lands—about 10 per cent. What proportion of the AARD budget for 2013 will be spent on the people in the APY lands, and what proportion of division staff time would you estimate is spent on matters relating to APY?

The Hon. P. CAICA: It might be closer to 7 per cent of South Australia's Aboriginal population who reside in the APY lands.

Dr McFETRIDGE: Seven per cent?

The Hon. P. CAICA: I believe, so.

Dr McFETRIDGE: Depending on the time of the year, I suppose.

The Hon. P. CAICA: That is right, depending on what time of the year it is, and we know the interchange of people who travel from the western areas to the Northern Territory through to Western Australia into the APY lands. We have four teams within our department and one is dedicated to the APY. You are quite right: as Minister for Aboriginal Affairs and Reconciliation a lot of my time is spent dealing with issues that arise from the APY lands. Some of those issues are highlighted by, dare I say it, certain media outlets. I have no problem with them reporting things as they see them, but it then creates a greater level of focus, knowing full well that it is one of the most remote areas of Australia.

It is also, from a minister's perspective, important to highlight that we have 93 per cent of Aboriginal people living outside the APY lands, and whatever we do in the APY lands needs to be focused and helped in that area, but not at the expense or neglect of northern parts of Adelaide, the Coorong regions, the western parts of Adelaide, Port Lincoln, the West Coast and those areas. It is a very remote community, as you are aware, as I know you have been there on numerous occasions. There is less access to mainstream services in those remote communities.

We have legislative responsibility for the APY lands, so to that extent whilst it might be 7 or 8 per cent (or even 10 per cent) of the population, depending on the time of the year, we have

25 per cent of our teams, one of the four teams, focusing particularly on the very complex issues that relate to the APY lands.

Dr McFETRIDGE: My next question is the same reference, particularly dot point 1, management of Aboriginal heritage, and dot point 2 as well, Aboriginal Lands Trust. I know you gave some information to the Aboriginal Lands Parliamentary Standing Committee on this, but can you tell this committee what progress is being made? In budget papers from 2009-10 a review of Aboriginal heritage commenced and a review of the Aboriginal Lands Trust was to continue, and in 2010-11 you said in there that they were to complete the review of the Aboriginal Heritage Act and Aboriginal Lands Trust in 2010-11. So, they were very optimistic then.

Last year there was another optimistic outlook to continue the review of the Aboriginal Lands Trust and the Aboriginal Heritage Act. The need to complete the Aboriginal Lands Trust review and get legislation before the parliament was emphasised in front of the Aboriginal Lands Parliamentary Standing Committee by Mr Lew Owens, when he was talking about work being done at Port Augusta, and he said then that there is a real urgency (I cannot find the actual reference) to complete the review of the lands trust act. In Ceduna recently we were asked by people from Yalata to urge the government to progress this issue. Can you tell the committee what is happening?

The Hon. P. CAICA: I will, and I thank the honourable member for his question. The review of the Aboriginal Lands Trust Act commenced in November 2008 with the release of a discussion paper. Extensive community consultation was undertaken by AARD staff, including within ALT residential communities and some regional centres. A second stage of consultation focused on proposals for reform and I am told that these were generally well received.

It is one of the issues that is raised with me when I travel around and meet with my Aboriginal friends and their community representatives—the importance of this particular reform, if you like. The reforms proposed will be aimed at enabling the Aboriginal Lands Trust residential communities in Aboriginal South Australia as a whole to ensure that this important land asset provides economic, social and cultural benefits.

This is what we discussed at our last meeting of the Aboriginal lands committee. A draft bill for the repeal of the ALT Act 1996 and the re-enactment of new legislation for the management of the Aboriginal Lands Trust is being prepared by parliamentary counsel. Targeted consultation on the draft bill is planned to commence, I hope, by the end of July 2012. It is anticipated that draft legislation will be introduced into parliament later this year. That has always been my objective since I became Minister for Aboriginal Affairs and Reconciliation.

We have a reference group in place and its membership consists of the Acting Chair of the Aboriginal Lands Trust, the General Manager of the ALT, the Commissioner for Aboriginal Engagement, a nominee from the South Australian Aboriginal Advisory Council and two community representatives. These members of the reference group are continuing to provide advice on the draft bill as it is being developed. Consultation will conclude on the draft bill, as I mentioned, we hope, by July. Consultation with ALT communities and key stakeholders will commence in July 2012 with—and I want to stress this—an objective of having it introduced by the end of this financial year.

I subscribe to the views that were expressed by you but also mentioned by Mr Lew Owens, and I think again we have a collective objective that fulfils the needs of Aboriginal South Australia to make sure that those significant assets in some regions are utilised in such a way that it provides benefit to the Aboriginal communities in which those assets are located. That is our government's commitment. Did you want me to touch on the heritage act, Duncan? Did you ask that question?

Dr McFETRIDGE: I just have a question on that, minister. Relating to the same budget reference, the Aboriginal Heritage Act is under review at the moment and there has been some recent action that has caused some great concern amongst Aboriginal groups and also for the government, I should say, because in January the Supreme Court ruled against Argonaut Mining, as it was then. There was an article in *The Koori Mail* on Wednesday 25 January which I wrote to the minister about.

The issues that Aboriginal people were faced with is that some of the mining people were saying that the traditional owners had overwhelming power to veto mining in South Australia and, certainly, in the Supreme Court transcript, the South Australian Supreme Court ruled in December that former Aboriginal affairs minister Grace Portolesi had deprived the traditional owners of the opportunity to protect and preserve their heritage by failing to respond to a request for authority over their land at Lake Torrens.

Those sorts of pieces of information that are coming out are giving Aboriginal people some great concern, minister, so could you let us know what is being done to both give miners the opportunity to do what they want to do and protect Aboriginal heritage?

The Hon. P. CAICA: I thank the honourable member for his question. I am not going to reflect on decisions of the court, only that it questioned the process, and that is the case. You would be aware that, in December 2008, the former minister for Aboriginal affairs, now Premier, the Hon. Jay Weatherill, announced a review of the Aboriginal Heritage Act. Some extensive statewide community and stakeholder consultation has been undertaken, including a public call for submissions.

The consistent and dominant message received is that the structures and processes in the current heritage act do not provide sufficient clarity in relation to protecting Aboriginal heritage, are not meeting stakeholders' needs and do not define clear roles and responsibilities for all parties. A new approach to managing and protecting Aboriginal heritage, especially where it coincides with issues about access to or use of land, is now being developed with the focus—and I think it is important to highlight this point—to be more firmly put on supporting negotiation and agreement making, and that will underpin the thrust of any amendments to the act.

Draft legislative changes are being finalised for public consultation ahead of introduction to parliament. Consideration is also being given to improving other administrative processes for dealing with matters related to Aboriginal heritage. The drafting of a bill to amend or re-enact current Aboriginal heritage legislation is our next target, as I mentioned, with ongoing consultation with external stakeholders on a draft bill which will include Aboriginal people with an interest in heritage and other key stakeholders, including mining and peak associations.

Over the next four years, we are putting in a total of \$7.6 million which will go to the implementation of the Aboriginal Heritage Act, which will see funding go towards protecting and managing Aboriginal cultural heritage, underpinned by the thrust of reaching agreement through discussions and negotiations. I would highlight as well that we are also looking internally about how we manage our engagement with Aboriginal people in the context of both native title and heritage because they cannot be and should not be dealt with in parallel. They are inextricably linked, as you would be aware, and that is one of the processes that we are undertaking internally as well.

We will have, as I mentioned, of that \$7.6 million that will go to the implementation, initiatives that provide \$1.5 million per annum, indexed from 2012-13, for reforms resulting from a review of the Aboriginal Heritage Act, as indicated within the budget papers, which have the objective of delivering improved protection and management of Aboriginal heritage. Those operating expenses are shown in the out years to 2015-16 on page 87 of Budget Paper 6.

The Hon. S.W. KEY: My question refers to Budget Paper 4, Volume 4, Program 10, page 51, minister. I am just wondering if you can outline what steps are being taken to assist the Anangu to address a range of problems at Mintabie, including those that, I am advised, are related to the sale of alcohol and unscrupulous consumer credit practices.

The Hon. P. CAICA: Yes, I can and I thank you for a very important question. Mintabie is an opal mining settlement approximately 1,100 kilometres north of Adelaide on land owned by the APY traditional owners under the APY Land Rights Act 1981.

A 21-year statutory lease of the Mintabie township to the Crown expired on 1 October 2002. Since that time, the APY Executive Board has provided a series of interim lease extensions to allow time for a new lease to be negotiated. A new lease agreement was signed in April 2012 and new arrangements are intended to take effect from 1 July 2012.

The Mintabie lease has only APY and the state government as parties. The agreement, however, envisages the Mintabie Miners Progress Association also being a party. The agreement has been drafted in such a way that it can function whether or not the Mintabie Miners Progress Association is a signatory. The agreement allows for the MMPA to sign on as a party at a later stage.

Under the new arrangements administered by the Department for Manufacturing, Innovation, Trade, Resources and Energy, Mintabie commercial or commercial and residential site licences are issued following approval by the APY. Conditions of these licences aim to eliminate inappropriate and/or illegal commercial and credit practices within the Mintabie township. Restrictions will be made on motor vehicle sales, business conduct (including credit practices) and use of petrol other than Opal fuel.

The APY executive has also introduced by-laws so that it is only permissible to consume alcohol within Mintabie at the hotel or at specially licensed events. Compliance will be addressed through a statement of cooperation with the APY and other agencies, including AARD, DMITRE, FaHCSIA, Consumer and Business Services, the Australian Securities and Investment Commission, the Australian Department of Human Services and SAPOL. A stores compliance officer will be appointed and based on the APY lands. Details regarding this position are being finalised.

