

## **HOUSE OF ASSEMBLY**

**Monday, 21 July 2014**

### **ESTIMATES COMMITTEE B**

**Chair:**

Mr L.K. Odenwalder

**Members:**

Hon. S.W. Key

Mr J.P. Gee

Ms K. Hildyard

Mr A.S. Pederick

Mr D. Speirs

Mr T.J. Whetstone

*The committee met at 10:30*

*Estimates Vote*

**DEPARTMENT OF ENVIRONMENT, WATER AND NATURAL RESOURCES, \$117,130,000**

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF ENVIRONMENT, WATER AND  
NATURAL RESOURCES, \$18,913,000**

**Minister:**

Hon. I.K. Hunter, 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, Water and Natural Resources.

Ms M. Griffiths, Chief Financial Officer, Department of Environment, Water and Natural Resources.

Mr T. Goodes, Group Executive Director, Strategy and Advice, Department of Environment, Water and Natural Resources.

Mr B. Bruce, Group Executive Director, Customer and Corporate Services, Department of Environment, Water and Natural Resources.

Mr A. Geytenbeek, Management Accountant, Department of Environment, Water and Natural Resources.

Dr J. Virtue, Manager, NRM Bio Security, Department of Primary Industries and Regions SA.

Mr T. Mooney, Chief of Staff.

**The CHAIR:** This is a relatively informal meeting, as most of us already know. I understand a timetable has been agreed to. For questions on notice, the answers need to be supplied by Friday 27 September. There is a flexible approach and usually it is about three questions on each side. Supplementaries are the exception rather than the rule, but again we will be pretty informal and flexible about that, depending on the mood, I guess. I declare the proposed payments opened for

examination and I refer members to the Agency Statements, Volume 2. I now call on the Minister for Sustainability, Environment and Conservation to make a statement, if he wishes.

**The Hon. I.K. HUNTER:** I am very pleased, as Minister for Sustainability, Environment and Conservation, to work with such committed staff as we have in the Department of Environment, Water and Natural Resources. Staff within the department oversee the protection of our environment and the sustainable use of our natural resources essential to the prosperity of our state into the future. There is no denying that the South Australian government faces a very tough fiscal environment. This is made all the harder by the cold and ideological cuts made in the commonwealth budget of recent times, which for South Australia equates to \$898 million over four years cut from our ability to provide services.

As a Labor government, we seek to protect the most vulnerable in our community. When making tough budget decisions we will prioritise the preservation of our world-class health care and education systems. As a result, the savings required in other parts of government, including my Department of Environment, Water and Natural Resources, are significant. The department's savings task was first identified in December 2012 and, like all state government agencies, the department must find efficiencies to deliver on budget savings targets. For DEWNR, savings amount to approximately \$60.8 million in the 2014-15 financial year.

To meet the challenge of reshaping the department to achieve these savings, a strategic review of the department's entire business was undertaken. This review identified six major areas that would be targeted to achieve savings, primarily through consolidation of the department's central office and policy, legislative, corporate, science and monitoring functions.

In line with the department's regional delivery model, some functions, staff and funding will be delivered through the NRM regions, in partnership with the regional NRM boards. This delivery model will bring a number of the department's services closer to the communities that they support. The department is currently in the process of engaging with its partners and key stakeholders on these savings and their associated impacts. Once this engagement process has been completed, DEWNR will begin implementation of its savings for the financial year.

Despite the task ahead of us, the department continues to play a vital role in ensuring that we maintain South Australia's healthy and productive natural environment. The government is committed to this important work, and that is why during the election campaign we committed to over \$30 million in new spending on the environment over forward estimates, which has been honoured in the most recent budget.

Policies introduced by successive Labor governments have made this state a leader in action on climate change, water resource planning and the protection of our marine environment, and we are committed to maintaining this leadership, not only facing up to the challenges but making the most of the opportunities that leadership provides. There is no doubt the climate is changing—the evidence is overwhelming. The recent intergovernmental panel on climate change reports confirm the need for action.

We are the first state to introduce specific climate legislation, and we are a leader in renewable energy. South Australia's Strategic Plan sets a target of 33 per cent renewable electricity by 2020. However, it is possible we will reach this target in the coming year. This government will continue to tackle climate change and we will continue to be a national innovative leader in this space, and we will do this whilst moving South Australia towards low carbon and continuing to grow our economy.

This government has reaffirmed its commitment to marine parks. Not only do our marine parks protect key areas of marine biodiversity for future generations, they offer significant opportunity for regional economies. To manage and implement our marine parks network, in 2013-14 the government allocated approximately \$2 million a year. The government recognises the importance of the marine parks program, so we have committed an additional \$1 million per year to enhance the implementation of marine park management plans. This additional funding effectively will:

- double the funding for marine parks monitoring to \$750,000 per year;
- double the funding for habitat surveys in mapping and sanctuary zones;

- increase funding for engaging volunteers from \$50,000 to \$120,000; increase funding for socio-economic monitoring, establishing research partnerships and for collecting and processing data; and
- increase funding for education materials for remote monitoring results; and, increase funding for targeted compliance activities at key monitoring sites.

In addition, the government has committed a further \$3.25 million over the next three financial years to encourage community use of marine parks and to support recreational fishing in and around our marine parks. This will ensure that the recreational and tourism potential of our marine parks network is realised. We are also committed to making the most of our terrestrial parks, and have committed to a number of investments including:

- an additional \$8.9 million over four years for a scenic lookout at Onkaparinga Gorge and expanded walking trails in the Onkaparinga National Park, as well as \$1.5 million over four years to upgrading the existing trail network and opening new cycling trails in the Mount Lofty Ranges;
- \$2 million over four years to establish Nature Play SA, an independent association dedicated to making outdoor play in nature an everyday part of childhood once again;
- \$350,000 per annum for two years towards the operation and maintenance of the \$10.4 million First Creek wetlands project at the Adelaide Botanic Gardens; and
- \$1.7 million to create an international bird sanctuary along the Gulf St Vincent coastline north of Adelaide.

The department is also contributing to our international tourism brand, through its support for gifting eight koalas to Ocean Park in Hong Kong, announced in April 2011. The first two koalas are due to arrive in Hong Kong in August 2014 and the project will build long-term collaboration between Cleland Wildlife Park and Ocean Park in the future. The relationship also allows us to promote the state to the approximately seven million tourists who visit Ocean Park each year—an invaluable marketing opportunity.

The work of the department is incredibly diverse, and includes responsibility for enforcement of our animal welfare legislation. This government, along with the South Australian public, places a high value on animal welfare, and allegations of mistreatment of animals are taken very seriously. This is why we have increased the funding for the Royal Society for the Prevention of Cruelty to Animals (RSPCA) from \$600,000 to \$1 million per annum for the next three financial years.

The government will also introduce mechanisms to ensure that all cats and dogs sold through the commercial pet trade will be microchipped before being sold. A 12-month education campaign will accompany these changes to ensure that pet shops, breeders and prospective owners understand the changes.

In addition, the government has committed \$200,000 to fund a business case to establish a single, publicly accessible database for all microchipped animals, to include details of an animal's breeder, pet trader and owner. Weed and pest animal control is an important aspect of natural resources management. DEWNR partners with Biosecurity SA, a division of the Department of Primary Industries and Regions, to support the eight NRM boards to manage weeds and pest animals.

Some of the most significant recent achievements include: the revision or development of new policies for over 145 weeds, including the review of declared plants under the Natural Resources Management Act; the establishment of the South Australian wild dog advisory group that has developed a draft five-year plan to examine how we can improve the management of wild dogs in our state; innovative satellite technology used to significantly reduce camel congregations in the Simpson Desert, the Nullarbor, Maralinga Tjarutja Lands; a partnership between Biosecurity SA and the University of Adelaide on rabbit biological control, making South Australia a national leader in the fight against rabbits.

I would like to take this opportunity to commend the department's commitment to ensuring that the state's natural resources are sustainable and support South Australia's health, wellbeing and our economy for many generations to come. I now invite questions from the committee.

**The CHAIR:** Does the member for Chaffey have an opening statement, or would you like to go straight into questions for the minister?

**Mr WHETSTONE:** Straight to questions.

**The CHAIR:** I should have added in my preamble that the questions do need to relate to a particular budget line. I will be strict about that. Just state it before you ask your question.

**Mr WHETSTONE:** My first question refers to Budget Paper 4, Volume 2, page 153, Sub-program 1.1: Natural Resources, Parks and People. How many park rangers were employed by the department as of 1 July 2014, and how many of these are in the graduate program?

**The Hon. I.K. HUNTER:** I am advised the department currently employs 88 rangers—that is good. I am advised also that the department has increased the number of staff other than rangers involved in the management of our parks and reserves. In addition to this, of course, there are many dedicated volunteers and committee members who assist with the management of these important areas.

The department continues to run a graduate ranger program, which has been in place since 2006. I am told that four new graduate rangers were recruited to the program in March 2013. Three new graduate rangers will be recruited to the program in July 2014. These new rangers will be a valuable addition to our existing workforce, of course.

**Mr WHETSTONE:** Are there any plans to change the number of those graduates in the current financial year?

**The Hon. I.K. HUNTER:** I think you can take it as a matter of record that my answer is what we plan to do in the current financial year.

**Mr WHETSTONE:** Are there any plans to change the number of park managers in the current financial year then?

**The Hon. I.K. HUNTER:** Again, I think you can take my answer as a record of what we plan to do in the current financial year.

**Mr WHETSTONE:** So is that a yes, or is that a no?

**The Hon. I.K. HUNTER:** It is exactly as I stated.

**Mr WHETSTONE:** Are you going to reduce, or do you have any plans to reduce, any numbers of either rangers or graduates in the current financial year?

**The Hon. I.K. HUNTER:** My advice is that there will be no reduction in the number of graduate rangers at all. We are still working through our departmental plans in terms of our budget and so I cannot give you any unequivocal answer in terms of what the number of rangers will be at the end of the financial year, but as I said, we currently have 88.

**Mr WHETSTONE:** Recreational fishing commitments. Budget Paper 6, page 56, identifies \$750,000 per annum for three years for 2014 for recreational fishing grants. Can you advise why this is being provided in DEWNR's budget rather than PIRSA's budget?

**The Hon. I.K. HUNTER:** Can you repeat the line you are referring to and the page? Was it page 56?

**Mr WHETSTONE:** Budget Paper 6, page 56.

**The Hon. I.K. HUNTER:** The simple answer I suppose is that I am the minister responsible for marine parks, but we will be working with Regions SA and, of course, fisheries to make sure that we get the best available response to our investment.

**Mr WHETSTONE:** Why is it not a higher environmental priority to fund seagrass restoration rather than the recreational fishing facilities?

**The Hon. I.K. HUNTER:** There is currently ongoing work into seagrass, of course, and the honourable member would be aware of some of those projects. I am sure he is an avid reader of question time in the Legislative Council and I have spoken on these issues previously. It is a matter of priority setting and the government can do two things at once. We pride ourselves on being able to walk and chew gum at the same time. We will work on seagrass as well as we will work on recreational fishing.

**Mr WHETSTONE:** How much funding is being provided to RecFish SA?

**The Hon. I.K. HUNTER:** My advice is that in 2014-15 there will be no funding provided to RecFish SA.

**Mr WHETSTONE:** Minister, are you aware that funds provided to RecFish SA for fishing research were instead used by that organisation—

**The Hon. I.K. HUNTER:** Are we still on the same line?

**Mr WHETSTONE:** —to fund the executive officer's superannuation?

**The Hon. I.K. HUNTER:** Mr Whetstone, are we still on the same line?

**Mr WHETSTONE:** Yes, we are.

**The Hon. I.K. HUNTER:** Could you repeat the question for us?

**Mr WHETSTONE:** Are you aware, minister, that funds provided to RecFish SA for fishing research were instead used by the organisation to fund the executive officer's superannuation?

**The Hon. I.K. HUNTER:** I am not aware but if you have such information you may care to offer it to me.

**Mr WHETSTONE:** Budget Paper 6, page 55, details of the establishment of an artificial reef. Why is the \$600,000 being provided through DEWNR rather than PIRSA's budget; and how much does the government expect the reef to cost in total?

**The Hon. I.K. HUNTER:** The government understands that many South Australians enjoy fishing and that some fishers are looking for more opportunities to fish. To help provide these opportunities, the government is committed to establishing an artificial reef to provide a new location for improved fishing opportunities. An additional \$600,000 has been allocated in 2014-15 to establish this reef. Artificial reefs are being used around Australia and overseas to provide new habitats for fish and also new opportunities for fishers.

Department of Environment, Water and Natural Resources and Primary Industries and Regions SA will work closely with RecFish SA to determine the best location for construction of this reef. Once the reef is established, monitoring will be undertaken to ensure that the impacts of a new reef and surrounding habitats and species are understood and remedial action can be taken if needed. Increasing infrastructure to support recreational fishing in and around marine parks is expected to boost tourism and increase visitor numbers to our regional communities. We also encourage families to participate in healthy outdoor activities in and around our beautiful marine parks. In response to the question as to why is it coming through DEWNR, it is simply because DEWNR has responsibility for parks—terrestrial and marine.

**Mr WHETSTONE:** Have you done any scoping at all to identify a possible site?

**The Hon. I.K. HUNTER:** If the honourable member was listening to my last answer, he will understand that that work is now ongoing and we will be consulting on that.

**Mr WHETSTONE:** The question was: have you done any scoping?

**The Hon. I.K. HUNTER:** The honourable member will recall that I have just given the answer, that we will work with local communities about that.

**Mr WHETSTONE:** Marine parks additional funding, Budget Paper 6, pages 51 and 54, Enhanced Monitoring Programs for Marine Parks—\$1 million per annum is being provided for expanded monitoring, education and compliance. Minister, can you advise what the budget for compliance is?

**The Hon. I.K. HUNTER:** The marine parks program is one of the most significant conservation projects ever undertaken in South Australia. The program has been a high profile government initiative since the blueprint for a South Australian system of marine parks was released in 2004. Since July 2007, the government has invested approximately \$26 million in development and implementation of a statewide network of 19 marine parks and 19 associated management plans with zoning. This funding has facilitated a statewide approach to planning and project management, community engagement and communications, mapping, spatial analysis, field research and, of course, legislation and policy development.

In November 2012, the management plans and supporting zoning regulations of South Australia's 19 marine parks were finalised. This was a result of many years' work and significant collaboration by community members, key stakeholders and government. The management plans set out the management priorities for each marine park. The government has developed a three-year implementation plan that identifies activities and investment in marine parks to support achievements of the management priorities identified in those management plans.

In 2013-14, the government allocated approximately \$2 million per year for the management and implementation of South Australia's marine parks network. The government recognises the importance of the marine parks program, so we have committed an additional \$1 million per year over the next four financial years to enhance the implementation of the marine parks management plans. This additional funding will:

- effectively double the funding for marine parks monitoring to \$750,000 per year;
- double the funding for habitat surveys and mapping in sanctuary zones;
- increase funding for engaging volunteers from \$50,000 to \$120,000;
- increase funding for socioeconomic monitoring, establishing research partnerships and for collecting and processing of data;
- increase funding for educational materials to promote monitoring results; and
- increase funding for targeted compliance activities at key monitoring sites.

In addition, the government has committed a further \$3.25 million over the next three financial years to encourage community use of marine parks and support recreational fishing in and around our marine parks. This funding is to be used:

- to provide regional support grants to community groups;
- for local councils to improve infrastructure in our marine parks for items such as toilets, camping areas and fish stations;
- to work with RecFish SA to establish an artificial reef; and
- to open access and provide minor infrastructure for recreational fishing in off-line reservoirs.

The government is committed to the implementation of marine parks as an investment in our future. This additional funding confirms our commitment and provides a signal to the wider community about the value this government places on the conservation and sustainable use of our marine parks.

This is in stark contrast, of course, to the opposition's position, which is determined to follow the lead of the federal Liberal government to ignore science and rip up our marine park network. The government is committed to our marine parks network so, obviously, will oppose any moves by the opposition to reduce our marine parks network. It is ironic, I suppose, that, in campaigning to weaken environmental protection legislation in South Australia, the Liberals, given they were first to propose marine parks networks, are now trying to rip them apart.

**Mr WHETSTONE:** Are you writing Liberal Party policy now, minister?

**The Hon. I.K. HUNTER:** I would do a better job than your current policy writers, probably.

**The CHAIR:** Do you have another question, member for Chaffey?

**Mr WHETSTONE:** With regard to compliance, how many officers does this equate to across the state, in total, and for what proportion of compliance does the government believe it will rely on local stewardship?

**The Hon. I.K. HUNTER:** The absolute breakdown has not yet, of course, been determined but there will be a mix of stewardship in terms of community ownership. Government compliance officers will seek to also leverage other compliance efforts of DEWNR through other policy processes.

**Mr SPEIRS:** My question comes from Budget Paper 4, Volume 2, page 151. How many DEWNR staff currently work in media roles?

**The Hon. I.K. HUNTER:** My advice is two.

**Mr SPEIRS:** Can you also advise whether this number includes media advisors in your office?

**The Hon. I.K. HUNTER:** That would be no.

**Mr WHETSTONE:** Minister, regarding the NRM grants program and the loss of volunteer effort in friends groups, Budget Paper 6, page 58 shows cuts to NRM of \$1 million per annum—\$4 million over four years. The decision to axe the NRM small grants program has been criticised across the country and across the community, including the Conservation Council, Landcare, Indigenous groups, LAP groups and Friends of Parks. Is the government aware which volunteer groups will cease operating as a result and what contingencies will be put in place to pick up the volunteer effort?

**The Hon. I.K. HUNTER:** I am advised that the line the member has referred to is not the community grants program: it is administered items. You might care to have a look at that question and come back to us with it.

**Mr WHETSTONE:** Budget Paper 6, page 58.

**The Hon. I.K. HUNTER:** Yes—that does not apply, I am advised, to community grants programs.

**Mr WHETSTONE:** We will come back to that. On Budget Paper 4, Volume 2, page 166, Activity indicators, it is noted that there has been a significant downward trend in Friends of Parks membership in 2012-13 and that DEWNR is addressing the decline. How are you addressing the decline?

**The Hon. I.K. HUNTER:** We have a dedicated group inside DEWNR, of course, who work with community partnerships. We meet with Friends of Parks quite regularly. The last time I met with Friends of Parks, which of course David Mitchell chairs, we discussed this very issue of the ageing demographic, how Friends of Parks volunteers are ageing, and that there seems to be a lesser recruitment of younger people into these volunteer organisations.

We talked about utilising different strategies in terms of how we advertise Friends of Parks days in attracting volunteers. We talked about using new technologies such as social media and other aspects of actually mobilising younger people to be involved. DEWNR is going to continue to work with Friends of Parks to try to help them change the way they work with local communities to try to change the demographic basis of their groups.

**Mr WHETSTONE:** Minister, you say that you are going to try to change. When will you try?

**The Hon. I.K. HUNTER:** We have been trying continuously. We work hand in hand with these volunteer groups: they are the ones who are advising to us. It is not just Friends of Parks. It applies to volunteer organisations across the spectrum. When I was minister for volunteers, this was an issue that was faced right across the volunteering sector. The ageing demographic of volunteers is being noticed right across volunteering. It is an issue that everybody is struggling with.

Our dedicated strategy partnership group in DEWNR will be working with our immediate friends of parks groups, but it is not something that is unique just to Friends of Parks. It is something that all volunteering organisations have been struggling with for some time. I am advised, however,

that there are several initiatives taking place to improve the level of participation of environmental volunteering on parks.

The Department of Environment, Water and Natural Resources has assisted the Friends of Parks Incorporated Board to develop a new business plan to improve and increase the Friends of Parks program into the future. I am advised that the plan is due to be finalised in the near future and will be implemented over the next three years.

The business plan includes marketing and recruitment components, as well as strategies to streamline the model of Friends of Parks to meet the needs of contemporary volunteers. The Friends of Parks model began in the early 1980s and has been the department's largest and longest running volunteer program, with more than 120 groups and several thousand active volunteers. It is expected approximately 7,000 volunteer days will be spent on land management activities in parks this financial year.

The Campground Host revitalisation project began in 2011 with the objective to redesign and expand a statewide volunteer campground host program. The project aimed to enhance park visitor experiences at key parks across the state and enable volunteer hosts to support regional staff in a range of tasks associated with managing park campgrounds. In 2013-14 the program is operating at full capacity, having achieved its objectives through a team of skilled volunteers trained and supported as representatives of the department to provide information and assistance to visitors and staff in our national parks.

During the revitalisation project the number of active volunteer hosts, I am told, has increased sixfold. Placements have doubled and the number of volunteer days have tripled, so this seems to be a plan, a project or business plan that seems to be working to attract new volunteers to our services. In the coming year new opportunities will be investigated for expanding the Campground Host program to a greater number of parks.

The Friends of Parks regionalisation project explores the integration of parks-based volunteers with other natural resource management volunteers outside of parks to improve the environmental outcomes across the landscape at a regional level. The project also seeks to streamline volunteer effort into priority areas where the highest environmental benefit can be gained.

I am also advised the department is implementing a new work, health and safety Volunteer Management Framework. This framework includes a new activity register which will provide a more accurate record of actual volunteer participation, including time and hours undertaken by volunteers. The implementation of a DEWNR wide grants database and a new statewide volunteer database will also be completed, and so through helping volunteer groups in these ways we are hoping to address the needs of a new demographic to come forward.

**Mr WHETSTONE:** Back to the NRM grants program, Budget Paper 6, page 54, the NRM \$1 million per annum cuts, so it is \$4 million over four years. Is the government aware of which volunteer groups will cease operating as a result and what contingencies will you put in place to pick up the volunteers' effort?

**The Hon. I.K. HUNTER:** My advice is the honourable member has got incorrect budget references. The line he is referring to on page 58 refers to grants to NRM boards, not to grants programs.

**Mr WHETSTONE:** I said 54?

**The Hon. I.K. HUNTER:** You said 54. Would the honourable member like to point to the table on 54 that he is referring to? Page 54 lists Connecting the southern suburbs with nature, Efficiency dividend and Enhanced monitoring programs for marine parks. The honourable member may have been referring to page 58.

**The CHAIR:** I was about to suggest 58 perhaps.

**Mr WHETSTONE:** I beg your pardon?

**The CHAIR:** Page 58.

**Mr WHETSTONE:** No, I said 54 three or four times now.



**The Hon. I.K. HUNTER:** You did.

**The CHAIR:** Alright, we will let you put it out.

**The Hon. I.K. HUNTER:** Are you referring to the efficiency dividend?

**Mr WHETSTONE:** Correct.

**The Hon. I.K. HUNTER:** The efficiency dividend is what is cast across all of government agencies. There is no impact on the 2014 budget as you will see on page 54.

**Mr WHETSTONE:** Cuts to NatureLinks and landscape program, Budget Paper 6. Pages 51 and 54 list additional efficiency dividends on top of the severe cuts arising from 2012—additional efficiency dividend of 1 per cent (\$2 million) from 2015-16, rising to 2 per cent (\$4.2 million) from 2017-18. This makes the cuts to the department and its predecessors significant over this period since 2009-2010.

Last year you refused to outline what the exact cuts to NatureLinks were, but the Liberal Party understands that the regional ecologist positions have been axed, which has been confirmed on radio by Associate Professor David Paton. How can DEWNR monitor these species, such as the mallee emu-wrens who were affected by the recent Billiat fires, malleefowl or any other native flora and fauna on the endangered list, without those positions?

**The Hon. I.K. HUNTER:** The honourable member is referring again to the efficiency dividend on page 54. I do not know how he is drawing the link between the efficiency dividend and line expenditure in other areas of the department; he may care to try to explain that to me. If he wants to refer to line programs then he should refer to the proper line program in the budget. This is an efficiency dividend imposed on this department and every other department across government.

**Mr WHETSTONE:** It is a pretty simple question, minister.

**The Hon. I.K. HUNTER:** I am struggling to see the connection with the budget papers.

**Mr WHETSTONE:** How are you going to monitor mallee emu wrens—

**The Hon. I.K. HUNTER:** Can you refer to a budget line?

**Mr WHETSTONE:** — affected by the recent Billiat fires, malleefowl and native flora and fauna—

**The Hon. I.K. HUNTER:** Mr Chair—

**The CHAIR:** Member for Chaffey, can you refer to a specific line? You need to assist the minister here.

**Mr WHETSTONE:** Budget Paper 6, pages 51 and 54 list additional efficiency dividends.

**The CHAIR:** Does the minister seek further clarification?

**The Hon. I.K. HUNTER:** Without the member having any specific line that he can refer to, in terms of the budget program, all I can say is that the efficiency dividend is applied to us in 2015. There was no efficiency dividend listed on page 54 for this current financial year 2014-15. We will, of course, work through our department in 2015 to apply the efficiency dividend, as every other department has to.

**Mr WHETSTONE:** Chair, if I have to refer to budget papers, lines, etc., does that also apply to the minister for announcing Liberal Party policy?

**The CHAIR:** No, it does not.

**Mr WHETSTONE:** Good.

**The Hon. I.K. HUNTER:** Thankfully Liberal Party policy does not appear in Labor cuts—

**Mr WHETSTONE:** Cuts to DEWNR's FTEs included native vegetation. Same reference as question 4 about Budget Paper 6, pages 51 and 54 list additional efficiency dividends on top of the severe cuts arising from the 2012 budget papers, an additional efficiency dividend of 1 per cent, or \$2 million, from 2015-16 rising to 2 per cent, which is \$4.2 million, from 2017-18. Minister, on radio

you said that just over 100 jobs will go from voluntary separation packages. Which sections of your department are you targeting?

**The Hon. I.K. HUNTER:** The member keeps referring to page 54 without having the ability, under that heading, to list any particular programs. To assist the committee I will give a more substantial answer, which might go to the heart of what he is trying to get out. The Department of Environment, Water and Natural Resources is required to achieve a savings target of \$60.8 million in 2014-15. The savings target comprises a reduction of \$40.6 million in operating expenditure, \$6 million in the annual investing program, and \$14.2 million in revenue.

The \$40.6 million savings in operating expenditure includes a reduction in the state's contribution to the Murray-Darling Basin Authority of \$14.3 million and a decrease in expenditure from the Save the River Murray Fund of \$5 million. To achieve the full departmental expenditure cut of \$40.6 million in 2014-15 a further \$23.1 million in expenditure reduction is required.

Savings measures to achieve this target have been categorised into six high-level themes: reduction in consolidation of policy-related programs; rationalisation of natural and built asset functions and services; rationalisation of protected area and hazard functions; reduction of centralised support services; reduction in grants and incentives; and the development of a new corporate partnership model. In addition to the operating expenditure reduction, the Department of Environment, Water and Natural Resources is also required to reduce the annual investing program by \$6 million and raise additional revenue of \$14.2 million, bringing the total impact to \$60.8 million, as I said earlier.

The revenue will be largely achieved through the recovery of water planning and management costs. DEWNR has identified several central policy functions which will be consolidated, including water and climate change, and conservation and sustainability policy programs. An emphasis will be placed on achieving delivery of the basin plan requirements, urban water, and state and national water policy.

In our climate change effort we will focus on the implementation of our award-winning adaptation framework, the administration of the Climate Change and Greenhouse Gas Emissions Reduction Act—the first act of its kind—and supporting the Premier's Climate Change Council in putting on climate change targets and leading whole-of-government policy.

In terms of conservation, the sustainability policy, DEWNR will focus on policy, strategy and advice for key legislative responsibilities. Rationalising in native vegetation and heritage and Botanic Gardens services will save \$1.8 million. Responsibility for some native vegetation management functions will be moved to the department's natural resources regional offices.

This shift to regional natural resource centres recognises the value of local decision-making and it will allow a greater regional involvement and ownership of decisions on a wide range of matters regarding native vegetation in South Australia. It will enable our community-led natural resources management boards to make whole-of-landscape decisions about sustainable native vegetation management, which will have benefits to both local landholders and their broader communities. This change in service delivery will result in a reduction of up to nine positions, providing centrally-based native vegetation functions.

DEWNR is currently working with its partners on this business change. In terms of heritage, DEWNR will continue to service the heritage council, provide me with advice, administer the State Heritage Register and respond to complex and sensitive heritage nominations and development referrals of state heritage places. The State Heritage Fund will no longer administer grants for heritage projects.