It is intended that the APY Land Rights (Mintabie) Amendment Act 2009 will be proclaimed for operation on 1 July 2012. The act provides the legislative framework for the continuation of a lease for a township at Mintabie. The legislative changes are the result of discussions with and decisions made by the APY executive. The new act will better regulate access to Mintabie by specifying how people can enter and remain on the Mintabie precious stones field. It includes provision for criminal history checks for persons wanting to enter and live at Mintabie. The act also provides simpler procedures for removing people who are residing at Mintabie without an appropriate site licence or permit by establishing an offence of residing or operating a business at Mintabie without a licence or other right to be there.

DMITRE has begun requesting applications for Mintabie residential site licences under the new lease agreements and a public forum was held at Mintabie in May 2012 to provide further information to residents and businesses about the new licensing requirements and the changes in the 2009 amendment act. These measures are expected to give the APY executive more control over their lands, and they will compliment other measures being undertaken to support Anangu families.

Dr McFETRIDGE: It is great to see that we are not being swamped by Dorothy Dixers, and there is a bipartisan approach. Budget Paper 4, Volume 4, page 14, Administered items, refers to the APY task force. What is the current situation with regard to funding of the APY task force? I understand that it has at its disposal about \$5 million per annum to service programs on the APY lands, yet in last year's estimates, minister Portolesi, in her evidence to the committee, said:

I understand that the APY task force no longer meets. It has been rolled up into SOGA and CEGAA.

SOGAA is the Senior Officer's Group Aboriginal Affairs and CEGAA is the Chief Executives' Group on Aboriginal Affairs. The evidence continues, Ms Saunders said:

The decision was made early this year to actually combine the APY task force into the Board of Management with the Remote Service Delivery...

Can you tell the committee exactly what is happening with the APY task force and what its agenda is for this year, if it exists?

The Hon. P. CAICA: One of the things that came to my attention soon after I became Minister for Aboriginal Affairs and Reconciliation, and perhaps even before that, was improvements, and you have probably heard me say this on numerous occasions, improvements by which we can coordinate things across government more effectively than we have in the past. As a consequence of that, it is about those agencies that have responsibilities in various areas coordinating from a whole-of-state-government perspective.

It is not only limited to the way by which the state government operates, it is about how we liaise and coordinate with the commonwealth with respect to its multitude of resources and personnel that are located not only on the APY lands but in other parts of South Australia and how we better coordinate the non-government organisations that operate within this particular area. You might have 15 or 16 different NGOs, coupled with the state government and the federal government, that are providing early childhood development services in Port Augusta. It would seem to me that we have a responsibility to better coordinate those particular resources.

Not only does it relate to the state government and the way by which we coordinate our efforts, but also how we best coordinate the efforts of other agencies and non-government organisations operating in this area of responsibility. It is an issue that I have raised with minister Macklin, and I will continue to do that. What we have done, in essence, is look at the APY task force and say: all right, the APY task force will not be funded in the way it was historically. The same level of funding is provided but it has been rolled into a more coordinated whole-of-government approach, underpinned by what I have spoken about there, the better coordination of our resources.

Dr McFETRIDGE: Is that with rural service delivery, or is that with this CEGAA and SOGAA?

Dr McFETRIDGE: There seem to be a number of senior committees. I share your concern that we get it to the front line.

The Hon. P. CAICA: Under CEGAA, for example, the funding is still provided but the CEGAA representatives will meet about coordinating that funding and the accountability of the funds within that funding program. The money is still quite secure, but it is not the task force itself that is responsible: it is a joint responsibility across government to be able to utilise it. For example, in 2011-12 (the program under review), \$5.73 million of state funds were allocated to APY lands programs including an allocation of \$3.79 million for the delivery of substance misuse and rehabilitation support programs, as well as family homemaker and youth services.

This funding has also enabled the continuation of the Nganampa Health operated environmental health program across the APY communities, as well as an allocation of \$1.9 million provided to deliver a community council support officer program in eight APY Aboriginal communities, maintain the three swimming pools, deliver Service SA rural transaction centre services, and develop and implement the food security strategy as well as a range of other priority programs and projects across the lands.

Again, we will be targeting what funding is available to meet service needs, which will include: health and wellbeing centres from the three new family wellbeing centres, which are on track, I am advised, to be completed by that particular time; an environmental health program in communities operated by Nganampa Health; implementation of the food security strategy; the support of community council support officer programs in eight communities; and maintain three swimming pools again and provide those particular services.

I summarise it by saying, in essence, that it is more the Aboriginal lands task force program and how that will be best administered. To that extent, it is being coordinated across a whole-of-government process to get a far better coordinated approach so that the money allocated (that \$5.876 million for the 2012-13 year) can be managed in such a way that we get the best bang for the buck from that amount of money by utilising our resources in a far more effective way.

Dr McFETRIDGE: Am I right to think then that the APY task force still exists? It is being given information and priorities by SOGAA and CEGAA and APY EAT (the Executive Action Team), but then it is the APY task force which is actually disbursing that money, so they will be having to report rather than SOGAA or CEGAA reporting.

The Hon. P. CAICA: The answer to the first part of your question is yes; the second part is, no, it will be CEGAA that will undertake that particular role. The task force program will continue to exist and be coordinated in the manner that I said, that is, under the auspices of CEGAA for its distribution.

Dr McFETRIDGE: And the task force will be doing the reports like it used to—updates?

The Hon. P. CAICA: AARD will continue to do those particular reports on behalf of the whole cross-government commitment we have to managing how we administer our responsibilities on the APY lands.

Dr McFETRIDGE: Last year, Mr Hallion informed the committee that he was on an Infrastructure Australia council looking at Indigenous infrastructure, and I would assume that, being one of the chief executives, he would be part of CEGAA. The minister then gave some detail on some of the priorities that were given for CEGAA, which were immediate, medium and longer term. There were five immediate actions, eight medium-term actions and three long-term policy interventions. Do we have the same sorts of interventions and actions being put up by CEGAA with Mr Hallion's assistance?

The Hon. P. CAICA: Mr Hallion, as the Chief Executive, chairs CEGAA and is still responsible for discharging those commitments which were made in a previous year and which were advised last year. From time to time I expect that there will be those shorter-term, medium-term and longer-term priorities that I expect to be linked in some way or another.

Dr McFETRIDGE: Can the committee have details of those?

The Hon. P. CAICA: Yes, we are happy to give you anything you want. Do you require the list of priorities that are allocated into short, medium and longer term?

Dr McFETRIDGE: Yes.

The Hon. P. CAICA: Very unusually, I will ask Mr Hallion to say a couple of words here.

Mr HALLION: Thanks, minister. The other part of the question was around my role in Infrastructure Australia. I do chair the infrastructure working group of Infrastructure Australia, which looks at the policy and programs in terms of infrastructure development, particularly for remote communities. The APY lands is obviously one that fits into that category, but, of course, there is a national program across all states and territories.

That work is progressing. We have developed a draft policy around how remote infrastructure will be funded and developed in the future. One of the key elements of that is that each region has a structure plan. That is the starting point, that there is significant community consultation in relation to infrastructure and then state and, one hopes, federal funding flows in future for infrastructure provision as a result of that. So that policy is well under development.

We had a major conference in Alice Springs recently to bring all the players involved together to try to finetune and refine that, and I am hopeful that the federal government will take up that policy direction in next year's budget processes. That is certainly another part of the equation, to ensure that our federal counterparts play their part in infrastructure provision. That work is progressing well and is nearing completion.

The Hon. P. CAICA: The other thing that I would just say is that we talked about the coordination across government as to how we can do things, but also, without being disrespectful to my friends in the highest levels of the bureaucracy, how they coordinate around the table is not worth much unless that manifests itself as how coordination occurs on the ground. So we are looking at ways at how we can improve that as well. Part and parcel of that is making sure that we position ourselves as well in the eyes of the federal government, which has control of the purse strings.

That will be of advantage to the allocation of infrastructure funding through the fact that the commonwealth would see that they will get a better return on that money through the coordination, not only at the higher levels of the way the government operates but also how at the ground level and out in the regions we better coordinate the collective efforts of the state government, the commonwealth government, the NGOs and all that I spoke about earlier.

There is so much to do with so little time to do it in. I think I have spoken to you about some of the objectives I have set for my time as the Minister for Aboriginal Affairs and Reconciliation. One of those is how we position ourselves—that in turn would relate to what Jim was talking about, that Infrastructure Australia amongst other things—with respect to being able to exploit, for want of a better term, that money that is available to ensure that it is spent in our regions here in South Australia.

Dr McFETRIDGE: On that topic of getting the feds to put in money—same budget paper reference, page 51—in May this year, minister, you announced \$2.82 million of new state and federal investment in the APY lands. I think the investment was initially announced by Mr O'Brien and the federal Minister for Indigenous Affairs, the Hon. Jenny Macklin. The title of the media release was 'Supporting families in the APY lands'. How much of that \$2.82 million is being provided by the state and on what projects will the state be spending money and the federal government be spending money?

The Hon. P. CAICA: The family wellbeing centres, for example, are essentially commonwealth funded; the commonwealth government originally provided \$4.5 billion. That was originally for the court administration centre in June 2008. That funding, as you are aware, has been redirected and allocated to establish three family wellbeing centres located at the Mimili, Pukatja and Amata communities. You will be able to see the progress, as I understand you might be heading up there with your leader pretty soon. You will visit Pukatja and be able to see the progress being made there.

In addition to the \$4.5 million, the state government has provided \$717,000 from interest accrued on the commonwealth money. It is still commonwealth money, but we are providing it from the interest that was done, so it makes it a budget of \$5.217 million for the establishment of three family wellbeing centres. The establishment of these centres has its origins in the South Australian government's response to recommendation 45 of the Children on APY Lands Commission of Inquiry (the Mullighan inquiry), which proposed the building of a court administration centre at Umuwa.

The three centres will be under the operational responsibility of the Department for Communities and Social Inclusion at Mimili, the Department for Education and Child Development at Pukatja and Country Health SA at Amata. Those facilities will bring together a suite of family

support programs and services with a critical focus on coordination and integration. We expect these centres to be completed by the end of 2012.