The Botanic Gardens, which has been quarantined from savings in the last two financial years, will contribute to the savings tasks through a reduction of two staff. Rationalising protected areas and hazard zone functions will save about \$3 million. DEWNR will no longer increase resources for its fire program. Current levels of protection will be maintained. DEWNR conducts a fire management program as part of its commitment to public safety. Funding has increased in recent years to increase this effort and expand the prescribed burning program. DEWNR will undertake larger burns to mitigate the risk of bushfires, concentrating efforts on South Australia's highest risk bushfire areas and icon sites, such as Kangaroo Island and the Southern Flinders Ranges.

This approach will generate efficiencies while maintaining a significant investment in the fire management program. Murray-Darling Basin inflows since the ending of the drought in 2010, and the stabilising of pool levels in the River Murray since, have restored River Murray water levels to within normal of the operating range, with no new instances of riverbank collapse reported in this time. The risk posed by riverbank collapse has reduced. As a result, DEWNR will propose a downgrading of the hazard from a state hazard to a regional hazard. This will reduce the current levels of required resourcing and reporting to the State Emergency Management Committee.

The riverbank collapse steering committee and other stakeholders will be consulted on the proposed changes to the hazard zone. DEWNR will reprioritise investment in park maintenance, identifying priority parks. This approach will minimise the impact on the public by ensuring those sites which experience high visitation will continue to receive the required investment. DEWNR employs park rangers to deliver priority programs in areas with the greatest need. We will make sure our rangers are focusing their work on our highest profile parks which attract the greatest number of visitors, while reducing the focus in low-priority parks.

The amalgamation into DEWNR of local natural resource management staff has increased the number of people involved in caring for our parks. Reducing centralised support will save \$3.6 million. The department will reduce its head office support services and work with NRM boards to identify savings. DEWNR will refocus science and monitoring and knowledge services to reduce central capacity and service levels. In addition, head office support will be reduced and DEWNR will ask the majority of water licence holders to conduct a once-a-year reading of their meters. In some areas, such as high demand areas, the Mount Lofty Ranges and the River Murray, quarterly reads will be required and the department, of course, will continue to read meters where compliance needs to be assured.

Reducing grants and incentives will save \$5 million. A reduction in some community grants and incentives is required to meet DEWNR savings targets. This includes the NRM Community Grants, which are provided to Friends of Parks groups and volunteer groups to undertake small projects such as watercourse and coastline restoration, sustainable land management, weed control, native plant revegetation, habitat protection for native animals, monitoring programs and training and awareness-raising initiatives. Other support to the NRM regions and boards will also be reduced to achieve the savings.

The government has announced a series of new animal protection measures, including more funds for the RSPCA, requiring animals sold through the commercial pet trade to be microchipped before that sale. We are preparing a business case, as I outlined earlier, which will target puppy farms and individuals who put profits before the welfare of animals they breed for sale. As part of these changes I plan to redirect funding to the RSPCA to focus on broader initiatives on ensuring funds are retained in the animal welfare portfolio generally.

We will establish a new corporate partnership across DEWNR, including the eight natural resource regions, to avoid duplication and achieve efficiencies by working more closely together, and of course savings will be indexed (those 2013-14 savings). This measure simply requires all units within the department to index savings measures in 2014-15 which were required of them in the 2013-14 financial year. So that, Mr Chair, goes across a number of budget lines, trying to get some answers out of the efficiency dividend, which I think is doomed to failure. Instead of doing that, I have proposed and have just given you a broader approach to our savings targets.

**Mr WHETSTONE:** Thank you, minister. Budget Paper 4, Volume 2, pages 154 and 155 refer to native vegetation. Minister, you have stated that the native vegetation unit will be reduced from 23.5 FTEs to 14.6. Can you, the minister, provide a list of positions that will be cut and are reports to the native vegetation unit of illegal clearances just being filled, as has been stated on 26 June?

**The Hon. I.K. HUNTER:** Could the member repeat the key questions that he just asked me in terms of the officers and the second question? So, nine FTEs—

**Mr WHETSTONE:** Can the minister provide a list of positions which are being cut from the native vegetation unit and are reports to the native vegetation unit of illegal clearances just being filled, as was stated on 26 June?

**The Hon. I.K. HUNTER:** Just being? Are reports?

**Mr WHETSTONE:** The illegal clearance unit, are those positions just being filled?

**The Hon. I.K. HUNTER:** Do you mean filed?

**Mr WHETSTONE:** Filled.

**The Hon. I.K. HUNTER:** Just being filled. I do not understand that question.

**Mr WHETSTONE:** Can the minister provide a list of positions which are being cut?

**The Hon. I.K. HUNTER:** Yes, I have that one.

**Mr WHETSTONE:** Are reports to the native vegetation unit of illegal clearances just being filed? I beg your pardon.

**The Hon. I.K. HUNTER:** Filed I think is the right word, yes. My advice to the second question is that certainly is not the case. I do not have a list of positions available to me, so I cannot answer that question.

**Mr WHETSTONE:** If you could take that on notice, please?

**The Hon. I.K. HUNTER:** I am not sure if I can give you that information. We will check.

**The CHAIR:** The member for Hammond has a question.

**Mr PEDERICK:** Thank you, Chair. Minister, with regard to your previous answer into the cuts to DEWNR full-time equivalents and in relation to Budget Paper 6, pages 51 and 54, you mentioned the prescribed burning program. How will these staff cuts affect managing prescribed burns, seeing as DEWNR has a history of prescribed burns getting well out of control?

**The Hon. I.K. HUNTER:** I reject the premise—

**Mr PEDERICK:** It is a fact, sir.

**The Hon. I.K. HUNTER:** No, it is not a fact.

**Mr PEDERICK:** Messent burnt three-quarters, 26 per cent was going to be burnt.

**The CHAIR:** Would you like to hear an answer, member for Hammond?

**Mr PEDERICK:** Well, it is a fact.

**The CHAIR:** Would you like to hear an answer?

**The Hon. I.K. HUNTER:** It is not a fact.

**Mr PEDERICK:** I am seeking an answer.

**The Hon. I.K. HUNTER:** This is a perennial that is brought up, usually by the member for Bragg in the other place. DEWNR sets aspirational targets for prescribed burning. Those targets into the future have to take into account at the time the climatic conditions on the days that we are going to be burning. We cannot project into next autumn and next spring what the burning conditions will be. We have an aspirational target but if there is too much moisture, if it has been raining, we actually cannot do the burns when we were planning to and we have to try to move those burns to another part of the state where the conditions are suitable for burning.

So, whilst we set ourselves aspirational targets of where we would like to be burning, we have to meet the climatic conditions that prevail on the day that we try to do the burning. That is just common sense. So, for members of the Liberal opposition to say, 'You haven't met your targets,' well yes, but the reasons for that is that the climate is not conducive to burning on those days. What is it that they are proposing, that we should burn in dangerous conditions? Because that is the logical conclusion of what they are saying: 'You haven't met your targets. You should be burning more.' We burn when it is safe to do so.

**Mr PEDERICK:** I would like the minister to outline what supposedly prescribed burns they have achieved in the last 12 months?

**The Hon. I.K. HUNTER:** The Department of Environment, Water and Natural Resources is responsible for fire management activities that limit the spread and impact of bushfires on public lands under my care and control. DEWNR is also playing an increasingly vital role in supporting the South Australian Country Fire Service in response to bushfire emergencies across the state.

This government has a strong record of increasing funding for fire management. Since the Premier's Bushfire Summit in 2003, the state government has provided substantial additional funding to increase DEWNR's fire management capabilities. In 2003-04 funding was increased by \$2.5 million, and in 2010-11 an additional \$1.146 million was provided for fire management on public lands. Following the final report of the Victorian bushfires royal commission and the state government bushfire task force analysis, following recommendations from this report the government committed an additional \$21.9 million in funding over four years from 2011-12.

These staged increases have enabled DEWNR to deliver an increased annual program of prescribed burning in high-risk areas to reduce the impact of bushfires on the community and the environment. DEWNR's fire management budget totalled \$10.057 million in 2013-14, compared with approximately \$330,000—just \$330,000—in 2002-03. I will repeat that: our budget totalled \$10.057 million in 2013-14 compared with \$330,000 in 2002-03. This funding has enabled the department to recruit and train staff in specialist fire management skills and to purchase and develop an equipment resource that includes the use of aircraft for undertaking an increased program of prescribed burning and fuel reduction in high risk areas.

DEWNR's funding of fire management in 2014-15 will continue at 2013-14 levels, with an increase in the \$10 million in accordance with CPI. I am advised that this funding now employs 95 staff, with dedicated fire management responsibilities, and includes 52 seasonal firefighters who are employed for nine months of the year to supplement existing departmental staff in undertaking prescribed burning and bushfire response activities. DEWNR forms the largest brigade of the Country Fire Service, the brigade numbers totalling 522 members, who can be called on at any time to attend bushfire incidents or prescribed burns. I am advised that, of these, 358 are trained and accredited firefighters. The remainder provide operational support.

The budget also funds the department's fleet of 90 firefighting appliances, comprising 56 quick response vehicles with 400 litre capacity, 22 large trucks with 1,000 to 3,500 litre capacity and 12 bulk water carriers. I am advised that as part of an interagency agreement DEWNR performs fire-management activities on SA Water-managed lands. Under this arrangement, SA Water provides DEWNR with an annual budget of approximately \$1 million to employ an additional 23 seasonal firefighters, which takes the combined total seasonal firefighter numbers employed annually to 75.

SA Water also provides a further four large 3,000-litre and two small 1,500-litre appliances under the joint agency arrangements. In addition to prescribed burns, fire management plans have been developed and adopted for over 150 fire-prone reserves managed by DEWNR's across the state. These plans inform the government's strategy for delivering risk-based fire mitigation strategies across public lands.

**Mr PEDERICK:** I will have another go, minister. I asked about the percentage of land that was not planned to be burnt with prescribed burns. I will perhaps frame it around a particular prescribed burn in relation to the most recent burn in the Gawler Ranges. How much land was not planned to be burnt in that prescribed burn-off that was burnt?

**The Hon. I.K. HUNTER:** The member was referring to burn off in 2009—is that correct?

**Mr PEDERICK:** If that is the most recent one, that would be it.

**The Hon. I.K. HUNTER:** How does a member get that from the 2014-15 budget papers?

**Mr PEDERICK:** I am just working off an answer you gave in the committee about prescribed burning. I am trying to get some answers about the impact reduced staff will have on the over achieving of DEWNR in prescribed burn management.

**The Hon. I.K. HUNTER:** I am just curious as to how the honourable member can refer to an event in 2009 to inquire into a budget line for the current financial year. You might want to rephrase your question to make it relevant to the current budget paper.

**The CHAIR:** I agree with the minister.

**Mr PEDERICK:** Alright, I will rephrase the question. Considering the issue with DEWNR having had prescribed burns that got out of control in past years, how will the budget cuts to full-time equivalent staff affect prescribed burns into future? You acknowledge there was a prescribed burn in 2009 in the Gawler Ranges: how will the department manage these prescribed burns and keep them within their boundaries into the future, when there have obviously been problems in the past with the current staff levels?

**The Hon. I.K. HUNTER:** One of the first things to reiterate—which I have done, I think, two or three times in the last few minutes—is that there is no reduction to fire effort. Fuel reduction burns are done and managed within prescribed guidelines. If the guidelines are not met for safety purposes, we do not do the fuel reduction burns. That is just common sense. Whilst you set prescribed targets for the coming year, you have to burn when climatic conditions say it is safe to do so. There have not been problems such as the member for Hammond has outlined, in terms of fires escaping in the past, at any great level.

**Mr PEDERICK:** Messent—three-quarters of the park burnt and you were going to burn a quarter of it!

**The Hon. I.K. HUNTER:** There just have not been. Escapes are so incredibly rare. They are managed by the professional staff, and they are usually controlled within park boundaries. They are usually controlled within park boundaries.

**Mr PEDERICK:** But that is not the point. You were going to burn 25 per cent, or something like that, of Messent, and you managed to burn three-quarters of it.

**The Hon. I.K. HUNTER:** The member knows full well—full well—that fuel reduction burning has obviously some risk associated with it—always. There is always a risk of escapes. We plan for that. In almost all cases, the escapes are kept within secondary or fallback lines. This is just a fact. The fuel reduction burns have a significant impact on the spread and control of bushfires; otherwise we would not do them. We have good science around this, and this is how we plan our guidelines. For the honourable member to come in here and assert that there is a problem with escapes from prescribed burning on public land, is just wrong—just wrong.

**Mr PEDERICK:** The point I am making is that there is a problem with how much public land you are going to burn, and you overachieve on that public land. Anyway, I will leave it at that.

**The CHAIR:** Do you have a further question, member for Hammond?

**The Hon. I.K. HUNTER:** Mr Chairman, can I just reflect that that is high praise indeed, because usually we are criticised by the Liberal opposition for underachieving on our prescribed burns.

**Mr PEDERICK:** You are burning more park than you set out to burn.

**The Hon. I.K. HUNTER:** I thank the member for Hammond for recognising that DEWNR is overachieving. That is what we try to do—over-deliver for the public.

**Mr WHETSTONE:** Crown land sales and possible sale of heritage properties. Budget Paper 6, pages 51 and 58 flag crown land sales at \$1.5 million per annum for 2015-16 to 2017-18 equated to \$4.5 million over three years. Can you provide details of what crown land will be sold? Is the government considering selling any heritage-listed properties in the light of your chief executive's comments that he thinks that many of our heritage sites should be in private ownership?

**The Hon. I.K. HUNTER:** Excellent question; I thank the member. The 2013-14 budget provided for the Department of Environment, Water and Natural Resources to achieve crown land sales of \$10.680 million. This is comprised of \$7.680 million relating to the AAMI stadium revocation of open space proclamation, \$1.698 million that is related to the Hanson Bay purchase on Kangaroo

Island, \$1.1 million to sell land at Tunkalilla Beach and \$0.202 million relating to operational expenditure approved to help generate sales of surplus crown land.

I am advised that between July 2013 and June 2014 the gross proceeds realised from crown land disposed of by the Department of Environment, Water and Natural Resources under Premier and Cabinet circular 114 were \$9.335 million. Under circular 114, net proceeds from the sale of crown land are to be returned to Treasury. The net proceeds for the period between July 2013 and June 2014 were \$9.199 million. I understand that the difference of \$0.136 million between the gross proceeds and the net proceeds relates to the operating costs associated with selling crown land.

The shortfall in achieved land sales (\$1.345 million) primarily relates to a delay in the sale of land at Tunkalilla Beach and will be carried over into 2014-15. The 2014-15 budget provides for the department to achieve crown land sales of \$2.444 million made up of \$1.498 million relating to the 2013-14 Mid-Year Budget Review, \$0.744 million for the sale of land at Thorndon Park, and \$0.202 million for operating costs as approved to assist in the sale of surplus crown land.

The 2015-16 budget provides for the department to achieve crown land sales of \$3.4 million made up of \$1.698 million relating to the 2013-14 Mid-Year Budget Review, \$1.5 million relating to the 2014-15 state budget, and \$0.202 million for operating costs approved to assist in the sale of surplus crown land.

The 2016-17 budget provides for the department to achieve crown land sales of \$4.602 million made up of \$2.9 million relating to the 2013-14 Mid-Year Budget Review, \$1.5 million relating to the 2014-15 state budget, and \$0.202 million for operating costs approved to assist in the sale of surplus crown land.

The 2017-18 budget provides for the department to achieve crown land sales of \$1.702 million made up of \$1.5 million relating to the 2014-15 state budget, and \$0.202 million for operating costs approved to assist in the sale of surplus crown land. I am advised that any approved carryovers of crown land sales from 2013-14 will also need to be achieved in 2014-15.

State heritage listing, of course, does not prevent an owner of a property, whether it is in public or private ownership, from selling that property at any time. Any development proposal for a State Heritage Place would be the subject of a development application to the relevant planning authority. Those applications must also be referred to me in my capacity as minister responsible for the Heritage Places Act for advice as to any impact on heritage values.

For State Heritage Places, 'development' as defined by the Development Act 1993, includes land division, change of use, and any building works—which include repairs or underpinning, excavation or fill, construction and relocation, demolition, removal, conversion, alterations, additions and painting or any other work that could materially affect the heritage value of a state heritage place. I would of course very closely review any such application should it come before me.

Can I say that the sale of certain parts of our heritage does not necessarily devalue that heritage. If we look at the example of Bangalore Homestead, a fruit block and homestead located in Renmark, I am advised that the property was established in the 1890s and covers an area of about 12 hectares. In 1985 it was included in the South Australian Heritage Register as one of South Australia's best surviving examples of a diverse, historically significant, fruit production property. I understand that the open channel system is one of only three that remain in Renmark and the house represents an unusual design and construction techniques. The property was purchased by the Morant family in the 1890s and developed by them.

The government purchased the property in 1991 and, at the time, a number of heritage-listed properties were being purchased to help preserve their heritage significance. After the purchase, Ms Beryl Morant, the daughter of Arthur Morant, was granted a life tenancy of that property. From 1991 until her death in 2007, the state appointed a series of managers and lessees to continue the operation of the property. The property has remained vacant since 2007 and the Department of Environment, Water and Natural Resources has been unable to secure a tenant or a lessee.

I note the member for Chaffey has spoken to me about this property and has encouraged me to sell it and to find a willing buyer for it, so he cannot come in here on one hand and criticise the

government for selling heritage properties and yet speak to me about the good value that would be provided in selling off part of that property itself.

**Mr WHETSTONE:** Minister, for clarification, I am not criticising you for selling the Morant property; I was criticising you for locking the gate and walking away on that property. It has been sold, so I congratulate you. Budget Paper 4, Volume 2, page 164, Financial commentary. One item is increased income relating to seasonal fire crews. Does DEWNR consult with local volunteers (as an example, Friends of Parks) on issues such as rare species which might be vulnerable to fire?

**The Hon. I.K. HUNTER:** My advice is all of our pre-fire planning involves evaluation, particularly of threatened species. We consult with people who would have expertise to give us that advice in different circumstances. It could be, at different times, the brigade; it could be members of the local community or, indeed, friends groups; and it could be university experts or academics of another sort. We seek information. We may have it in-house in relation to some threatened species, but our pre-fire planning involves evaluation of threatened species as standard.

**Mr WHETSTONE:** What follow-up procedures take place after a fire to control pest weeds, and does DEWNR manage potential weeds which might spring up post-bushfires?

**The Hon. I.K. HUNTER:** My advice is we have specialist fire planning officers in each region who coordinate post-fire reviews both of controlled burning and also of wildfires. My advice is also that in natural areas there is not a problem, generally speaking, with weeds unless, of course, they border privately held freehold land. Indeed, when I went up to Mount Lofty after a fire in recent times, the fire control people I was talking to say opportunities arise for us to rehabilitate land because a lot of the invasive weed species (such as blackberry, for example) are burnt out and it gives the department an opportunity to improve the land. Natural land normally will bounce back quite well unless, as I said, it borders freehold land which does not have such weed control on it.

**Mr WHETSTONE:** What was the cost in 2013-14 to train DEWNR staff to be accredited firefighters?

**The Hon. I.K. HUNTER:** My advice is that, essentially, we use the training services provided by the CFS, or at least their guidelines. Every firefighter in DEWNR (we have about 350 of them, as I said earlier) has to be accredited every year. That would normally involve a series of accreditation processes but it could include, for example—I expect it would—probably at least a day's training to refresh them. The cost associated with that training, which is accredited by CFS, would be the cost that the member is after. I would have to take that on notice and bring back that training cost.

**Mr SPEIRS:** I refer to Budget Paper 4, Volume 2, page 180, the grants and subsidies section in the financials on that page. We see a reduction from \$41.8 million to \$31.6 million from the 2013-14 financial year to the current financial year. Is that the section of the budget where the NRM small grants are funded from?

**The Hon. I.K. HUNTER:** My advice for the member is that, no, it is not that line. That line primarily relates to the reduction in the Murray-Darling Basin Authority grants of about \$14.3 million and some others, not the NRM grants, which I have already outlined.

**Mr SPEIRS:** Minister, I really do think that the fact that it took you two minutes to even answer that question does show the shambolic nature of this process. As a new member of this parliament, I find it very difficult to sit here and dig into these budget papers when your own department took two minutes to do that. We have spent far too much time during this estimates committee digging into—

**The ACTING CHAIR (Hon. S.W. Key):** Member for Bright, please stop your rave.

**Mr SPEIRS:** My rant, yes, fair enough.

**The ACTING CHAIR (Hon. S.W. Key):** Do you have a further question?

**Mr SPEIRS:** I would like to find out exactly where it is.

**The ACTING CHAIR (Hon. S.W. Key):** Minister, can we have a response to the question with regard to the grants?



**The Hon. I.K. HUNTER:** We can. Thank you, Madam Acting Chair, and I find it flabbergasting that the member for Bright can ask a question and then not want to have it accurately answered, but if that is the way forward he wants to proceed, I can give him some further advice. I do want to actually take this opportunity to recognise the contribution that volunteers make to the environment and sustainable agriculture across our state. There is, as I said earlier, no denying that the Department of Environment, Water and Natural Resources has been required to find significant savings from within its budget.

These first savings were first identified, of course, in December 2012 before the member joined this place, but like all state government agencies, the department must find efficiencies to deliver on its budget savings targets. To meet the challenge of reshaping the department and to achieve these savings, we have conducted a strategic review of the department's entire business case. This review identified six major areas which I outlined earlier, which will be targeted, mainly, of course, through the consolidation of central office functions and policy, legislative, corporate, science and monitoring functions.

Within this process, there was a decision to rationalise the grant incentives programs, including the NRM community grant program. These changes are designed to improve the department's efficiency where possible and deliver more of our services and advice in local regions closer to where people live, in partnership with the community through NRM boards. Every decision that has been made has been carefully considered and the size and scope of savings meant that all areas of the department have been impacted.

Collaboration and partnerships will continue to be a very important focus for the delivery of on-ground change for the environment. While the \$1.5 million NRM community grants program has been discontinued, the department has endeavoured to ensure that funding for on-the-ground service delivery has our priority. The department will continue to support a significant volunteer program which covers an extensive range of environmental protection and natural resource management activities involving several thousand volunteers across the state every year.

**Mr WHETSTONE:** Minister, in Budget Paper 6, pages 51 and 56 outline an executive staffing freeze of \$2.23 million over four years, with no executive positions to be filled except in special circumstances. Can you detail what contributes to 'special circumstances'?

**The Hon. I.K. HUNTER:** Going forward the department does not intend to be adding to our executive service, so the only special circumstances that will apply to us that I can foresee at the moment at least is the replacement of existing executives, so if one of my advisers gets a better offer elsewhere and decides to move on then I would seek to replace Tim, but my understanding is that Tim is not going anywhere.

I can further advise that as of July 2014 there are 29 executives employed by DEWNR, 28 of these executives are on SAES contracts. In 2013-14 no new executive positions were created. In 2013-14 eight executive positions were abolished.

**Mr WHETSTONE:** In Budget Paper 6, pages 51 and 57 outline a reduction in budget by \$700,000 per annum for consultants, travel and advertising. What is the total budget for consultants, travel and advertising?

**The Hon. I.K. HUNTER:** My advice on consultants is that there is no set budget for consultants. We employ consultants on an as needs basis and it will come out of administered lines and projects already committed. In terms of a spend on advertising, I am just getting my officers to check that for you now. Whilst I am getting that advice on the advertising I can supply some additional information on contractors and consultants. A contractor generally performs tasks that are supervised by an employee of the department. A contractor or temporary agency staff performs routine tasks generally. These tasks generally would not differ materially from those of employees. The engagement of temporary agency staff is undertaken in accordance with the government's preferred supply contracts for clerical, IT and financial services staff.

In accordance with government policy the department also pursues the availability of suitable surplus staff prior to engaging temporary agency staff. A consultant is an individual or organisation who is engaged by DEWNR for a limited period to carry out a defined task—provide DEWNR with

expert specialist or management advice that is not readily or usually available within the public sector. This includes developing specialised plans, strategies and recommendations for the agency to consider. DEWNR is required under the accounting policy framework to separately disclose consultant expenditure by way of a note in the financial statements. Do we have a result on advertising spend? No, my advice is we will need to take that on notice and bring back an answer for you.

**Mr PEDERICK:** My question to the minister is in relation to Sub-program 2.1, under Regional service delivery and in particular park management and Budget Paper 4, Volume 2, page 166, dot point 2. Iron Road, as part of their Central Eyre Iron Project, has a proposed infrastructure corridor traversing some 145 kilometres of agricultural land. If the corridor is able to pass through the Hambidge Wilderness Protection Area it is estimated that there would be a considerable saving on distance and therefore cost, but it would also not disrupt a dozen or so farming businesses. Can the government concede that giving access to the Wilderness Protection Area would have significant economic benefits and assist in the management of the park through improved access?

**The Hon. I.K. HUNTER:** I thank the member for Hammond for his intriguing question. I guess it comes down to how you balance your priorities in terms of economic development versus wilderness protection areas. In any case, if there were to be a proposal to come forward of such a nature as he outlined there would have to be some assessment, an environmental process that we would go through, to assess the business case and to weigh the value of the protected area against the purported economic impact. That is standard procedure. That is what we do on a day-to-day basis, and should such a thing come forward that is what we would do.

**Mr SPEIRS:** My question refers to Budget Paper 4, Volume 2, page 151, Ministerial office resources. Minister, can you advise how many ministerial staff you have working in your office at the moment?

**The Hon. I.K. HUNTER:** I am advised that I have five staff who fall under that category, including my personal assistant.

**Mr SPEIRS:** Can you advise how many departmental liaison staff are based in your office?

**The Hon. I.K. HUNTER:** My advice is five, across my agencies.

**Mr SPEIRS:** Can you advise when these will be gazetted? Normally, the convention is that that would be in the first week of July, but that has not occurred yet. Do you have plans to do this any time soon?

**The Hon. I.K. HUNTER:** My advice is that that is coordinated through the Department of the Premier and Cabinet as a whole-of-government exercise.

**Mr WHETSTONE:** Budget Paper 4, Volume 2, page 155, and the International Bird Sanctuary. Minister, can you provide information on the process that will be undertaken to establish this sanctuary?

**The Hon. I.K. HUNTER:** I thank the honourable member for this very important question, and I apologise to members on my left for them losing that question; I know all of them are fighting to ask a similar question. The Adelaide International Bird Sanctuary is a significant commitment of this government to secure and enhance environmental values along the coast of Gulf St Vincent. The sanctuary will protect vital habitat for internationally significant migratory shore birds that visit us from Northern Asia and Alaska each summer, travelling along a major migratory route called the East Asian-Australasian Flyway.

The opportunity to create this sanctuary arose as a consequence of the impending closure of the Dry Creek salt field. This site produced salt from the 1930s up until 2013, when Penrice ceased production of soda ash at Osborne when salt was no longer needed. As I said, during its operational life the salt field developed into an internationally significant habitat for migratory shore birds and has provided feeding and roosting areas, all without significant disturbance, thanks to the site security measures implemented by the operator at the time. Now that the salt field is closing and is being rehabilitated in accordance with the Mining Act 1971, there is real environmental, social and, we believe, economic benefit to be gained from the development of the Adelaide International Bird

Sanctuary. It will safeguard migratory bird habitat, it will improve the health of the gulf, and it will support sustainable urban development.

The Dry Creek salt field supports at least 23 species that are subject to Australia's bilateral migratory bird agreements with China, Japan and the Republic of Korea. It supports a seasonal average of 25,000 waterbirds, I am advised, comprising 15,000 shore birds. In total, 52 different species have been recorded, 29 of which are protected under the commonwealth Environment Protection and Biodiversity Conservation Act. The area supports 17 species that are listed as rare and two species that are listed as vulnerable under the South Australian National Parks and Wildlife Act.

The government has committed \$1.67 million over the next four years to establish and manage the Adelaide International Bird Sanctuary. In addition, the government has recently purchased 2,300 hectares of high conservation value land for \$2 million from Ridley Corporation between the Light River and Parham for inclusion in the sanctuary.

Funding for the land purchase was provided from the department's investing annual program. In the first four years we will protect the Adelaide hub of the East Asian-Australasian Flyaway by establishing the bird sanctuary along a 60-kilometre stretch of the Gulf St Vincent coastline from the Barker Inlet in the south to Parham in the north. The first step towards achieving this is to proclaim coastal crown land adjacent to the salt field as a conservation park. We will also enhance water quality in the Gulf St Vincent by providing local councils and SA Water with the opportunity to manage and treat stormwater and Bolivar waste water before it is discharged to the gulf. A number of former salt ponds are expected to be available for these purposes.

We will also create a more liveable and sustainable city by developing a network of natural green spaces on the fringes of the Northern Adelaide Plains that will allow stormwater recycling, absorb carbon dioxide and enhance the amenity and the attractiveness of this region.