I am advised at this point in time that they are on track for completion at that time. Not long ago I was at Pukatja and saw that they are very well sited alongside the school and early childhood centre, and it will be a great addition to that particular complex. I will put it this way: that is an example of commonwealth funding and we want to continue to work with the commonwealth and, without being disrespectful in any way, we want to spend their money as best we can.

I do not know how the member for Morphett grew up, but I always grew up thinking it was much better to spend someone else's money rather than your own. Again, we can say to the commonwealth, when we are working with them, that these are the areas where money should be spent, but knowing full well that, if we agree to these particular processes, we would undertake a commitment to ongoing recurrent expenditure.

Again, if I can use the family wellbeing centres as an example, the services in the centres will be largely funded by the state through our recurrent expenditure, and that is an arrangement we will enter into but, primarily, we want the commonwealth government to provide the funding that is necessary for infrastructure improvements and to do them in such a way that there has been agreement with the state about the prioritisation—and with the APY Executive and Anangu themselves about the priorities they want.

We want the commonwealth to fund them, and then we would be able to provide some recurrent expenditure to make sure that the services in those centres continue to be largely funded by the state. That is about trying to reach agreement with the commonwealth. That is it in a nutshell, in a general sense, about how we fund.

Mr ODENWALDER: I refer the minister to Budget Paper 4, Volume 4, program 10, page 50. Can the minister outline how we are better identifying local needs and providing better coordinated access to services in both urban and regional communities?

The Hon. P. CAICA: Yes, I will. I thank the honourable member for his question and acknowledge that he has been sitting through the estimates period since the start, and he is looking remarkably refreshed and rejuvenated. I should not try to have fun while I am doing this, because this is a serious issue.

Under the National Urban and Regional Service Delivery Strategy for Indigenous Australians, the state government has partnered with the commonwealth and local governments to develop whole-of-government location-based initiatives in northern Adelaide and Port Augusta. I did mention, in answer to one of the member for Morphett's questions earlier about Port Augusta, that we need to continue to develop that whole-of-government location-based initiative. The intent of these two models is to increase the accessibility of mainstream services, focus on local needs, strengthen Aboriginal engagement in COAG reforms and increase accountability and sustainability.

The Port Augusta work builds upon the recommendations of two complementary processes—the June 2010 report by Lew Owens (that was mentioned by the member for Morphett earlier), who was then special adviser to Port Augusta, and the September 2010 Port Augusta City Council Community Reconciliation Dialogue Event, and I have also spoken with the council about that particular report as well. It includes a commitment to work with the Davenport Community Council to address Davenport's specific challenges, and I visited Davenport not long ago to talk with the local community and their community representatives.

In both locations, new governance models bringing together the three tiers of government and local communities have been agreed and are being implemented. In northern Adelaide, the Northern Adelaide Solutions Group was established and continues to meet to progress the agreed priority local issues. Initial priority areas of focus include justice, youth offending, community safety as well as early childhood schooling, literacy and numeracy. Six community representatives were appointed to the Northern Adelaide Solutions Group.

In Port Augusta, the Aboriginal Community Engagement Group has been formed and meets monthly. Healthy Homes, Governance and Leadership, Learning and Safer Communities have been agreed as community priorities, and a series of service provider workshops have been held where agencies have been asked to commit to action. A draft local action agreement was presented to the steering committee in June 2012 for approval, with a view to implementation during the course of 2012-13.

I thank the honourable member for his very important question. I will also say that I have travelled a lot around the state, and everywhere I go meet with Aboriginal people and

representatives of Aboriginal people. From a minister's perspective, I think that over the next few months my objective is to visit a lot more areas within metropolitan Adelaide to be able to meet, talk with and learn from Aboriginal representatives. That is not to say that I have not already, but I have met them more in a formal visitation program. So I intend to undertake that over the next month or so as well.

Dr McFETRIDGE: I refer to Budget Paper 4, Volume 4, page 51, and the third dot point under Targets. Back in February 2010 there was a Leaders and Leaders meeting in then minister Holloway's office. Present were the now Premier Jay Weatherill, Aboriginal affairs minister, Paul Holloway, minerals and resources, Jennifer Rankine, housing and families and communities, and John Hill, health and arts. Most of the APY executive were there as well. According to the release put out by Mr Bernard Singer, APY Chairman, this was a very successful workshop, emphasising health, mining and families. Reconciliation was another issue. Is the minister able to tell the committee whether the Leaders and Leaders meetings have been held since that one in February? It sounded like a pretty good initiative.

The Hon. P. CAICA: Not a Leaders and Leaders meeting with the APY executive. Notwithstanding that, when I last travelled to the APY lands I met with the APY executive. Subsequent to that APY executive meeting was a meeting of other community leaders, not the non-elected leaders within the lands. I think we might have had 20-odd people in addition to the APY executive at that particular meeting. I meet regularly with Ngarrindjeri at Leaders and Leaders meetings; it is something I would like to continue, and work with other representatives of our Aboriginal nations.

There has not been a formal meeting since that time. I have met with Bernard and Rex on a couple of occasions when they have been down here in Adelaide with some other representatives, but not a formal meeting. I am happy to undertake that, but nothing has been scheduled at this point in time. I also want to make sure that when they are down here they continue to meet with our relevant ministers; it would make sense to, on occasions subsequent to those meetings with individual ministers.

For example, minister Hill undertook a visit to the APY lands recently. He travels to the APY lands on numerous occasions. He met with a variety of people out there and brought back information that was important for me to understand as well, not only what he heard but some of the discussions he had. We all do the same, but it would make sense to have another formal Leaders and Leaders meeting that might enhance the work that is being undertaken by individual ministers. So the answer is no, and I apologise for being long winded in providing that answer.

Dr McFETRIDGE: It is interesting that in the release by Mr Singer it says (and Mr Hill might regret this—I assume he is being quoted accurately here), 'the health minister gave a commitment to fund renal dialysis on the lands'. So we will see what happens. I know there is some cross-border work being done, and the renal dialysis bus has been there.

The Hon. P. CAICA: Just in finishing that particular question, I make no comment other than to say that I have known minister Hill to always fulfil the commitments he makes in any particular area. As you know, there are six visits per year of the mobile renal dialysis bus, but advice is also often provided. I mentioned Ngarrindjeri, but there is also the South Australian Aboriginal Advisory Council; I meet with them, but with our Commissioner for Aboriginal Engagement as well. So there is a variety of ways.

Also on visits, when I went to Port Lincoln I met with the Port Lincoln Aboriginal Community Council (PLACC), I found the leadership being shown by that council to be very good leadership. We will continue to meet, but specifically for the APY, the answer is, yes, I will continue to meet with both individuals and APY executives and, when required, the convening of a leaders to leaders meeting.

Dr McFETRIDGE: On that topic of meeting with leaders, it has been raised with me that the Indigenous Land Corporation has had significant issues in trying to find out who is actually having the final say on land sales down at Bedford Park. They are dealing with Kurna Yerta, which I understood was the umbrella organisation for the Kurna people in Adelaide, yet the ILC now in frustration has decided to sell that land at Bedford Park. Other Kurna people are contacting me, and probably you also, minister, over this issue. We need to make sure we are in touch with all the leaders, and I know from what you have said that you were trying there, but it is just another issue that has been raised with me.

The Hon. P. CAICA: On that, it requires a response as well. In regard to the Kurna people, Aboriginal matters are complex in a variety of areas. With respect to Kurna, I have met

with Kurna representatives as well, and unfortunately a couple of those representatives are now being replaced by other representatives.

The point I make is this: with respect to the ILC that you mentioned, we want to see them spend money in South Australia as well. I have had meetings with the ILC here to look at ways, amongst other things, to better coordinate the expenditure of money in South Australia so that Aboriginal communities can benefit. When we look at the amount of money that has been provided interstate, we are not batting at the same level. Again that means making sure we provide assistance to Aboriginal communities as best we can to better prepare them. In relation to the specifics down there, I understand that it has been in the hands of the ILC for a significant period of time.

Dr McFETRIDGE: Eleven years, I think.

The Hon. P. CAICA: Eleven years. I think their process is about two years to look at results. It went for 11 years. I have requested that my office organise a meeting with ILC representatives here, and I am told that at this point, but I want it confirmed, the sales (and I met with the local council on it the other day as well) of that site will go towards the enhancement and betterment of Aboriginal people in Adelaide. I am told that, should it be sold, those funds will be corralled to advance the wellbeing and welfare of Aboriginal people, particularly Kurna people, in metropolitan Adelaide.

That is a good outcome. Is it as good an outcome as if the land were to be retained? That is not for me to answer. I am seeking formal confirmation that that is how those funds will be utilised. It was not without its difficulties there. Even up to the eleventh hour we had the Commissioner for Aboriginal Engagement go down and try to assist with respect to the preparation of a submission, but things did not work out as well as they might have for a variety of reasons. I cast no reflection on anyone, but hark back to the point that sometimes difficulties are more complex in some areas than in others.

You would expect that in metropolitan Adelaide we have an Aboriginal nation that is far more dispossessed than many other Aboriginal nations, given the nature of metropolitan Adelaide and our occupation of this region over that period of time. It is a far more complex process than in some other areas, but that does not mean we should not work at it, Duncan. We will continue to work at it, and I would like to again commit to working with Kurna representatives to build coordination and capacity within the Kurna nation so that we can get better outcomes from the ILC not only for Aboriginal people in metropolitan Adelaide but across the state through that particular corporation.

Dr McFETRIDGE: If we can get a good outcome, that will be fantastic. As you would know, the ILC purchased the Ayers Rock Resort, Yulara. When the lands committee was up there and had briefings from Mr Manfred Pieper, the GM up there, he said that, of the 700 jobs on the resort, they were hoping to get 350 of those jobs to people of the APY lands, which I think is a good spend of ILC money, even though it is just over the border.