**Mr WHETSTONE:** Budget Paper 4, Volume 2, page 155 states:

- Introduce a Local Government...Amendment Bill to establish Building Upgrade Finance in South Australia to improve the energy and water efficiency of existing commercial buildings.

Can the minister explain when you expect to introduce that legislation?

**The Hon. I.K. HUNTER:** I thank the member for his very important question about building upgrade finance. The South Australian government is working towards establishing this mechanism for our state. Building upgrade finance is a voluntary mechanism which assists building owners to access commercial loans to improve the energy, water and environmental efficiency of existing commercial buildings. Under this mechanism loans are tied to a property rather than the property owner, with loan repayments being collected via a local government charge that is levied on the property. Loan repayments are then passed on to the financier by the local council. I am told that similar schemes have been established in New South Wales and in the city of Melbourne.

Following the receipt of advice from the Premier's Climate Change Council in 2012, the South Australian government commenced investigating the potential for the implementation of a building upgrade finance scheme in partnership with the Adelaide City Council and the Local Government Association. This led to the development of a business model and business case, with cabinet approval in October 2013 to develop and enable draft legislation for consultation with stakeholders.

On 30 January this year, the draft Local Government (Building Upgrade Agreements) Amendment Bill 2014 was released for a 10-week public consultation period, which closed on 11 April. Feedback from the property, finance and local government sectors was received. The feedback will inform the finalised draft bill, which is expected to be introduced in parliament before the end of this year.

**Mr WHETSTONE:** Minister, who will be the central administrator?

**The Hon. I.K. HUNTER:** This is a system, I am advised, that the council will be operating. It will be done in partnership, of course, with the government as well as with private financiers.

**The CHAIR:** The member for Bright.

**Mr SPEIRS:** I would like to read in the omnibus questions now.

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2013-14 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 2013-14, please provide the number of public servants broken down into heads and FTEs 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. In the financial year 2013-14, for all departments and agencies reporting to the minister, what underspending on projects and programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2014-15?

4. Between 30 June 2013 and 30 June 2014, 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?

5. For each year of the forward estimates, provide the name and budget of all grant programs administered by all departments and agencies reporting to the minister and, for 2013-14, 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 15.

6. For each department or agency reporting to the minister, what is the budget for targeted voluntary separation packages for the financial years 2014-15, 2015-16, 2016-17 and 2017-18?

7. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2014, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

**The CHAIR:** Thank you. Unless the minister would like to answer all of those now?

**The Hon. I.K. HUNTER:** I am tempted to, sir, but I do not want to take up your time, I know there is other business. I thank the member for his very detailed questions and I will take them on notice.

**The CHAIR:** Thank you. We will move on to the Environment Protection Authority.

#### **Membership:**

Mr Marshall substituted for Mr Speirs.

#### **Departmental Advisers:**

Mr T. Circelli, Chief Executive, Environment Protection Authority.

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

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

Mr A. Wood, Executive Director, Operations, Environment Protection Authority.

Mr K. Baldry, Operations Director, Mining, Radiation and Regulatory Support, Environment Protection Authority.

Ms R. Agate, Acting Director, Strategy and Business, Environment Protection Authority.

Mr G. Palmer, Manager, Radiation Protection, Environment Protection Authority.

Mr T. Mooney, Chief of Staff.

Mr S. Webster, Ministerial Adviser.

**The CHAIR:** We are moving on to the Agency Statements relating to the Environment Protection Authority. The same rules as ever apply. The general rule of thumb is three questions on each side. Supplementaries are the exception rather than the rule, but again we will keep it informal and flexible. Your questions must relate to a specific budget line and be directed at the minister, not at his advisers. I understand the minister may have an opening statement?

**The Hon. I.K. HUNTER:** The EPA is South Australia's leading environmental regulator. It is responsible for ensuring the protection of our land, our water and air, and protecting the community from noise and radiation. The EPA board set a strategic vision for the organisation through the 2012-15 strategic plan, which includes long-term environmental goals and priorities, including refining the board's governance role to meet current needs. In September 2013, the EPA released the sixth State of the Environment Report. The report's one key recommendation was the development of a coordinated environmental information strategy for the state. The government has accepted the recommendation and is currently working on a state of the environment reporting improvement program.

In this financial year, the EPA also prepared and published its inaugural annual compliance plan for the 2013-14 financial year that sets measurable targets that will be reported in the following year's compliance plan. The EPA's Waterloo Wind Farm Noise Study Report was released in November 2013 and concluded that there is no evidence linking the noise from the Waterloo wind farm to adverse impacts on residents. The EPA has also expanded its air monitoring network, with two new sites commissioned in 2013-14—Le Fevre Peninsula and Victoria Square—bringing the total number of stations to 15. The EPA also completed its four-year program to implement third-party certification for the testing of X-ray machines.

The 2013-14 financial year also saw a change of leadership at the EPA. Professor Campbell Gemmell, the outgoing chief executive, who commenced in the role in January 2012, had left us. In his relatively short time at the organisation, he transformed the EPA into a more effective regulator, with the right balance of strategic versus operational detail and vision. I wish Professor Gemmell well in his future and look forward to working with his successor, the EPA's new chief executive, Mr Tony Circelli, who was previously deputy chief executive and has been a member of the EPA's executive team for over a decade.

Robust and consistent environmental regulation is crucial to business certainty and sustainable economic development, and I take this opportunity to thank the EPA board and its staff for their important contributions. I understand there is likely to be some important discussion and debate regarding site contamination at Clovelly Park and Mitchell Park. Importantly I want to say from the outset that the government's priority is always, has always been and always will be the health and safety of South Australians. We aim to provide affected residents with information in a way which is easily understandable.

Clearly in this case, we have not been able to achieve that goal. Both the Premier and I have apologised to the residents of Clovelly Park and Mitchell Park and we know that we must do better. That is why we have asked residents to work with us—to come into the EPA—see all the information available to government and tell us the best way to communicate that information to them. I will take a moment to set out some of the facts to do with this site.

The contaminant detected at the affected residential area is trichloroethene (TCE), a colourless liquid chemical that is widely used in industrial applications, particularly for metal cleaning and degreasing, and is known to have been used in the Clovelly Park area. The TCE at the levels seen here do not indicate an immediate health risk to residents, and that is the advice we have had consistently. However, in line with international standards it is prudent to investigate concentration levels above two micrograms per cubic metre to mitigate or rule out any risk of long-term exposure.

The risk posed to residents is from chronic exposure to this chemical. There are no acute health risks posed to residents from TCE. Again, this the consistent advice we have from health.

These issues are a matter of public record and have been actively regulated by the EPA since October 2008, when site contamination was first identified. Residents have been consistently informed all the way along the process of the steps that have been taken concerning contaminated groundwater, and that has been occurring over a number of years.

Tests have occurred and as relevant information has become known it has been provided to those residents. On 16 May 2014, consultants engaged by Monroe provided the government with the draft vapour intrusion risk assessment report (VIRA), which indicated levels of TCE which were higher than previously measured. In accordance with best practice, the report was submitted to an independent accredited auditor engaged by the EPA. In addition, the report was reviewed by the EPA and SA Health. On 6 June 2014, a meeting was held between executives of SA Health, the EPA, Housing SA and Renewal SA to discuss the VIRA report. In response to the assessment of the draft report, an interagency task force was established, including representatives from the EPA, SA Health and Housing SA, to coordinate the government's response.

On 25 June 2014, during the meeting of the State Emergency Management Committee, it was decided that the situation was not an emergency and that a task force comprising of relevant agencies would be established outside of the framework to coordinate and case manage the government's response. It was this forum in which it was proposed to government that as a precautionary measure residents of 31 properties should be relocated over a period of six months while further investigation work was carried out.

That task force has since been leading a coordinated effort to support residents with the information they need to make decisions. Throughout this process the government has taken advice from all its responsible agencies about the appropriate and necessary steps required in the interests of public health and safety. As I have said, it is clear that the government has not done enough to inform residents about the contamination situation at Clovelly Park and testing at Mitchell Park. I acknowledge that the community needs to receive all the facts to allow them to be secure in the knowledge that their health and wellbeing is being protected, and that is why we are trying a new strategy of communication now.

Yesterday I attended a public meeting organised by one of the residents in the Clovelly Park area. The meeting was very well attended and, while there was some robust discussion and some quite emotional questions, I was pleased that some residents took up the invitation to help us co-design a new engagement paradigm with the EPA. The next steps are for the EPA to determine the extent of the groundwater and soil vapour contamination. More investigation is required in areas further south into Clovelly Park and west into Mitchell Park. This work is intended to determine the full area of the TCE contamination, in terms of both groundwater and soil vapour. In the meantime, we are advising residents not to use bore water and to let the EPA know if they do have a bore on their property. We will make sure people have access to the facts.

We have committed to holding public meetings and face-to-face meetings to ensure people are informed every step of the way through this process and can protect their privacy if they wish to do so. We will support community aspirations to be engaged with us to design a new system of communication which will build trust in the EPA and meet the residents' need for information.

Since this matter was raised in question time on Wednesday 2 July, in advance of our planned communication with residents on Thursday 3 July, the government has sought to provide all available information to members of the opposition in addition to other members of this place. A briefing was provided by officers of the EPA on Saturday 5 July, following a request received on Friday 4 July to the opposition. In addition, a briefing was organised with the EPA, SA Health and Housing SA officers at 3pm that same day following the receipt of a request at about 12pm that day. As no opposition members were able to attend at that time, a further briefing with representatives from these agencies was provided on Tuesday 8 July.

In response to a request received from the office of the shadow environment minister last Friday, a further briefing by EPA and SA Health officers has been arranged for this afternoon, I am advised. The government has absolutely nothing to hide and will continue to offer briefings to all members of parliament and indeed to the public.

**The CHAIR:** Member for Chaffey, do you have a statement to make? Does the member for Dunstan have a statement to make, or do you want to go straight into questions?

**Mr MARSHALL:** No, given that we are 14 minutes into a 30-minute line, I think we should proceed as quickly as possible.

**The CHAIR:** Absolutely. Go ahead.

**Mr MARSHALL:** My questions will all relate to Budget Paper 4, Volume 2, Sub-program 1.1: Environmental Protection, beginning on page 137, until I change that reference. What testing did the EPA undertake subsequent to 2008, when they first became aware of contamination in the Clovelly Park area? In particular, what testing did the EPA undertake subsequent to that time?

**The Hon. I.K. HUNTER:** Mr Chair, I will invite Mr Peter Dolan to answer that technical question.

**Mr DOLAN:** In 2008 the testing was led by the Department for Health. At the time, the EPA had no powers but we had the technical expertise to deal with particularly air monitoring, so we undertook testing on road verges and footpaths surrounding the area of contamination that was identified by Mitsubishi in one of their water bores. That testing went along the railway line to the west and also throughout the southern Clovelly Park area and across into St Mary's on the other side of the railway tracks. Those samples showed low levels in most areas with the exception of an area close to Monroe's and that led us to Monroe's as the most likely source of contamination.

**Mr MARSHALL:** So this is indoor air testing that you are referring to at this stage?

**Mr DOLAN:** No, the testing was in ground, so at one metre depth in soil vapour. At that time there was no indication that there would be anything indoors and, of course, due to ventilation issues the indoor testing would not be reliable, so the testing done was in soil.

**Mr MARSHALL:** Over what period of time was that done?

**The Hon. I.K. HUNTER:** Mr Chair, just as a point of clarification, could the member address his questions through you to me and I will decide who is the best officer to answer those questions?

**The CHAIR:** Absolutely. I am sorry I missed that. Yes; the minister is absolutely right.

**Mr MARSHALL:** Over what period of time were those soil tests carried out and what was the total cost of those?

**The Hon. I.K. HUNTER:** I invite Mr Dolan to talk about the period of time. I am advised that we do not have the costs of those tests available to us right now.

**Mr MARSHALL:** Would the minister be able to provide those?

**The Hon. I.K. HUNTER:** We will seek that information and take the question on notice. Mr Dolan.

**Mr DOLAN:** With the period of time, we were first notified by Mitsubishi, from memory, in about October 2008. The sampling of road verges happened within a couple of months of that and then there was a subsequent round of testing done in homes in January 2009.

**Mr MARSHALL:** Minister, was there any sampling done between January 2009 and today?

**The Hon. I.K. HUNTER:** My advice is yes, from March 2009 progressively moving across the site from Monroe's.

**Mr MARSHALL:** Can you detail that testing?

**The Hon. I.K. HUNTER:** Yes. I invite Mr Dolan to answer that question.

**Mr DOLAN:** First of all, the sampling of indoor air was done in January 2009. Some of those results were doubtful. In those days there was no laboratory in Australia that was able to do this analysis so we used sampling devices flown in from the United States. Some of those devices were damaged in flight back to the United States prior to assessment and so a further round of testing was done, largely in the same houses, in March of that year, and that was indoor air testing with a slightly different technique.

That resulted in work in what is known as Unity Housing, a block of flats there, which found high levels of vapour inside those premises and which ultimately led to the evacuation of that block of flats. The same sampling done across the street in houses found low to moderate results that were not of concern at the time. After that period of time, when the EPA in July 2009 gained additional powers through the legislation which passed the house, there has been a series of rounds of monitoring (and I am happy to provide the detail of that in due course) where Monroe's has managed to work with their consultants with EPA supervision throughout their area, both groundwater and air sampling.

**Mr MARSHALL:** Minister, subsequent to 2009 when people were relocated from the Unity Housing site, has the EPA themselves done any testing, either groundwater testing, soil testing or indoor vapour testing in that vicinity?

**The Hon. I.K. HUNTER:** My advice is no, they supervise the polluter who does that testing through an agency.

**Mr MARSHALL:** Was the polluter ever invited to do testing west of the rail tracks or south of Ash Avenue?

**The Hon. I.K. HUNTER:** My advice is no.

**Mr MARSHALL:** Who sets the scope of that testing? Is that the EPA or is that something that is left up to the private company themselves?

**The Hon. I.K. HUNTER:** The independent auditor, I am advised, in consultation with the EPA sets the scope of whatever testing is required.

**Mr MARSHALL:** Given that the EPA has advised that the groundwater in that area moves to the west and the northwest and yesterday the EPA advised that it is moving at about 20 metres per year, would it not have seemed prudent to conduct some of that testing west of the train line back in 2009?

**The Hon. I.K. HUNTER:** My advice is that the concern at the time was impact on groundwater and there were no bores in the area that we were aware of, so there was no issue there for us, other than to advise people not to take bore water.

**Mr MARSHALL:** Is it not the case that the groundwater on the western perimeter of the Mitsubishi site—the deep groundwater monitoring wells—have had, and still have, heightened levels of groundwater contamination from TCE? This is land which is directly adjacent to the train line and only metres away from Mitchell Park.

**The Hon. I.K. HUNTER:** I will invite Mr Dolan to talk to you about the difference between groundwater issues and vapour issues.

**Mr DOLAN:** The issue with contamination, to protect people, is really about preventing the pathway of exposure. If it is simply groundwater contamination, and depending on the depth of groundwater contamination, if no-one is using bore water, there really is little to no risk. Obviously, that varies with depth and those sorts of things. Similarly, with things like vegetable gardens, the root systems of vegetables are too shallow. The groundwater near the railway line is about 20 metres in depth and near Monroe's it is about 13 metres. Even trees do not reach down that far. General exposure, if you are not using bore water, is low to non-existent.

Vapour moves separately to groundwater and, at certain concentrations in groundwater, TCE will vapour off, if you like, and a portion of the vapour fraction will move to the soil. We are now aware—we were not aware in 2008 and 2009—that there are additional soil sources of TCE near the old Reckitt & Colman site, where it is apparent that somebody poured waste materials in the past on that soil. The soil has an amount of TCE in it which did not reach groundwater. The initial work, because of the lack of bores and bore use in that area, shifted towards the Monroe's and Reckitt & Colman area where we clearly had an issue with vapour.

**Mr MARSHALL:** When did you become aware of this additional contamination source adjacent to Mitchell Park?

**Mr DOLAN:** The most recent testing in the report that we received in May this year—



**Mr MARSHALL:** When did you first become aware of this additional contamination source?

**Mr DOLAN:** Are you talking about the soil source I mentioned?

**Mr MARSHALL:** The one that you just mentioned now.

**Mr DOLAN:** Yes, effectively May this year. When we finally got a report with all of the accumulated data of multiple rounds of monitoring, it became quite apparent, once you put that together and modelled it, that we had additional sources that were not groundwater related. The original conceptual model for the site was that the vapour will be coming from groundwater, not from another source, and now it appears clear that the vapour is different from the groundwater and not necessarily linked.

**The CHAIR:** I remind the leader that questions are to be directed to the minister, not the adviser.

**Mr MARSHALL:** In previous answers you have indicated that the groundwater contamination essentially will lead to the indoor vapours. That seems to be the narrative that the EPA has given previously to residents in Clovelly Park. If there are levels of groundwater contamination right on the border of Mitchell Park, why would it not be logical to assume that there could similarly be indoor vapour references above the two micrograms per cubic metre threshold?

**The Hon. I.K. HUNTER:** Again, Mr Chair, I will invite Mr Dolan to answer that question.

**Mr DOLAN:** You might recall from my earlier answer that the department of health tested vapour in soil along the railway line in late 2008, early 2009, so vapour was ruled out at that time because the levels were too low. Instead, we went looking for a source, which ended up being Monroe's, where the levels were higher. Vapour testing was done along the railway line at that time, and the levels were low to moderate, so we went looking where the levels were higher.

**Mr MARSHALL:** To confirm, there had been no indoor vapour testing, apart from some sample testing, in the homes of the 31 residents who have now been earmarked for relocation?

**The Hon. I.K. HUNTER:** My advice is no, because of the incredible variability relating to air vapour testing inside of houses. You need to understand that you get a much more reliable response from soil vapour testing. Incredibly variable responses come from air vapour testing inside houses, and you really need to do that over a period of time. Single point data gives you no reliable information from which you can draw any conclusions at all. You need to have a robust system of testing. You need to look at the soil vapour in the first instance to identify if there are problems that might come up through the soil.

**Mr MARSHALL:** Can you outline what the testing regime will be for the residents south of Ash Avenue and west of the railway line and when those results are likely to be received?

**The Hon. I.K. HUNTER:** I would be delighted to ask Mr Peter Dolan to outline those very complex details, Mr Chair.

**Mr DOLAN:** I will break that question down into a couple of components. First of all regarding groundwater, we are aware of a potential source on Mitsubishi land to the south-west of the Mitsubishi site. There is limited information—in fact, no information—away from that site. A series of groundwater bores will be drilled to the west as far as the Sturt River. We intend to go as far north as Alawoona Avenue—I think that is the name of the street. It will be at 50-metre spacings near that contamination source or apparent source. Then we will move to the west and broaden the wells because we do not believe it has moved too far.

We will go from 50-metre spacings of wells to 100 metres, and then nearer the Sturt River, there will be 200-metre spacings. The reason for that is that we have three completed audit reports for premises along the Sturt River: the Marion council depot and two service stations. In all three cases, in the last few years, TCE was assessed in groundwater and zero was found, so that is why we believe the Sturt River is the western-most extent. So, the groundwater to the west is done in that particular way: it is a network of bores.

To the south, in the Clovelly Park area currently subject to relocation, we do not have any groundwater bores in the next streets to the south. Because of the work proposed for the Darlington

upgrade and interchange where Sturt Road will be lowered, we do not believe we need to go south of that work, and instead we will be doing a series of bores at 50 to 100-metre spacings throughout the southern streets. That only actually equates to about 10 bores in that area. They are different. The soil substructure is a fractured rock aquifer, as I understand it, and that needs a different drilling technique.

We have a particular drill—and there is only one of these drills in South Australia that I am aware of—called a sonic drill. The sonic drill will take about 1½ days to drill each hole and because you only have one of them, you can only do them sequentially. Our intention is to monitor that bore water once all the holes are drilled at once, so we get a representative sample across the area. That is groundwater. To the west, I should say it is more, if you like, standard geology for Adelaide, so we can use a more regular drill which only takes one day per hole, so we will have two drills running at the same time and we will try to complete that work within a few weeks.

For soil vapour, we have several things going on: one is one metre depth soil vapour throughout the area at different spacings, particularly along the railway line and to its immediate west—one metre depth samples and, again, 50-metre spacings going to broader ones, maybe 200 metres closer to Sturt. The reason for that is that we have no historic evidence whatsoever of any directly soil sources, like we have at the old Reckitt & Colman site, and if you look at overhead footage and so forth, it was farmland until it was developed with residential blocks in the 1960s, so there is no commercial use of TCE until you get to the Sturt River.

Also included in that are what are known as nested vapour bores, so in addition to the one metre depth samples, we have multiple screen bores on single sites where you screen off the strata so that you get vapour sampling at different heights. The purpose of that work is to demonstrate conclusively whether the contamination is sourced from groundwater or indeed a soil source further up. The rough rule of thumb is that if you have higher concentrations near the surface away from groundwater, there is probably a soil source which is separate from groundwater. If you have reducing concentrations as you come closer to the surface, the contamination has probably come from groundwater.

In the relocation area, we are also doing some additional work because of this variability and, because of the apparent mixed sources we have in that area, there will be a higher density of nested vapour bores in that area too, to try to understand that better. That will also assist us in due course with attribution of source—who might be responsible for particular aspects of the pollution.

**The Hon. I.K. HUNTER:** Mr Chairman, we started this off a few minutes late. Can I suggest we might extend our time by five minutes to compensate?

**The CHAIR:** Absolutely, minister. Are there any objections on either side to an extension of five minutes on this section, bearing in mind we will finish at 1 o'clock for lunch? Good. Carry on, member for Dunstan.

**Mr MARSHALL:** Is any indoor vapour testing planned?

**The Hon. I.K. HUNTER:** In what area?

**Mr MARSHALL:** In the Mitchell Park area or south of Ash Avenue area.

**The Hon. I.K. HUNTER:** I guess the answer is we need to see what the results are in the soil. If there is no TCE discovered in the soil there will be no need to do any testing.

**Mr MARSHALL:** Is it not the case that people were relocated from the 31 residences within Clovelly Park because of the indoor vapour test variability? Why is it that you have decided not to do any indoor vapour testing in the Mitchell Park area or south of Ash Avenue area? Are people really meant to think that there is just no way it can be on one side of the street and not on the other?

**The Hon. I.K. HUNTER:** Mr Chairman, I tried to give a rational response. Clearly the member for Dunstan does not accept my point my view, so I might ask the technical expert to try and explain it to him again.

**Mr DOLAN:** The variability that you mentioned is quite true. In the latest round of testing, sampling was done in a particular house that had been closed up for about six months at 10 Chestnut Court, and in six rooms the results ranged from, if I recall correctly, between one and 83 to

84 micrograms per cubic metre, and we had very low numbers right next door in different rooms to very high numbers. What that illustrates, and it is quite a sobering thought, is that there is very great variability in indoor air testing. This is in a house completely closed up. In the normal course of events in an occupied home people move about, they open windows, they use the doors, and stir the air up. We are talking about levels of parts per billion, so the variability is a particular piece of information which led to the decision or the recommendation to government that relocation needed to happen because what we have learnt through that is that a single sample in a house is not adequate to predict the exposure of somebody.

So, for instance, if we did sample every house with one sample in the living room and got low numbers, it cannot guarantee that somewhere else in the house there would not be higher numbers, whereas if we got high numbers we could at least go and investigate what is going on at that site. That very variability means that we do not believe that indoor air testing is a rational scientific method to actually determine where the problem is. By doing soil testing to find the TCE, if we do not find TCE in vapour in soil adjacent to the home there is no way it can be inside the house.

**Mr MARSHALL:** Have you done any indoor vapour testing in Clovelly Park during winter when the houses are closed up, or only during summer?

**The Hon. I.K. HUNTER:** My advice is in both seasons.

**Mr MARSHALL:** Can you advise when that testing was done during winter?

**The Hon. I.K. HUNTER:** We could hazard a guess at that, but I think we will take that on notice and bring back an accurate answer.

**Mr MARSHALL:** Were the months that were involved in the VIRA test November/December 2013, along with some initial testing in February/March 2013?

**The Hon. I.K. HUNTER:** I will ask Mr Dolan again to explain about the difference between the seasonal variation not being actually due to the seasons but to soil moisture content.

**Mr DOLAN:** It is not so much winter/summer, it is actually about level of soil moisture, so as you would expect in late winter/early spring, even into the beginning of summer, the soil is at its moistest, if you like, because we have had the rains—

**Mr MARSHALL:** Moistest?

**Mr DOLAN:** Moistest, I know it is not a very good word.

**Mr MARSHALL:** He is a scientist.

**Mr DOLAN:** I am a scientist, not a linguist.

**The Hon. I.K. HUNTER:** Wetter.

**Mr DOLAN:** Thank you, wetter, and the same with summer. If you imagine at the beginning of summer the soil might be moist and gradually over the summer season it dries up and so the driest time of year would be March/April before rain starts. It is not quite the same as saying winter versus summer; it is actually more about soil moisture and conditions like that.

**Mr MARSHALL:** And ventilation.

**Mr DOLAN:** Ventilation for people, so in terms of the technical sampling under or near a house it is about soil moisture. For ventilation, it is particularly important inside the house if you have TCE present.

**Mr MARSHALL:** What will be the total cost of the testing regime that you have just announced?

**The Hon. I.K. HUNTER:** My advice is it is \$668,000.

**Mr MARSHALL:** Can I confirm that you have spent nothing on testing in that area since 2009 and that all the testing has been done by third parties?

**The Hon. I.K. HUNTER:** My advice is that we have required the potential polluter to pay for that testing.

**Mr MARSHALL:** But now you think, in an abundance of caution, that testing needs to take place south of Ash Avenue and west of the train lines. I suppose it begs the question: why wasn't that put in place given that the original contamination was first identified and people were first evacuated from their properties back in 2009?

**The Hon. I.K. HUNTER:** Again, this comes back to the question of robust science, and I will ask Mr Peter Dolan to answer this question.

**Mr DOLAN:** In 2009 the indoor testing that was done in the block of flats and also across the road did not indicate vapour of any concern across the road from those flats, but there were certainly high levels in those flats. So at the time, the action taken was decided to be adequate. The testing on the railway line at about the same time showed the levels were low, so no further testing was done in that area at that time.

On this occasion one of the issues for us—and the reason, if you like, for intervention and sampling by the government as opposed to the polluter, because we generally agree that the polluter should pay—is that in this case we have multiple sources, multiple potential polluters, and there is a public health risk that needs to be addressed here in terms of gathering information. So the reason for intervention and monitoring led by the EPA, but also involving colleagues in Health, is to make sure that sampling happens in a timely fashion, and happens irrespective of legal argument about who might have to contribute to those costs.

Up until this time we have been chasing Monroes as the most likely source of the contamination, and they have been good corporate citizens and to date have paid the bill. However now, particularly west of the railway line, there is a reasonable chance that Mitsubishi Motors is the source of the contamination, and it would be unreasonable to require Monroes to fund that. So, rather than have an argument about who should pay what, the decision has been taken to do the sampling now, make it happen and get the result, and then deal with issues of who will pay later.

**The CHAIR:** I am going to bring this session to an end; we need to go onto Zero Waste. Thank you, minister.

**Mr MARSHALL:** I would ask that we extend again. We certainly have not got very far at all, and we have asked no questions about the EPA apart from this issue.

**The CHAIR:** I do not control what questions you ask, I am sorry. We have given you an extra five minutes of time—

**Mr MARSHALL:** We had 14 minutes to start with for a toilet break for the minister in his opening statement—

**The Hon. I.K. HUNTER:** Mr Chair, can I suggest that if the honourable member has further questions he can put them on notice and we will deal with them—

**The CHAIR:** Do you want to read omnibus questions in?

**The Hon. I.K. HUNTER:** I can deal with those in any way you choose.

**The CHAIR:** Would you like to ask a question on notice? I will bring this session to a close so that we can deal with Zero Waste before lunch.

**Mr MARSHALL:** I have to put on record that I find this—

**The CHAIR:** There was an agreed time—

**Mr MARSHALL:** —completely inadequate.

**The CHAIR:** There is no point of order at all.

**Mr MARSHALL:** There is probably no issue of any greater interest to the people of South Australia. It has been in the media every day for the last 30 days, and we have—

**The CHAIR:** Order! Member for Dunstan—

**Mr MARSHALL:** —just had a total of 21 minutes on this topic.

**The CHAIR:** Well, you had five minutes more than you would have according to the agreed timetable.

**Mr MARSHALL:** So I should be grateful to get 21?

**The CHAIR:** Yes, that is right.

**The Hon. I.K. HUNTER:** Mr Chair, at no stage—to my recollection—has the Leader of the Opposition contacted my office, at any stage—

**The CHAIR:** To change the timetable—

**The Hon. I.K. HUNTER:** —about this scheduled timetable.

**The CHAIR:** So we will move onto Zero Waste. Thank you to your advisers.

#### **Membership:**

Mr Knoll substituted for Mr Pederick.