The Hon. P. CAICA: I agree; there should be more outcomes than just providing the money. It should be how it builds capacity and offers opportunities for Aboriginal people within those communities. Hence, the work that I think still needs to be done as part of the review of the Aboriginal Lands Trust: how can we make sure that those assets are used in such a way that they perpetually contribute to the wellbeing of individuals within the community and to that community as a whole?

Dr McFETRIDGE: Thank you, minister. I refer to Budget Paper 4, Volume 4, page 51; dot point 5 relates to improving governance. With these questions, I am not attributing blame or offering any excuses to anybody here, but we need to clarify exactly what is going on with the APY budget and their audited accounts. As you know, minister, I have been asking questions about this for a while now. I am concerned that the last audited accounts that I have been able to get hold of were a qualified audit from 2009-10. One of the alarming comments in that qualified audit was from Perks Audit & Assurance:

We were unable to obtain information in relation to balances of Trust Account Balances of \$276,163 in the Balance Sheets as at 30 June 2010. Accordingly, we are unable to form an opinion in relation to these Trust Balance Accounts.

Also, there is a \$72,943 bank overdraft for APY, and I am really concerned that the financials do look to be—well, there is a qualified audit; that really says it all. I understand that the APY does not have the power to borrow, so how they have an overdraft, I do not know. Do you have the accounts, minister, and have you seen the 2011-12 budget?

The Hon. P. CAICA: The financial report for the year ended 30 June 2011 has been provided to AARD. I understand that the priorities are currently being determined for the 2012-13 budget. We have actually seconded someone up there to assist with the bookkeeping. This report is now in front of me, but it is also safe to say that a request was made by the APY executive for the provision of certain services following the retirement, for want of a better term, of Chris Malcolm.

Part of that was not how we would have liked it to end. Notwithstanding that, we acknowledge the sovereignty of the APY lands in making decisions about its executive officer, notwithstanding the fact that I need to sign off permanently on who that person might be. They have engaged a couple of people to assist them but, in addition to that, we provided a person to help them with their books with respect to meeting their obligations on reporting.

The state government, as I mentioned, provided the APY executive with an independent financial consultant from KPMG to assist with reviewing their financial processes at an approximate cost of around \$24,500. These funds were allocated from the APY task force budget. There are other requests that have been made by the APY executive, due to the absence of a permanent general manager at this critical point in the financial year. We have also agreed to provide a seconded employee additional to the interim acting general manager to ensure that financial reporting requirements and financial planning functions are adequately carried out.

You would be aware, too, that a request was made about forwarding the quarterly funding, but admittedly it was only by a couple of days or a week that it was provided. The indication I have is that there may be another request, again, for forwarding the quarterly funding. That request has not come through yet, but, at our last meeting, I said, 'Is it likely to happen again?' It would be later in the piece, again, during the end of that quarterly period. I said I would consider that as and when such a request might be made.

It is my expectation as minister and I expect the expectation of members of the house that the requirements of reporting under the act and under the proper financial reporting mechanisms will be met. From time to time, we will provide assistance, but I am hoping that, in the longer term, we will build capacity within the APY executive by the appointment of an APY general manager, underpinned by other support through employed personnel, to ensure that those obligations are fulfilled and met. We want to be transparent about those financial obligations.

Also, as we mentioned earlier and you have mentioned before, there is the idea of minutes of meetings and the likes to ensure that they do find their way down to Anangu people. We have spoken about different ways by which communication will occur between the APY executive and Anangu people to make sure that they are fully aware of those things that are being considered, contemplated and determined by their elected people.

At the end of the day, the representatives of the APY executive are elected representatives who report to and conduct their business on behalf of Anangu people. To that extent, we have to make sure and they have to make sure that those reporting mechanisms and that communication with the people who they are elected to represent are undertaken. The APY executive is in the process of developing strategies to improve that level of communication across the APY lands.

It is interesting. What comes around goes around but, when I have travelled the lands, they have said, 'The best level of communication and understanding we ever got was through the wireless.' Their reconsideration of how best to communicate is, of course, including the use of radio and more timely posting of information, including a summary of APY executive meeting minutes on their website. Everywhere I travel they say, 'We used to understand what was going on because it would come over the airwaves.' I encourage the APY executive to continue to look at ways by which it can best communicate with the Anangu people who elect them.

The CHAIR: Thank you, minister, and thank you, advisers. There being no further questions for the minister, I declare the examination of the proposed payments for the Department of the Premier and Cabinet and administered items for the Department of the Premier and Cabinet concluded.

[Sitting suspended from 12:47 to 13:45]

DEPARTMENT FOR WATER, \$87,728,000**ADMINISTERED ITEMS FOR THE DEPARTMENT FOR WATER, \$7,009,000****Membership:**

Mr Whetstone substituted for Dr McFetridge.

Mr Williams substituted for Mr Griffiths.

Witness:

Hon. P. Caica, Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation.

Departmental Advisers:

Mr A. Holmes, Chief Executive, Department for Water.

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

Ms M. Griffiths, Senior Manager, Corporate Services, Department for Water.

The CHAIR: I declare the proposed payments open for examination and refer members to Portfolio Statements Volume 4.

The Hon. P. CAICA: I will make a brief opening statement. I can alert the opposition that, in the interests of giving them time to ask questions, we will not have any government questions. Since July 2010, the Department for Water has led the management of the state's water resources and advised the government and community on water quantity, quality, use and availability. From 1 July, the department will amalgamate with the Department of Environment and Natural Resources to create a new Department of Environment, Water and Natural Resources. This will improve the integrated management of our natural resources and will also result in savings while continuing the vital work to ensure the state's water security. I take this opportunity to highlight some of the department's significant achievements:

- The passing of the Water Industry Act represented the biggest overhaul of water industry legislation in the state's history and brought in a new era of consumer protection and independent water pricing.
- The department ensured that the government's response to the draft Murray-Darling Basin Plan addressed all aspects which need to be improved. It made 71 recommendations, including seeking more than the proposed 2,750 gigalitres of water to be returned to the system.
- The establishment of the Goyder Institute for Water Research has provided a comprehensive research program to provide independent expert advice and further strengthened the basis on which we make policy decisions and identify future threats to water security.
- Finalising new water sharing rules and storage rights in the Murray-Darling Basin means the state can, for the first time, store critical human needs and carryover water from one year to the next.
- The development of a stormwater strategy detailed the nation's first integrated urban water management plan for a capital city. It includes nine actions to improve stormwater management in Adelaide in a way that integrates it with other urban water resources. This means flood mitigation measures must be incorporated into urban design.

In the Far North, a major milestone has been reached in the third phase of the Great Artesian Basin Sustainability Initiative with the first of two large free-flowing wells in the basin's west now sealed. This will preserve an additional 3.8 million litres of water per day of artesian groundwater.

The department is also breaking ground on other projects in the Far North with an initial \$3.7 million investment to investigate groundwater sources to support sustainable development. This is largely occurring through the Finding Long-Term Outback Water Solutions initiative

(FLOWS). This initiative will provide valuable information on potentially viable water resources and modern tools to access groundwater details and locations.

The recently completed Upper South-East Dryland Salinity and Flood Management program is an outstanding large-scale infrastructure project. The department has driven this \$91 million project, which began in the 1990s, to address dryland salinity, waterlogging, degradation and fragmentation of ecosystems. Drains constructed under the program saved 175,000 hectares of prime agricultural land at risk of salinisation and restored productivity to a further 250,000 salt-affected hectares.

South Australia is at the forefront of reform on the impact of forest water following the passing of the Natural Resources Management (Commercial Forests) Amendment Bill. This allows for the use of forestry water to be treated in a similar way to irrigation allocations and is possibly the first legislation in the world treating irrigation and forestry water impacts consistently. It creates new tools to manage forest water, including an improved forest permit system and a forest water licensing scheme.

These tools are also enabling the development of the Lower Limestone Coast Water Allocation Plan. This plan is about striking a balance between the needs of all users including the environment. The department has made a major contribution by developing and finalising the policy principles, leading an interagency task force and seeking community feedback.

This is just a snapshot of the many initiatives and work underway to ensure our water future. I am confident that under the new department South Australia's water resources will continue to be managed in a sustainable way to support our economy, our lifestyle and our environment.

The CHAIR: Does the shadow minister have an opening statement?

Mr WILLIAMS: Not really, Mr Chairman. I just thank the minister for his comment that the government will not be seeking to ask questions from its side. It is a good move, as we only have an hour for both the Department for Water and SA Water, which are two significant agencies, and I think the hour is totally inadequate, but we will get on.

The CHAIR: And your first question is?

Mr WILLIAMS: My first question, and I draw the committee's attention to Budget Paper 4, Volume 4, page 199, River Management Operations, is: will the minister confirm that \$610 million has been allocated to South Australia for Murray-Darling Basin works by the commonwealth government from its \$12.9 billion Water for the Future program, the same source as funds provided to the New South Wales and Victorian state governments for water-saving infrastructure projects in those states? Can the minister detail the projects and water savings gained from each of the projects in South Australia under the Murray Futures program?

The Hon. P. CAICA: It is a \$610 million 10-year priority project funded by the Australian government's Water for the Future program. South Australia's obligations in relation to the delivery of Murray Futures are outlined in the water Management Partnership Agreement. South Australia was the first state to enter into an agreement with the Australian government. It was also the first of the five basin states in Australia to complete a priority project, with the delivery of the Lower Lakes integrated pipeline network, which I know the member for MacKillop is familiar with.

Murray Futures consists of the following five components: a \$120 million integrated pipeline network; a \$200 million Lower Lakes and Coorong recovery; \$100 million, Riverine recovery; a \$110 million river industry renewal, a project coordinated by the Australian government; and the \$80 million water buyback, a project also coordinated by the Australian government.