#### **Departmental Advisers:**

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

Mr I. Harvey, Director, Strategy and Policy, Zero Waste SA.

Ms C. Yin, Finance Officer, Zero Waste SA.

Ms L. Metcalf, Manager, Government Business, Zero Waste SA.

Mr T. Mooney, Chief of Staff.

**The CHAIR:** We had best move straight into it. Would you like to make an opening statement, minister?

**The Hon. I.K. HUNTER:** Zero Waste SA has been highly successful in improving the state's waste management practices and reducing our reliance on landfill. South Australia's Strategic Plan has set a target to reduce waste by 35 per cent by 2020 and achieve a milestone 25 per cent by 2014 in 2002 baseline figures.

Zero Waste SA has helped South Australia reduce waste to landfill by 25 per cent and achieve a resource recovery rate of more than 77 per cent, which is amongst world's best practice. Zero Waste SA's success is based on a combination of strategies, including collaboration, advocacy, financial incentives and education.

From 2004 to 2014, Zero Waste SA has invested over \$80 million in recycling and waste reduction projects. In 2013-14, \$2.3 million went to industry and councils under the Metropolitan Infrastructure and Regional Implementation programs to stimulate investment in infrastructure. Since 2006, Zero Waste has assisted more than 400 clients across 640 sites to improve their resource management. Since September 2006, over 680 schools, preschools and childcare centres from around the state have become involved in the waste education program Wipe Out Waste. In 2013-14, Zero Waste's SA School and Community Grants program awarded \$188,895 in funding to 79 schools and community groups to implement small-scale projects that encourage waste reuse and recycling.

Since Zero Waste SA introduced its Household Hazardous Waste and Farm Chemical Collection programs in March 2004 (up to June 2014) over 2,000 tonnes of hazardous materials have been collected. Zero Waste launched its Share N Save website in November 2013. This site is the first of its kind in Australia and lists local groups and councils offering free events and activities to help people save money by swapping goods and services.

In 2013-14, Zero Waste SA undertook an evaluation of its programs to assess the economic benefits to the state. The results were encouraging. For example, projects delivered under the industry program showed a net benefit of around \$7.8 million, at a benefit-cost ratio of 6.7. In other

words, for every dollar invested by Zero Waste in resource efficiencies \$6.70 was returned in direct cost savings for South Australian industries.

As a result of the policies implemented by Zero Waste, SA is seen as a world leader in waste management. The industry currently employs almost 5,000 South Australians. We in government recognise the potential of this emerging industry and so we have committed to creating Green Industries SA, which will commence operations from 1 July 2015. The new body will focus on exporting our knowledge in waste management to overseas markets. In addition, Green Industries will work with local businesses to increase their efficiency in the use of raw materials, water and energy, reducing their costs of doing business.

I commend the commitment of Zero Waste SA and its staff to delivering programs that have had strong stakeholder support and are achieving clear and positive results for South Australia's economy.

**The CHAIR:** Thank you, minister. I imagine we will be going straight to some questions from the opposition?

**Mr MARSHALL:** Budget Paper 4, Volume 4, starting on page 203. The total income for this program (program 1) this year is estimated to be \$22 million. Can you provide the forward estimates for what you plan to receive as income into this program for the other years in the forward estimates?

**The Hon. I.K. HUNTER:** My advice is it is \$4 million per annum from next year.

**Mr MARSHALL:** Previously, there has been a distribution from the EPA from half of the solid waste levy to Zero Waste SA, so that will cease as of the end of this financial year?

**The Hon. I.K. HUNTER:** There is no plan for that to cease. The amount that Zero Waste has been allocated in the past and what Green Industries will be allocated into the future will be determined by the government and, of course, the act, if parliament sees fit to pass it.

**Mr MARSHALL:** Just for clarification. I was asking about the income. I said that the current income is \$22 million. You have said that next year it is \$4 million. What would take it down \$18 million if it was not—

**The Hon. I.K. HUNTER:** My apologies, member for Dunstan. The \$4 million I mentioned was actually expenditure authority; authority given to Green Industries into the future by government. Income comes from various other sources, including the waste levy.

**Mr MARSHALL:** In fact, it only comes from two sources. One is a transfer from another agency and the other one is interest. So, there are no other sources of income. It is in your own document on page 203. My question was: what is the future income into this program for the next four years?

**The Hon. I.K. HUNTER:** Section 113 of the Environment Protection Act allows the EPA to collect solid and liquid waste levies from the waste depot licence holders. The levies are payable by the licence holder for all solid and liquid waste received that has to be disposed of at a depot. Payment of levies is calculated as follows: for the solid waste levy, the tonnage of waste received is measured using specific calculation methods and reporting requirements, depending on the size and location of landfill. For the liquid waste levy, it is the volume in kilolitres that is measured and reported on.

The 2013-14 budget proposed to incrementally increase the solid and liquid waste levies to realign levy value over the short to medium term, to drive better waste management practices and provide incentive for better resource recovery and reuse. This commenced with an increase on 1 July 2013 to \$47 per tonne for solid waste disposed in metropolitan Adelaide, \$23.50 per tonne in non-metropolitan Adelaide, and \$17.95 per kilolitre for liquid waste across the state.

In line with the announcement from last year, in 2014-15 the solid waste levy has increased to \$52 per tonne in metropolitan Adelaide, \$26 per tonne in non-metropolitan Adelaide, and the liquid waste levy has been increased to \$23.45 per kilolitre across the state. Fifty per cent of the collected solid waste levy is transferred to the Waste to Resources Fund, and 5 per cent is provided to the Environment Protection Fund. Fifty per cent of the collected solid waste levy is transferred to the Waste to Resources Fund. As I said, the funds collected through the levies are used in part to support

programs such as waste minimisation, resource recovery and KESAB litter strategies. They are also used to support the EPA in administering the Environment Protection Act 1993, including licensing waste tracking and compliance.

The Zero Waste SA Act 2004 establishes a dedicated fund, the Waste to Resources Fund, which Zero Waste SA applies through an approved business plan to achieve objectives in South Australia's waste strategy. The fund is made up, primarily, of 50 per cent of the levy paid by waste depot licence holders under section 113.

**Mr MARSHALL:** Mr Chairman, with respect, this does not even relate to my question. My question is: what is the total amount of income for the next four years? It is great background, but quite frankly I know this information—it has been passed into legislation for years and years and years.

**The CHAIR:** Yes, minister. I am sure he is getting to the answer.

**The Hon. I.K. HUNTER:** I am trying to give a detailed breakdown on how funding comes into—

**Mr MARSHALL:** That was not the question. I did not need a detailed breakdown—I am quite aware of how it works.

**The Hon. I.K. HUNTER:** As announced by the government in last year's budget, the solid waste depot levy increases this financial year—

**Mr MARSHALL:** Solid waste depot levy—what is that? Is there a solid waste depot levy?

**The Hon. I.K. HUNTER:** The solid waste levy that goes to depots. Depots are responsible for paying the levy on solid waste. I just gave the honourable member that information. He said he did not need that information, and now he is saying he does.

**The CHAIR:** Yes, it was salient.

**The Hon. I.K. HUNTER:** When he reads the transcript from *Hansard*, he will understand why I was giving him that very—

**Mr MARSHALL:** Well, the definition in the act does not talk about the depot levy, it talks about the solid waste levy.

**The Hon. I.K. HUNTER:** Yes, well the solid waste levy is paid by depots, member for Dunstan.

**Mr MARSHALL:** Well, it is a new term—I have never heard it before.

**The CHAIR:** Has the minister finished his answer?

**The Hon. I.K. HUNTER:** No, there is more. As announced by the government in last year's budget, the solid waste depot levy increases this financial year to \$52 per tonne for metropolitan Adelaide in 2014-15, with a proposed increase to \$57 per tonne in 2015-16 and \$62 per tonne in 2016-17.

**Mr MARSHALL:** Mr Chairman, again, I am asking for the total income to Zero Waste for each of the forward estimates years. It is a pretty simple question. I started with it nine minutes ago.

**The CHAIR:** Does the minister have that information?

**Mr MARSHALL:** Take it on notice if you do not have it.

**The CHAIR:** Member for Dunstan!

**The Hon. I.K. HUNTER:** If that is all the information he wants, he can find it in the financial statements for Zero Waste. They are there in black and white. They are provided to parliament I understand from time to time. In 2013-14 the amount was \$19.043 million, in 2014-15 it will be \$20.868 million, in 2015-16 it will be \$24.322 million, and in 2016-17 it will be \$26.753 million, and in 2017-18 it will be \$27.582 million.

**Mr MARSHALL:** Thank you very much. As of next year, just \$4 million of that will be able to be expended on the new programs from the new entities; is that correct?

**The Hon. I.K. HUNTER:** That will be the expenditure authority given to the new agency.

**Mr MARSHALL:** And the remainder of that will remain in the Waste to Resources Fund?

**The Hon. I.K. HUNTER:** That is my expectation.

**Mr MARSHALL:** And will this require any legislation?

**The Hon. I.K. HUNTER:** Clearly, yes.

**Mr MARSHALL:** And when will the legislation be introduced?

**The Hon. I.K. HUNTER:** My advice is that we should have sufficient time for the appropriate stakeholder consultation this year and hopefully bring the bill before parliament next year.

**Mr MARSHALL:** Before parliament next year. What does the Waste to Resources Fund sit at on the balance sheet at the moment?

**The Hon. I.K. HUNTER:** My memory is \$54 million, but I am just having that checked.

**Mr MARSHALL:** With regard to Budget Paper 4, Volume 4, page 207, when we look at the cash in cash equivalents—

**The Hon. I.K. HUNTER:** Before you move on, member for Dunstan, I am being told it is \$53.546 million. I was not far off.

**Mr MARSHALL:** As at?

**The Hon. I.K. HUNTER:** As at June 2014, the balance in the Waste to Resources Fund is estimated to be \$53.546 million.

**Mr MARSHALL:** And what is the remainder to make up the cash in cash equivalent on the balance sheet of \$68,406,000?

**The Hon. I.K. HUNTER:** That is for the next financial year. You will probably need to refer to the one I have here, \$53,777,000. That is the budgeted amount.

**Mr MARSHALL:** I see, so the budgeted amount for 30 June is not an opening; that is the projected budget as of 30 June 2015?

**The Hon. I.K. HUNTER:** My advice is that that is right.

**Mr MARSHALL:** Obviously, there is a significant surplus if you are expending \$4 million per year and you are accumulating \$15 million per year into that. What is the plan for that \$15 million, and what is also planned for the unused money in that Waste to Resources Fund?

**The Hon. I.K. HUNTER:** A good question. A significant amount of the levy has, of course, been spent, I understand. Between 2003 and 2014, over \$80 million has been spent from that fund. It does make good sense to keep some of those funds back in case there is a sudden need for expenditure to replace assets in the major environmental waste related scenario, for example, or a capital spend down the track. Having a sinking fund in place is very useful, but the state government will continue to explore other ideas with stakeholders, including the LGA, about appropriate projects to access these moneys and use them for the benefit of industries.

**Mr MARSHALL:** Last year's targets stated that Zero Waste SA would be developing a waste to energy policy. Was that achieved and has it been published?

**The Hon. I.K. HUNTER:** South Australia's waste strategy 2011-15 recognises the need to support new technologies that either enhance performance or replace landfill as a disposal option, consistent with the guidance of the waste management hierarchy. In 2012-13 Zero Waste undertook a review of current waste energy technologies globally, the associated investment profile, relevant policy settings, and key drivers and barriers for waste energy. The review and associated waste energy background paper was funded by Zero Waste and completed by Ricardo-AEA from the UK in June 2013. This has been publicly available on the Zero Waste SA website.



**Mr MARSHALL:** Previously Zero Waste SA has talked about the problem with illegal dumping. There was some talk, going back, in recent budgets for funds to be made available to an illegal dumping unit in the past. Does that unit waste still exist and under whose control is it?

**The Hon. I.K. HUNTER:** My advice is that it is operational and it comes under the EPA.

**Mr MARSHALL:** Has Zero Waste SA been monitoring the incidence of illegal dumping, and can you provide any information on that?

**The Hon. I.K. HUNTER:** My understanding is that Zero Waste has a system in place where councils can log illegal dumping activities with them, but in the main they go directly to the EPA and the illegal dumping unit.

**Mr MARSHALL:** Is it the minister's opinion that illegal dumping is decreasing or increasing in South Australia?

**The Hon. I.K. HUNTER:** I do not have that advice before me. That relates to a previous agency.

**Mr MARSHALL:** What was the previous agency?

**The Hon. I.K. HUNTER:** The EPA.

**Mr MARSHALL:** No, the question is to Zero Waste. Zero Waste SA's commentary and narrative over an extended period of time has been to look at the issue of illegal dumping. As the minister would be aware, this was the subject of many recommendations that were contained in the solid waste levy review.

**The Hon. I.K. HUNTER:** We do not have the figures before us of any increase or otherwise in terms of illegal dumping. We will have to take that question on notice and come back.

**Mr MARSHALL:** Was Zero Waste SA the lead agency associated with the review of the solid waste levy in South Australia?

**The Hon. I.K. HUNTER:** Sorry, I was listening to my adviser on my left. Could the member repeat the question?

**Mr MARSHALL:** Yes, was Zero Waste the lead agency in the most recent review of the solid waste levy?

**The Hon. I.K. HUNTER:** My advice is yes.

**Mr MARSHALL:** When was that review undertaken, what recommendations from that review were implemented and what remain outstanding?

**The Hon. I.K. HUNTER:** In relation to the findings and recommendations of the 2011-12 review of South Australia's solid waste levy, I can say the levy provides a financial incentive to re-use and recycle as much waste as possible. Levies are used in most developed jurisdictions to help divert waste away from landfill and encourage recycling. In South Australia, half of the waste levy revenue is automatically directed to the Waste to Resources Fund. Since Zero Waste SA was created, more than \$80 million of waste levy funds have been spent on programs and projects that encourage councils and business to reduce, recover, re-use. The total amount invested in these important initiatives is expected to grow.