Since June 2011, the Department for Water has been implementing the \$86 million Riverine Recovery project. To date, this project has returned 2.1 billion litres of water to the environment through the upgrading of infrastructure and improving management regimes of wetlands along the River Murray, and over the next four years it is expected to return up to 15 billion litres of water for environmental purposes. This funding is in addition to previous funding commitments of \$3 million to develop the recovery plan and \$9 million to commence early works projects to introduce wetting and drying regimes to key wetlands, namely, Pike, Katfish and Yatco in the fine electorate of the member for Chaffey.

During 2011-12, the Department of Environment and Natural Resources transitioned from a package of on-ground works designed to mitigate long-term detrimental ecological impacts in the Coorong and Lower Lakes region to management action supporting the recovery of this important

Ramsar wetland. The \$136 million project aims to secure the future of the Coorong, Lower Lakes and Murray Mouth region and to implement the long-term plan for the Coorong, Lower Lakes and Murray Mouth.

The program has also contributed funding to the removal of the Narrung Bund at the entrance to Lake Albert and the Goolwa Channel regulator at Clayton. Works to excavate the imported clean sand from the two structures is now complete and planning for the dredging of material to return the site as close as practicable to its preconstruction bathymetry is underway. I think I will finish off by saying investigations have now concluded on the removal of the Currency Creek regulator. Discussions are occurring with the Australian government and the Murray Darling Basin Authority on funding arrangements for its removal. I might leave it there, Mr Chairman.

Mr WILLIAMS: The minister might take it on notice, but the question did ask what water savings were to be gained from each of the projects.

The Hon. P. CAICA: I did answer that in saying that 2 billion litres have been recovered to date, and that over the next four years, with respect to the Riverine Recovery project, it would be 15 billion litres of water for environmental purposes. I will try not to talk like Duncan. I will try to slow it down a little bit, but I am mindful that you get an opportunity to answer the question. I did highlight those figures there.

Mr WILLIAMS: Was that for each of the projects?

The Hon. P. CAICA: That is for the Riverine Recovery project and, of course, some of the other initiatives, for example, the water buyback, \$80 million (I do not have the figures as to what they have bought, although we know roughly how much they have bought being coordinated by the Australian government), and the River Industry Renewal, where we have had some difficulty getting funding. Some funding has come for renewal and that will deliver some water as well. I will find out the exact figures for each of those projects and get back to you on those.

Mr WILLIAMS: That is the information I was after: if you could detail the individual projects and the figures for each of them.

The Hon. P. CAICA: Within reason, I will do what you ask, Mitch, you know that.

Mr WILLIAMS: That is what we are here for, for you to answer questions, minister.

The Hon. P. CAICA: I just did. Everything has been so fine today; you haven't taken your grumpy pills, have you?

Mr WILLIAMS: I am not grumpy at all.

The CHAIR: It has been very bipartisan, hasn't it?

The Hon. P. CAICA: It has been very bipartisan, sir.

The CHAIR: Superbly led by the member for Norwood.

Mr WILLIAMS: Thank you, Mr Chairman. If the minister can take on notice to detail for the committee's benefit the individual projects, the expected cost of those projects, the ones that have been completed and those that still have some work to be done, and what the expected water savings from each of those projects will be.

The Hon. P. CAICA: I said yes, and the answer is the same: yes.

Mr WILLIAMS: Okay. Thank you very much. If we now turn to page 205 of the same budget paper, Murray-Darling Basin, Policy and planning. The commentary suggests that legal fees relating to challenging the MDBA plan for the year amounted to \$0.7 million. Is this the case? If not, what has been the legal cost? Is this the case for the whole of the year? If not, what has been the legal cost for the 2011-12 year? What legal work has been done for that cost, and is the \$2 million announced by the Premier on Wednesday last to 'fight for the Murray' to be used for legal costs, or is it to be spent on advertising to boost the image of the campaign?

The Hon. P. CAICA: I was away and only got back late yesterday, so I am not quite aware of what the Premier announced, whenever it was—when was it?

Mr WILLIAMS: Last Wednesday.

The Hon. P. CAICA: Last Wednesday. I am not familiar with that, but I can say I am advised that to the end of May 2012 the cost of the external legal work has been approximately \$282,000 and that funding was sourced from the Save the River Murray fund. That is the external

cost; the rest has been done internally. There was, I understand, an announcement made with respect to the \$2 million, and I understand a significant component of that would go to communications.

Mr WILLIAMS: Advertising.

The Hon. P. CAICA: It is about better informing not just the people of South Australia but the people of Australia—because if we do not, no one will—about the importance of ensuring that we have a Murray-Darling Basin plan that in turn ensures that when the next drought comes it is as resilient as it can possibly be, that it is returned to an appropriate level of sustainable health.

That communication strategy is about informing upstream states and other parts of Australia about the importance of this reform. It would appear, on first blush, that it is this state government, amongst all the others in Australia, that has that ongoing commitment to make sure that the objects of the Water Act are met. We will not shy away or resolve from that particular position.

Mr WILLIAMS: In view of that answer, minister, of the \$2 million, how much is expected to be spent on communications, and how much of that is expected to be spent within South Australia, communicating to the domestic population in South Australia, and how much is expected to be spent in the upstream states?

The Hon. P. CAICA: I do not have those figures, and I am not familiar at this point in time as to the compartmental arrangements that relate to the money that is going to be used for communication, and where it will be spent.

Mr WILLIAMS: Can you take that on notice and bring that information back to the committee please?

The Hon. P. CAICA: I will take that on notice and get what information I can on this particular matter to ensure that I have met my obligations in relation to this estimates committee.

Mr WILLIAMS: I am assuming that the money has been allocated and that there has been some decision on what it is going to be used for, and where it is going to be used, so I would have thought that the obligation to the committee would be to bring that information back.

The Hon. P. CAICA: I think that is what I said.

Mr WILLIAMS: I thought that you were saying that you would have a look at it and you would maybe bring it back, and maybe not, and you would make a decision.

The Hon. P. CAICA: I think I said I would bring back what I can bring back for the committee.

Mr WILLIAMS: That is just it: 'what I can'. I would have thought you could—

The Hon. P. CAICA: You are wasting your time, Mitch.

Mr WILLIAMS: I would have thought, minister, that you would bring the information back for the committee. I turn to page 206, under 'Targets 2012-13', which includes, and I quote:

Implement the requirements of the basin plan and progress any required negotiations.

What will the government's approach be if it does not accept the plan as adopted by the commonwealth and instigates a High Court challenge?

The Hon. P. CAICA: That was a hypothetical and, of course, the work that is being done to date is to represent South Australia's interests, not just South Australia's interests, but also the interests of every Australian in progressing negotiations to reform the Murray Darling Basin Agreement and make sure that we deliver on the objects of the act, and we will continue to do that. Our objective is still to get a plan, when the plan is returned, after it has been through this process, to minister Burke for his consideration, and our discussions in progressing negotiations will not stop the day the Murray-Darling Basin Authority provides it to minister Burke.

They will continue beyond the date he receives the plan, to use that time to make sure that whatever plan is delivered to the parliament of Australia it is a plan that not only meets the objectives of South Australia and the recommendations that we have put forward but also meets the requirements of the Australian people with respect to a lifeblood of Australia, a river system that many millions of people and this nation are dependent upon, and that it is returned to an appropriate level of sustainable health so that security and surety of future consumptive use is conducted in an environment that is not only resilient but continues to support that activity.

Mr WILLIAMS: Minister, my understanding is that by the end of the year federal minister Burke hopes to have a plan before the federal parliament.

The Hon. P. CAICA: That is correct.

Mr WILLIAMS: The indications are that the South Australian government is not going to accept that plan unless minister Burke radically changes the plan as proposed at this stage. Do we not have any contingency for the occurrence that we in South Australia find the plan to be unacceptable? What is our move then?

The Hon. P. CAICA: The action at this point in time is to negotiate with best endeavours to alter the draft plan so that, when minister Burke gets it, it is in a better shape than what the authority has currently provided for in its draft plan, and then it will go to minister Burke in an amended form, perhaps. But even if it goes in its current form to minister Burke we have stated that that plan in its current form is not acceptable to the state of South Australia and, I might add, nor is it acceptable to Victoria and New South Wales—

Mr WILLIAMS: For a different reason, for very different reasons.

The Hon. P. CAICA: —for entirely different reasons; for very different reasons.

Mr WILLIAMS: Minister Burke is between a rock and a hard place, is he not?

The Hon. P. CAICA: To the extent that our upstream states want to perpetuate the very conditions that got us here in the first place, so the circumstances that got us—

Mr WILLIAMS: What is that? Bickering?

The Hon. P. CAICA: No, not bickering. They want to perpetuate a system that is overallocated; a system that will not support the long-term consumptive use in any positive way because it will be conducted in a less than healthy environment. So, that is where we are different.

Our expectation is that if the commonwealth government—irrespective of the draft plan that comes to it in the end—does not meet the objects of that act, that is, to return the river to a sustainable level of health, then they would have failed in their objectives. The expectation is that they will deliver and meet the objectives of the act to take this once in a lifetime opportunity to remedy the ills that had a system on the verge of ecological collapse during the millennium drought. If they do not, then South Australia will not shy away from taking the action that is necessary. That action has been highlighted by our Premier, and that would be a challenge to the plan if indeed it is so determined that it does not meet the objects of the act.

Of course, that is not the preferred position of the state. The preferred position is for the required leadership to be shown by the commonwealth government to make sure that not only does it meet the objects of the act but also that it meets the requirements of the Australian people, that is, to make good on a system that has been overallocated for far too long.

Mr WILLIAMS: I refer now to page 200 in reference to the 'Highlights 2011-12', and the quote:

Completed the full removal of the Narrung Bund phase 1 and undertook phase 1 and 2 of the full removal of the Goolwa Channel regulator at Clayton along with the completion of all planning activities for the full removal of the Currency Creek regulator.

What is the present status of the Currency Creek regulator? Is it expected that the job is now completed there? Also, minister, what was the volume of material used to create each of those bunds and what volume of material has been removed from each of those waterways in the removal of the bunds?

The Hon. P. CAICA: Specifically you asked about the whole three regulators, did you?

Mr WILLIAMS: The status of all three.

The Hon. P. CAICA: Yes. The object of the three projects is to remove foreign material—done in phases—that was placed in there to construct those regulators and to put that on a land-based site (and you are familiar with that), and then to undertake processes by which work can be done to restore it to its original bathymetry.

Mr WILLIAMS: Minister, what I am getting at is this: for instance, do you know how much material was put in Narrung to create the bund, and do you know how much material has been removed?

The Hon. P. CAICA: I will start with the Currency Creek regulator, which was constructed in 2009 as part of the Goolwa water level management. It was constructed using 74,000 cubic metres of imported sand and crushed rock material and includes geotextile and geogrid materials. It is around 750 metres long and spans the lower reaches of Currency Creek. It was designed to capture first-flush flows from the Mount Lofty Ranges via Currency Creek to undergo in situ chemical and bioremediation before flowing over the regulated spillway and into the Goolwa Channel.

Of course, the business case, as I understand it, has been provided to the commonwealth government, and we expect that work to start on its removal soon. In relation to the Narrung regulator, I do not have those volumes in front of me at this point in time, but the commitment that we have made is that most of the material deposited will be removed and it will be returned back close to its original bathymetry.

You know that we have had some ongoing discussions with the commonwealth on a couple of occasions, where sometimes due diligence is taken to a high level to the extent that it is undue diligence. However, I understand that the commonwealth wants business cases for these. We are working at that, but our commitment remains the same. I do not have the figures in front of me as to what was removed from the Narrung in quantity nor Clayton in quantity. I mentioned what has been deposited at Currency Creek, and, again, in line with the other bunds and regulators, we hope to remove most of the material that was imported.

Mr PEDERICK: As a supplementary question, minister, you quoted that you hope you can get rid of Currency Creek soon. What does 'soon' mean in time—a definitive date, please?

The Hon. P. CAICA: One of the significant delays that occurred in removing Currency Creek was the fact that we had volumes of water there, and that was a good thing—that meant that this removal was far more difficult than the others. We have undertaken the work that was required by the commonwealth, and that work has been presented to both the authority and the federal government to seek the necessary funding from the Murray-Darling Basin Authority, I believe, for its removal.

I do not want to put a date on it, but I can tell you that we are working very closely with the commonwealth to make sure that we can remove it in the most timely fashion, and I would like to see that work commenced as soon as those funding arrangements are finalised. I do not want to put a date on it because you will come back and say, 'This is what you said and you haven't achieved it,' if we do not achieve it.

Essentially, the authority, to date, has confirmed in writing that funding implementation will be available in 2012-13. I think 2012-13 starts next Monday, or over the weekend. We will be seeking that funding as quickly as we possibly can to do that. It is important that we do the work properly, with the least impact, and that is what we will be undertaking as well.

Mr WHETSTONE: Minister, I have a question on the basin plan. Sadly, you and the state government are hell-bent on this number. Will the state government look at environmental works and measures for the benefit of the river health that do not give water back to the commonwealth?

The Hon. P. CAICA: You did not mention a figure there. We are not hell-bent on a figure.

Mr WHETSTONE: I did not mention it on purpose. I said you are hell-bent on a number.

The Hon. P. CAICA: We are hell-bent on an outcome, and that outcome needs to be achieved, and that is to return the river to a sustainable level of health. Of course, part and parcel of that is also the way in which we say that water should be used. Irrigators have learnt, particularly in South Australia, to be at the forefront, and we continue to be at the forefront, of the efficient use of water in the context of irrigation. We had to do that because we could not continue to allocate like the upstream states did.

This state supports environmental works and measures that will allow for environmental water to be used in the most efficient way. Some of that may, indeed, require the removal of some of the constraints that are referred to by the commonwealth government and others about how much water they can deliver. What we want is for every drop of water, every litre of water and every megalitre of water to be used in the most efficient way to meet the environmental needs which, in turn, if done properly, will mean that less water is required to do it.

We have always stated that position, but we would also state that environmental works and measures need to be underpinned by a sufficient quantity of water to be able to achieve that. The most efficient way of returning water to the system is through buyback, but the next best way of

doing it, and the complementary way, is to have works and measures in place that mean that bucket of water, that drop of water, that litre of water and that megalitre of water will go far further. We are very supportive of environmental works and measures.

Mr WHETSTONE: I understand that—as are most of the people who use water; but has the South Australian government put any works and measures proposals to the federal government that will benefit the health of the river without giving water back to the commonwealth?

The Hon. P. CAICA: We say that buyback is still a legitimate way to do it, but through the Water Industry Alliance initiative we have provided—

Mr WHETSTONE: That is not the question, minister.

The Hon. P. CAICA: Tell me the question, then.

Mr WHETSTONE: The question is: have you put any works and measures projects to the commonwealth for the benefit of the environment that do not give extra water back to the commonwealth government?

The Hon. P. CAICA: But the environmental works and measures are mechanisms by which water can be delivered back to the environment, that is, efficient use. I do not understand. Explain the question a little bit. I am a simple man.

Mr WHETSTONE: Works and measures would be using water more efficiently for the environment. That would be using the same amount of water for a better outcome for the environment.

The Hon. P. CAICA: Yes, we support that, and what we are doing at the moment is preparing work for the commonwealth and working with the commonwealth to look at what might be viable environmental works and measures. If you look at the work being undertaken at Chowilla, that is an environmental works measure that means we will be able to—

Mr WHETSTONE: That is commonwealth funding. That is a commonwealth project.

The Hon. P. CAICA: We want commonwealth money to do this, and I much prefer to spend their money than to spend ours. But the whole idea of working with the authority is to identify those opportunities that exist in relation to environmental works. If you look at the five-point plan for your area that has been put forward, there is a host of initiatives that are contained within that. One, of course, is a channel. Whilst the government will look at and continue to work on consideration of that, that is not one we support. Do we support an upgrading of the gates across the barrages?

Mr WHETSTONE: That is the question I'm asking.

The Hon. P. CAICA: Yes, we do, but we also need to look at, I think, in the context of the money, what such projects will cost and what it will actually deliver. And that gets back to my first point that on some occasions the purchase of water, particularly from upstream states where it is wasted more so than our stretch of the river, is a far more cost-effective way of returning water to the system. But, yes, we will continue to work with the authority on projects that look at ways by which environmental works can increase the efficient use that environmental water.

The CHAIR: I will ask you to swap over to SA Water when you are ready.

Mr WHETSTONE: Can I just have one last question, please?

The CHAIR: Sure.

Mr WHETSTONE: Minister, I refer to page 205 of Budget Paper 4, Volume 4. The first dot point refers to the government's response to the proposed basin plan. What was the cost of the report by the Goyder Institute for Water Research entitled 'Expert Panel Assessment of the Likely Ecological Consequences in South Australia on the Proposed Murray-Darling Basin Plan' used to inform the government's response?

At the time this report was commissioned was any study or research commissioned by the government on the likely social and economic consequences in South Australia of the proposed Murray-Darling Basin plan? With reference to the government's stated position on the best available science, indicating that 3,500 to 4,000 gigalitres is required to be returned to the environment, what was the cost of the Goyder report?

The Hon. P. CAICA: On the previous question, the Environmental Works and Measures Feasibility Program is split into two streams. The first stream aimed to implement four state sub-

projects that were identified during the initial negotiations. The second stream is to assist South Australia in delivering a community project involving local processes to identify and prioritise community ideas for environmental works and measures and test the shortlisted community identified sub-projects.

So, we provided them with a list of projects, and that has been undertaken for that particular process. I do not have the various projects in front of me, so I cannot detail those, but I am happy to share those with you afterwards. Some of your constituents would be fully aware of some of the projects that were developed through that particular project.

On the Goyder Institute's review of the guide to the draft basin plan, funding of \$259,055 from the Department Further Education, Employment, Science and Technology's Premier's Science and Research Fund was allocated in 2010-11. This funding was paid out to partners in 2010-11. In addition, funding of \$221,000 was allocated to Goyder Institute Partners in 2010-11, and \$16,000 was allocated in 2011-12.

A total of \$237,148 of state government Goyder funds were paid to Goyder Institute Partners in 2011-12. In-kind contributions were \$240,635 for the financial year 2011-12. The total of the South Australian government funding for Goyder and DFEEST for the review of the guide to the draft basin plan over 2010-11, 2011-12 totalled \$496,205. In relation to the specific report in question, 2011-12, \$76,770.50 of state government Goyder funds were committed to Goyder Institute Partners, of which only \$7,871 has been paid out to date. In-kind contributions for 2011-12 totalled \$76,770.50, as I mentioned.

The CHAIR: We will go to SA Water now.

Departmental Advisers:

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

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

Mr J. Hausler, Manager Financial Planning, SA Water.

Mr B. Naylor, Treasury Manager, SA Water.

The CHAIR: Minister, if you could introduce your advisers, please.

The Hon. P. CAICA: I can, yes. To my right is Mr John Ringham, Chief Executive Officer, and to my left is Peter Mendo, Chief Financial Officer. Behind me is Braden Naylor, Manager of Treasury, and John Hausler, Manager, Financial Planning.

The CHAIR: Did you have any opening remarks?

The Hon. P. CAICA: Very briefly, I have, and the same will apply with respect to what was mentioned earlier that there will be no government questions during this period. The government's number one priority for SA Water remains ensuring that South Australia has secure and safe water supplies for future economic and population growth. South Australia continues to lead the nation in innovative water management. Adelaide recycles more wastewater than any other Australian city, we are delivering one of the most cost-effective desalination plants in the world, and we are committed to water use efficiency.

SA Water's capital expenditure for 2011-12 was \$675 million; much of this was for projects that will enhance our state's water security. The capital plan for 2012-13 is \$421 million, a 38 per cent reduction over spending in the previous year; again, the majority of this is for water security projects. The challenges of climate change mean that we cannot rely only on rain-dependent sources of water such as dams and stormwater harvesting schemes.

Our \$1.824 billion Adelaide Desalination Plant will deliver up to half Adelaide's drinking water needs, even during times of drought. The first 50 gigalitre component of the plant has been completed and is producing water. Construction of the second 50 gigalitre plant is well advanced, and the project is on track for completion within its approved budget by the end of 2012.

Work on the \$403 million North South Interconnection System Project is also on track and on budget, and I can confirm, having driven down Grange Road yesterday, that that work is ongoing. Also due for completion this financial year, parts of the project have already been completed and are now in service. It was my pleasure, on 29 April, to officially opened the Clapham

Pumping Station and the Eastern Pipeline, the first component of this major project to be delivered. It was also a delight to be able to host the member for Waite that day.

Underpinning our investment in innovative water management has been our commitment during the past year to legislative and regulatory reform of the water industry. Following the recent passage of the Water Industry Act, from 2013 South Australia will have independent economic regulation of water and wastewater services. While maintaining state ownership of SA Water's infrastructure, we will open it up to provide third-party access and facilitate new entrants.

Along with our strong focus on water security, existing water and wastewater infrastructure asset management and renewal remain a high priority for SA Water. The \$272 million Christies Beach Waste Water Treatment Plant upgrade works are well underway, and this project is scheduled for completion in 2013. Two major wastewater projects have been completed in 2011-12. Near Woodside, the government invested \$60 million at the Bird in Hand Wastewater Treatment Plant to increase its capacity to meet population growth and improve the quality of the treated wastewater.

In the southern suburbs the Aldinga Wastewater Treatment Plant was upgraded at a cost of \$24 million to increase its capacity to meet population growth. Both these projects provide for the recycling of effluent. SA Water's capital budget for the years 2012-13 to 2015-16 provides for expenditure of \$1.4 billion. In comparison, capital expenditure for the previous four years 2008-09 to 2011-12 was \$3.27 billion. The planned decrease of 57 per cent is primarily due to the anticipated completion of major water security projects in the coming year.

In addition to completing the Adelaide Desalination Plant and the North South Interconnection System Project during 2012-13, several major projects have recently been approved and will be delivered over the coming years. At the Bolivar Wastewater Treatment Plant the mechanical and electrical upgrade of the main pumping station is due for completion by June 2013 at a total cost of \$24 million.

In addition, in 2012-13 \$17 million will be spent to optimise energy use at the Bolivar Wastewater Treatment Plant. With a total cost of \$26 million, this project is due for completion by December 2013 and will have a positive impact on SA Water's greenhouse gas emissions and operating costs—a win for the environment and a win for customers. In the water business, \$80 million has been allocated to upgrade the chlorine station at the Happy Valley Water Treatment Plant. This project is due for completion by March 2014.

The government makes no apology for its prudent investment in water security, but it knows that it has come at a significant cost to SA Water's customers. As announced in May, water prices will rise in 2012-13 by about 25 per cent. Completion of major water security infrastructure projects in 2012-13 will ease the pressure on water prices in coming years.

Families are experiencing cost of living pressures from several sources, and the government is conscious of the impact of this year's substantial increase in water prices. For that reason we made provision in 2012-13 for a water security rebate to mitigate the impact of water price increases for residential customers of SA Water. In conclusion, I am proud to confirm that South Australia remains a recognised world leader in sustainable water management in terms of both policy and innovation that supports our economy, our lifestyle and our environment.

Mr WILLIAMS: I have no opening statement. I again thank the minister for using the little time that we have to take opposition questions. I refer initially to Budget Paper 5, page 52. Last year's budget included proposed expenditure on the Adelaide desalination project (ADP) of \$265 million, and this year's budget provides for \$98 million to be expended on capital works on the same project.

Can the minister inform the committee: will the \$265 million from last year's budget for the current year, which is almost completed, be spent? If not, how much will be carried forward into 2012-13, and will any of the amount carried forward be included in the \$98 million in the budget for the next year's expenditure?

The Hon. P. CAICA: The idea of carryover, of course, is totally dependent upon whether or not the work is completed, so it is a bit difficult to ask what might be carried over for the next year. Essentially, what I have been advised of to date is that the completion of the desalination plant is on schedule, on or slightly under budget—I will be happy if it is on budget, and that is what I am advised. At \$292 million, the desalination project accounts for 42 per cent of the total capital expenditure for 2010-11.

There was an underspend of \$32 million for the 2010-11 financial period, primarily due to: revised timing on the expenditure of the Adelaide Airport Stormwater Scheme, at \$4.4 million; Christies Beach wastewater treatment plant upgrade of \$9.4 million; and North South Interconnection System Project, \$14.1 million. The underspend was partially offset by Bird In Hand water treatment plant upgrade expenditure brought forward, at \$9.5 million, and a reduction in spending across a number of annual programs.

We will not know what will be carried over until we get a little further, and any adjustments that might be made—

Mr WILLIAMS: Minister, can you confirm that the \$98 million in this year's budget does not include any carryover from previous years?

The Hon. P. CAICA: I am advised that is correct, yes; it does not.

Mr WILLIAMS: It doesn't?

The Hon. P. CAICA: No.

Mr WILLIAMS: Mr Chairman, if we now turn to Budget Paper 3, page 63, it notes the distributions in the current year from SA Water have been revised up by \$125 million, with the commentary citing 'reduced operating expenditure and borrowing costs,' as a result of the delay in first water from the desalination plant and several other minor slippages. Bearing that in mind, minister, how much additional revenue will the 25 per cent water price increase—which was recently announced to begin on 1 July—bring in each year under the modelling carried out by SA Water?

The Hon. P. CAICA: Look, I am not sure that I have the exact numbers for that, and I do not want to provide ballpark figures. What you are essentially asking, so that I get it right, is what does the 25 per cent increase mean in relation to the dividend that will go to—

Mr WILLIAMS: No; what additional revenue will that bring in?

The Hon. P. CAICA: In total? I do not have those exact figures here in front of me. I undertake to find out that information and provide it to you.

Mr WILLIAMS: So none of your officers there have that information at hand?

The Hon. P. CAICA: I do not have it in front of me, so what I am suggesting is that I get that to you. What I do know is that the increase in costs this year, of course, are compensated, for want of a better word, by a significant one-off rebate that is going to 600,000 families and water users across the state to alleviate the impact of the cost of prices this particular year.

Mr WILLIAMS: I can hardly agree with you, minister, that a \$125 million windfall offsets a \$45 million rebate. There is \$80 million in somebody's pocket.

The Hon. P. CAICA: We have certainly been very transparent over a significant period of time, in that what was required was water security for this state. The significant component of the costs involved with that was to be recouped through the prices that were set by SA Water, and we have been transparent with that.

With regard to the specific question you have asked, as to what does the 25 per cent increase relate to in relation to the revenue for SA Water, increased operating revenue of \$94 million comprises the increase in water and wastewater revenue of \$175 million due to water price increases of 25 per cent and wastewater increases of 3.3 per cent, including inflation, approved as part of the 2012-13 pricing process; increases in consumption assumptions from 185 gigalitres to 190 gigalitres; and growth in customer numbers.

These price increases will raise the necessary revenue to fund SA Water's ongoing capital and operating commitments I mentioned earlier. If there is other further information you require, just let me know and I will get it for you.

Mr WILLIAMS: Thank you minister. Can I just confirm that \$175 million was the increase in revenue from the water price increases and the wastewater price increases?

The Hon. P. CAICA: Yes.

Mr WILLIAMS: I refer to Budget Paper 3, page 93. The table at the top of the page contains financial transactions between SA Water and the general government sector, including income tax equivalents, dividends on the positive side for the general government sector, and

grants and subsidies and community service obligations, which are negative to the general government sector—basically payments to SA Water.

The final row in the table is labelled 'net contribution to government' and shows a positive shift in the net contribution to government between the 2011-12 estimated result and the 2012-13 budget of some \$212 million, that is, \$212 million positive flow from SA Water to the general government sector. This is in addition to the \$125 million increase in dividend and income tax equivalents that flowed in the 2011-12 year we have just talked about in the previous question.

In view of a shift or additional benefit to the general government sector, the adding of those two figures is \$337 million over the 2011-12 and 2012-13 years, how do you justify the 25 per cent increase in water prices as of 1 July, particularly as this is on top of a 40 per cent increase last year and cumulative increases of some 249 per cent during the life of this government? Is the minister aware that the Victorian government recently announced that it would cancel its water price increases, which were due to take effect as of 1 July, because they learned that there were similar savings as a result of delays to the construction of their desalination plant?

The Hon. P. CAICA: Thank you for that very detailed question—I hope I answer it in an equally detailed way. The figures to which you refer, the grant subsidies, the CSOs and the reduction of those, are primarily due to the federal grants provided to the desalination plant, so almost in its entirety that figure has dropped out because of the significant money provided previously through the commonwealth grants program of \$234 million. That has come out of that line. That might help you.

I am familiar (but not as familiar as I might be as it occurred whilst I was away) with the Melbourne desalination plants with respect to price increases. In South Australia, we set water prices annually—and that is no different from what has occurred for a long time. SA Water's better than expected results in 2011-12 have already been taken into account when setting the 2012-13 prices. SA Water's improved results in Budget Paper 3, page 63, are due to a number of factors, only one of which is the Adelaide desalination project. Savings are also attributed to lower finance charges to SA Water and deferral of expenditure for purchases of temporary water allocations during the drought.

The savings made in 2011-12, relating to the Adelaide desalination project, are predominantly for lower electricity and material costs. However, the majority of this money will now be spent during 2012-13, which reflects the revised timing of the projects schedule. SA Water prices have been set taking into account the actual delivery schedule of the Adelaide Desalination Plant.

It is important to highlight that there are significant differences in how the Adelaide and Melbourne desalination plants are funded. The Adelaide plant has been built as a design, build, operate and maintain contract, which is where the project is financed by the state government and SA Water. SA Water incurs expenses in paying the contractor throughout the construction of the plant. Melbourne is using a public-private partnership method, where the private sector finances the plant and it is then owned by a third party.

We understand that under the PPP model costs are not recovered until the infrastructure is available for use. Prices for SA Water are currently set on an annual basis and the state government has set a smooth pricing path to cover our desalination plant. This began with a transparent process in 2008. Returns to the government since the announcement of the ADP have been at historical lows. Indeed, I think they are lower than in the last several years of when you were last in government, if we make those comparisons.

In 2011-12, returns to the government from SA Water have resumed to normal levels. When I say 'normal levels' I mean similar to those levels that the Liberal government had in its last few years. The dividends we get from SA Water are largely given back to South Australia through such things as community service obligations, which ensures that country South Australians are paying the same for their water as people in Adelaide, as well as concessions to fixed and low-income households.

The increased dividend we would have received specifically in relation to the timing of the Adelaide Desalination Plant—and that gets to the heart of your question—has been largely equalled out into the \$45 million we allocated to a water security rebate in 2012-13, in recognition of substantial price increases experienced by consumers. I have not got to the bottom of what happened in Victoria, but certainly the difference is because of the way water prices are set in each state and the way in which each state's desalination plant has been funded. I might stand corrected on this if Peter Walsh ever reads this, but I understand that their prices were set three years ago

and, of course, there has been a significant delay in aspects of it. They are remedying that situation just as we have through, amongst other things, the rebate as well.

Mr WILLIAMS: You stated in the earlier part of your answer then that part of the turnaround in the net contribution to government was due to a grant from the commonwealth. Page 93 of the budget papers suggests that the net contribution to government by SA Water has gone from negative \$62 million to positive \$149.9 million—in round figures, a \$212 million turnaround. If you turn back to page 89 of Budget Paper 3, in regard to the changes to the net operating balance in 2011-12, it states:

...mainly due to a deterioration in SA Water's estimated net operating balance, associated with an increase in operating expenses, depreciation and borrowing costs, as well as a significant reduction in the amount of Commonwealth Government grants received by SA Water...

What it is saying is that we received most of the commonwealth grants in 2010-11 and 2011-12—I think it was \$100 million in 2010-11 and that most of the \$228 million came in 2011-12—so there will be very little coming in in the 2012-13 financial year, yet it is the 2012-13 year where we see an incredible turnaround in the net contribution to government of some \$212 million.

The Hon. P. CAICA: I will do the best I can to help the member for MacKillop. The \$234.5 million that was provided by the commonwealth in 2011-12 blew all the figures out of the room. They come through Treasury and it is deducted off the figure; hence we get a minus \$62 million there. That contribution by the commonwealth government for the 2012-13 budget is at \$48.2 million, and that is the very reason that that figure is now at \$149.9 million.

When it comes through the Treasury process via the government, it is a deduction and that takes it down to that figure of minus \$62 million. The significant impact that you are referring to in the figures is because it is getting back to the level without that significant contribution, with the commonwealth government contribution only being \$48.2 million for the forthcoming financial year. It is treated as a subsidy in the context of the way by which Treasury works things out. Does that help, Mitch?

Mr WILLIAMS: No.

The Hon. P. CAICA: I suggest you go on to another question and we will organise a briefing for you after this, because I too have some difficulties with some of these processes.

Mr WILLIAMS: Surely the commonwealth money comes in and you pay it out.

The Hon. P. CAICA: It comes via Treasury.

Mr WILLIAMS: Yes, and it should not make any difference to the net contribution to government. It comes in from one side and goes out the other. It comes into one hand and out the other.

The Hon. P. CAICA: We have had this discussion in the chamber before when you have asked similar questions and it is the way Treasury display their figures. It is the way they treat these figures for accounting purposes. I think we have had some heated discussions across the chamber about Treasury accounting practices and processes.

Mr WHETSTONE: The agreement between South Australia and the commonwealth on the funding of the desal plant announced on 3 August 2011—to quote Senator Don Farrell—ensures a six gegalitre entitlement from the River Murray every year. Did the state government purchase the six gegalitres of water?

The Hon. P. CAICA: We have purchased two gegalitres of that water to date. That water has been purchased. We still have a requirement to purchase another four gegalitres of water and that will be this state's ongoing commitment to returning water to the River Murray through the use of the desalination plant. It will be \$6 million recurring, and I know you are familiar with that.

With some other processes during our water allocation processes that we have in place, that will, depending on the circumstances of the day, have some water returned with a total of—I stand to be corrected here—about 120 gegalitres as a rolling amount to be returned over a period of time, and that would be from our internal allocations.

Mr WHETSTONE: With what will eventually be a six gegalitre purchase, the agreement also provides, I believe, between 12 and 24 gegalitres of environmental allocation in favourable years?

The Hon. P. CAICA: Yes, that is right.

Mr WHETSTONE: Where will this water come from?

The Hon. P. CAICA: It will come from within our existing allocation that we have for the environment within what is the state's allocation. Favourable years means when that water is more available than other times. I think that document you have in front of you—because I do not have it in front of me—talks about a total of 120 gigalitres over 10 years, does it?

Mr WHETSTONE: No, that is not the document I have.

The Hon. P. CAICA: Okay, but a quantity of water over a period of time with a sliding scale depending on its availability. We think it is quite a good arrangement that we will be able to meet, otherwise we would not have entered into the deal. Negotiations with the commonwealth were somewhat tedious, but we finally got to an arrangement. It also related to, I guess, different views that might have been expressed from time to time about what reducing our reliance on the River Murray meant and how we were able to, in turn, improve environmental outcomes through the construction of the desalination plant.

Part of what was agreed was to purchase six gigalitres of water and then to work out through allocation processes, in favourable years—and that is favourable to South Australia more than anything else—how we will be able to continue, as we have, to assist the environment.

Mr WHETSTONE: If I can just get it clear, there is \$228 million from the commonwealth for the desal plant?

The Hon. P. CAICA: Yes.

Mr WHETSTONE: And \$212 million clawed back via the horizontal fiscal equalisation GST payments?

The Hon. P. CAICA: Yes.

Mr WHETSTONE: Plus six gigalitres of water—does that actually leave any commonwealth money in the desal plant?

The Hon. P. CAICA: It is interesting, because the commonwealth money was a component that was provided for the 50 gigalitre plant, then increased as a result—the figure that you used there was correct with respect to the decision to go from 50 gigalitres to 100 gigalitres. This is one of the difficulties, of course, associated with the grants scheme as it relates to GST, from a South Australian perspective, because they will give it to you for that reason and then it will come off your GST dividends or grants.

That was one of the problems that we had with the on-farm irrigation, as you recall, mostly in your electorate, and that is why we went in pretty hard with the commonwealth to say, 'This is ridiculous. This is for on-farm irrigation efficiencies being co-ordinated by our natural resources management board to the benefit of not only our local communities, but the commonwealth itself,' so it would not have to coordinate it.

There was argument at that stage about: 'All right, we are going to give you'—I think the figure was \$11 million or \$12 million—'\$12 million. We're going to take that off your GST grants.' I said, 'No, you're not, because it is actually a clearing house for that.' One of the difficulties, of course, is that it is commonwealth money. It is just money from the GST grants that were allocated that in turn came off the total GST grants available to South Australia.

The South Australian government made it a priority that, with that funding, we needed to ensure that we got water security for South Australia. That decision was made and the desalination plant was increased in size. The desalination plant will be completed on time and on budget, and a component of that is the impact that that contribution has on our GST grants.

I have checked with other states with respect to their particular GST grants, and it is a matter of the government prioritising, when the commonwealth wants to have commonwealth money, how that might impact on what is being planned for other projects that might be used for GST revenue.

The total federal funding budgeted to be received in 2011-12 is \$164 million. The total federal funding forecast for 2011-12 is \$227 million. This is \$63 million higher than budgeted, primarily attributable to the payments—as I mentioned earlier—to the desalination plant originally scheduled to be received in 2010-11 but now forecast to be received in 2011-12.

In essence, a significant amount of money will be forecast with respect to federal funding of \$227 million. When you break it down, the desalination project: 50 gigalitres at \$40 million

estimated for 2011-12; 182.4 for the estimated result for the 100 gegalitres; the Adelaide stormwater scheme, \$6.09 million of commonwealth grant money; and the Barker Inlet Stormwater Reuse Scheme, \$3.9 million. Those stormwater schemes are, of course, subject to a payment by the state government as well.

The CHAIR: Any last question?

Mr WILLIAMS: Just very quickly, with regard to that agreement with the commonwealth, I think somewhere between 12 and 24 gegalitres of water would be put back to the environment as a result of that agreement in favourable years. Will that volume of water be reduced from our requirement under the sustainable diversion limit and, if that is the case, if that is offset against our SDLs, what will happen in unfavourable years? Does that mean that our quota for allocation will be reduced by that amount and that in fact it will be our irrigators who will be going short in unfavourable years?

The Hon. P. CAICA: Irrigators will not be going short at any period of time. It will come out of what our allocations are in the main, but out of the overall bucket of allocation to the state.

Mr WILLIAMS: Which, in unfavourable years, is about—

The Hon. P. CAICA: That is why the saying goes: 'Make hay while the sun shines'. We will use favourable years in such a way that we are able to deliver it so that it will have the least impact. However, no discussions have occurred to date with my friends within the irrigation industry—and Tim can confirm that they are my friends in the main—about any impact that this agreement will have. Tim has asked the question both in parliament and publicly, I think, about what impact this will have on irrigators, and the answer is: none.

The CHAIR: There being no further questions for the minister, I declare the examination of the proposed payments for the Department for Water and administered items for the Department for Water concluded. I thank the minister, his advisers and members of the committee.

Mr ODENWALDER: I move:

That the draft report be the report of the committee.

Motion carried.

At 14:49 the committee concluded.