**Mr MARSHALL:** The question was, how many recommendations were there, which have been implemented and which remain outstanding?

**The Hon. I.K. HUNTER:** I do not have that level of detail with me. I will have to come back to the house with further information on that.

**Mr MARSHALL:** Who conducted that review and how much did it cost?

**The Hon. I.K. HUNTER:** My advice is that that review was conducted in a previous budgetary year, not this year, but in an attempt to provide the member for Dunstan the information he wants, we will have to come back to him with further details.

**Mr MARSHALL:** Thank you very much. Is Zero Waste SA the lead agency with regard to the ZEUS waste tracking system?

**The Hon. I.K. HUNTER:** Yes, is my advice.

**Mr MARSHALL:** Will this continue post any changes to this agency going forward?

**The Hon. I.K. HUNTER:** It is still early days, of course. We need to consult with industry and stakeholders about what green industries will look like but we can expect at this early date that data acquisition and management will continue to be a key role for any perspective agency in the future. Again, that is contingent on parliament passing appropriate legislation.

**Mr MARSHALL:** Of the total current budget contained on page 231 of \$8.37 million in this agency currently, how much is being spent on the ZEUS system during that financial year?

**The Hon. I.K. HUNTER:** Page 231, did you say?

**Mr MARSHALL:** Sorry, that is the reference that I gave you earlier. It is page 203.

**The Hon. I.K. HUNTER:** Again, we do not have that level of detail before us. We will have to take that on notice and come back to the member for Dunstan.

**Mr MARSHALL:** Can you also advise how much is being spent on the ZEUS system by Zero Waste SA to date?

**The Hon. I.K. HUNTER:** I am advised we can answer that question. I will take that on notice as well.

**Mr MARSHALL:** Because we have had the ZEUS system reported on over an extended period of time, can you advise whether there is still significant system development to occur or whether it is fully operational? What modules are up and running over and above the original scope and which remain to be implemented?

**The Hon. I.K. HUNTER:** I might ask Mr Levitzke to answer this question directly.

**Mr LEVITZKE:** All the modules that we originally anticipated are fully operational. In terms of new modules, we will be looking to bring more industry data into the ZEUS system that we are collecting from the work that we are doing to reduce waste in normal businesses rather than just the waste industry so we get some bench lines around the impact that our programs are having in normal business practices.

**The CHAIR:** I advise it is 1 o'clock. I will allow one more question, member for Dunstan, if you have one.

**Mr MARSHALL:** The previous last year's targets identified that the agency would be the lead government agency involved with contaminated soils and with local industry and research sectors to identify and develop strategies and opportunities that encourage re-use and remediation of contaminated soils. What was undertaken, and has any work been done by Zero Waste SA, or any other agency under the minister's control, to look at remediation opportunities from TCE contamination or other sources of contamination in the Clovelly Park area?

**The Hon. I.K. HUNTER:** Mr Chair, it is a very long bow that the member for Dunstan has drawn in that last part of his question, but can I say there has been an increase in the amount of contaminated soil sent to landfill, largely due to major development projects and site clean-ups. Zero Waste is investigating strategies to encourage cost efficient re-use of low-risk contaminated soils, treatment of higher risk soils and ways to reduce the amount sent to landfill.

Contaminated soil is largely a legacy issue arising from past land use associated with industrial and commercial business practices and is often detected when changes in land use are proposed. From 2004-05 to 2011-12, almost 1.2 million tonnes of contaminated soil was sent to landfill, I am advised. More than 450,000 tonnes of contaminated soils was sent to landfill in 2011-12, up by approximately 96 per cent over the previous year. That is due, apparently, to major development projects, including the new Royal Adelaide Hospital, and others. From 2004-05 to 2011-12, over 2.3 million tonnes of waste fill was sent to landfill.

**Mr MARSHALL:** The question really related to remediation rather than to disposal.

**The Hon. I.K. HUNTER:** I am advised that in 2012-13 Zero Waste completed a stage 1 background paper on waste soils in South Australia to ascertain the profile, current treatment technologies, local industry and research and development capabilities, and opportunities and impediments to the re-use of contaminated soils. Sinclair Knight Merz was commissioned to develop the technology and policy components of the background paper. Its report was peer reviewed by the Cooperative Research Centre for Contamination Assessment and Remediation of the Environment. Waste soil data collection and analysis were undertaken internally by Zero Waste SA.

Since then, Zero Waste SA and the Environment Protection Authority have commenced working towards a stage 2 waste soil project. This has initially involved the development of a consultation summary paper on waste soils in South Australia which summarises findings of the background paper and incorporates a case study illustrating financial cost estimates associated with re-use of low-risk waste soils in comparison to landfill disposal.

Three major infrastructure projects were selected for the case study to illustrate waste soil 'mass flow' and potential financial cost savings that could be achieved if all arising waste soil had been diverted for re-use. This showed a considerable cost saving of over \$7.8 million would have been achieved if all landfilled low-risk waste soil materials had been re-used for filling.

South Australia's current practice with waste soil management has prevalence towards a 'dig and dump' approach—that is, excavating, transporting and disposing of waste soils to landfill. This is not ideal. The 'dig and dump' approach is costly and not sustainable. This approach represents a lost opportunity, particularly because the majority of waste soils in South Australia are relatively low-risk materials. Zero Waste SA and the Environment Protection Authority will continue to work collaboratively to develop strategic priorities and actions that support a whole-of-government approach to sustainable management of waste soils in South Australia.

*Sitting suspended from 13:04 to 14:00.*

#### **Membership:**

Mr Griffiths substituted for Mr Marshall.

Mr Pederick substituted for Mr Knoll.

#### **Departmental Advisers:**

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

Ms M. Griffiths, Chief Financial Officer, Department of Environment, Water and Natural Resources.

Mr T. Goodes, Group Executive Director, Strategy and Advice, Department of Environment, Water and Natural Resources.

Mr B. Bruce, Group Executive Director, Customer and Corporate Services, Department of Environment, Water and Natural Resources.

Mr A. Geytenbeek, Management Accountant, Department of Environment, Water and Natural Resources.

Mr R. Faunt, Technical Regulator, Office of the Technical Regulator.

Mr T. Mooney, Chief of Staff.

**The Hon. I.K. HUNTER:** Thank you, Chair, it is a joy to be back with you again. The Department of Environment, Water and Natural Resources continues to contribute significantly to South Australia's economy, health and community wellbeing through its management of our water

resources. Over the last year, this government has continued to strengthen South Australia's water supplies and to maintain a healthy working River Murray for the prosperity of our state.

We firmly believe that we can achieve the best water reform through national cooperation. However, we are concerned about recent developments in national water reform arrangements under the current commonwealth government including the budget announcement to cease the COAG Reform Council and the National Water Commission. As I said in my earlier hearing, the government acknowledges the difficult fiscal environment in which we are operating, which is, as I have said, made all the harder by the cold and ideological cuts being made by the federal government.

All state government agencies are expected to find savings and DEWNR is doing its part in introducing efficiencies to meet cross-government savings targets. Nevertheless, a great deal has been achieved over the past year that we can all be proud of, in addition to our future strategies and goals. We continue to prioritise initiatives in securing the longevity and health of the River Murray, water planning reform and water security.

One of the most significant recent achievements has been the successful negotiation of the Murray-Darling Basin Plan. We secured agreement for the return of 3,200 gegalitres of water to the river, as well as over \$400 million of investment for environmental infrastructure, regional development and industry diversification measures. A key element of the plan is the introduction of new sustainable diversion limits that will require 183.8 gegalitres of water recovery from the South Australian river system.

I am pleased to report that we have already recovered over half the water required and are on track to recover the remainder. In addition, in 2013-14 South Australia was successful in securing the delivery of 695 gegalitres of environmental water to improve the health of the riverine environment, flood plain, wetlands and the Coorong, Lower Lakes and Murray Mouth. The government is continuing to invest to ensure we have the best available science to inform our decisions regarding the allocation of our water resources.

We have developed an initiative called Finding Long-Term Outback Water Solutions (FLOWS) designed to support the growth of mining, energy and industry development in the Far North. We have also begun implementing a water planning reform program to overcome some of the inherent difficulties with the sometimes lengthy, complex and frustrating water allocation planning processes. Amendments to the Natural Resources Management Act 2004 (NRM Act) help to achieve more timely, efficient and satisfactory outcomes in water planning for water users and our communities.

This area of work is an important aspect of the 2013 agreement 'Agriculture and NRM: Working Together', between South Australia's agricultural sector and the natural resource management system. The NRM Act has also been amended to provide a new forest water-licensing system and to expand the forest permit system. This licensing system is believed to be a world first, putting South Australia at the forefront of policy and legislative reform. Other states are looking at us and devising their own strategies.

With regard to water security, this government wants South Australia and Adelaide to be known as the water-sensitive state and city. This has seen the state diversify its water resources considerably, as well as the investment in significant stormwater projects, making South Australia a leader in stormwater capture and re-use. Our aim is to make South Australia more water sensitive and it has seen the department recently recognised as South Australia's iAwards winner for its innovative and user-friendly WaterConnect website. I would like to finish by publicly thanking and acknowledging the efforts of staff in the Department of Environment, Water and Natural Resources, led by their chief executive, Allan Holmes, in looking after our clean and green environment in this state.

**The CHAIR:** Do opposition members have any opening statements at all or straight to questions?

**Mr WHETSTONE:** If I could table the questions on notice for the previous—

**The CHAIR:** You will need to read them in. Is it an omnibus of questions?

**Mr WHETSTONE:** No, it is not.

**The CHAIR:** No, in that case you cannot do that, I am sorry.

**Mr WHETSTONE:** The minister would accept questions on notice from the last sitting. The questions should—

**The CHAIR:** I will get some advice. I am advised that they become questions asked in the house, as in the parliament, and so you can send them through the normal channels to the minister, but they do not need to be answered within the time frames of this committee.

**Mr WHETSTONE:** I understand that, Mr Chair—

**The CHAIR:** So they do not need to be inserted into *Hansard*.

**Mr WHETSTONE:** I would just like to table them for the minister.

**The CHAIR:** I apologise to everybody for the confusion. You may read them into *Hansard* if you like at some point during this session because the same line is still open or you can ask the questions. You can ask the questions and the minister can take them on notice if he wishes to and if they are in order obviously.

**The Hon. I.K. HUNTER:** Mr Chair, I am not familiar with the practices of the house, but I am happy to accommodate the opposition with their questions on notice in whatever way you determine they should be.

**Mr WHETSTONE:** I would like to table them if I can.

**The CHAIR:** You cannot table them. You need to ask the questions and the minister can just choose to take them on notice or you can just submit them to the minister through the normal channels.

**Mr WHETSTONE:** I will submit them to the minister's office.

**The CHAIR:** I am glad we could resolve that.

**Mr WHETSTONE:** Just a point of clarification concerning the minister's opening address, he stated that his government fought for a basin plan of 3,200. The basin plan is actually 2,750.

**The Hon. I.K. HUNTER:** Yes, and as you will recall from question times past, the Premier went out and campaigned for that extra water and got it, and got it legislated by federal parliament to provide it.

**Mr WHETSTONE:** But just as the correction, the basin plan is 2,750, not 3,200.

**The Hon. I.K. HUNTER:** We got a better deal through the initiative of the Premier.

**Mr GRIFFITHS:** Just a point of clarification, Mr Chair, are we dealing with the Department of Environment or SA Water questions?

**The Hon. I.K. HUNTER:** Environment, water.

**The Hon. S.W. KEY:** I have a question.

**The CHAIR:** I am happy to go to the member for Ashford if you do not have a question. Does anyone have a question?

**Mr WHETSTONE:** I refer to Budget Paper 4, Volume 2, page 166. Despite approaches by the commonwealth to submit acceptable business case for the remaining \$90 million of the private irrigation infrastructure scheme, why have there not been any official business cases put forward to the commonwealth government?

**The Hon. I.K. HUNTER:** The Private Irrigation Infrastructure Program for South Australia (PIIP-SA) was a component of the South Australian priority projects agreed in principle for commonwealth funding under the intergovernmental agreement on the Murray-Darling Basin signed on 3 July 2008. The sum of \$110 million was allocated by the Australian government for the PIIP-SA and was funded under the Sustainable Rural Water Use and Infrastructure program. Round 1 of the

PIIP-SA closed in April 2010 and round two closed in February 2011. Across two funding rounds of the PIIP-SA, approximately \$14.4 million of the available \$110 million was allocated.

One of the key reasons for the lack of uptake of the SA funding was the eligibility criteria which required an off farm irrigation infrastructure improvement to be undertaken in order for a project to be considered eligible funding. That is eligibility criteria set by the commonwealth. As off-farm irrigation infrastructure along the SA River Murray was already highly efficient, it significantly limited the opportunity for participation in that part of the funding by South Australians. Conversely other programs, such as the On-Farm Irrigation Efficiency Program, that are focused on on-farm irrigation improvements, have experienced high degrees of uptake among South Australian River Murray irrigators.

To highlight this, the SA Murray-Darling Basin NRM Board has been successful in attracting investment of over \$80 million through four rounds of the On-Farm Irrigation Efficiency Program. Importantly, the narrow scope of PIIP-SA was a primary driver in the state government and the irrigation industry working together to develop the South Australian River Murray Irrigation Industry Improvement Program, known as 3IP. The South Australian River Murray Irrigation Industry Improvement Program has secured an additional \$265 million investment for the state in the SA Murray-Darling Basin region to secure the irrigation industry into the future.

So the answer is that the criteria are too narrow for South Australians. They are designed to assist irrigators in the Eastern States who have not had this significant history of irrigation efficiency that our South Australian irrigators have. Notwithstanding that, we have overachieved in other areas of federal grants through, as I said, the South Australian Murray-Darling Basin NRM Board On-Farm Irrigation Efficiency Program and the 3IP program.

**Mr WHETSTONE:** Minister, will you be putting any programs and projects up to the PIIP-SA scheme? When was the last time the state government officially put forward a business case to the PIIP-SA?

**The Hon. I.K. HUNTER:** I will come to that second question in a moment. Over the last two years my department has worked through a number of ideas to identify a suite of additional priorities which addressed the objectives of the funding agreement to ensure a healthy River Murray and also to secure water savings. These ideas have also been discussed with key community stakeholders, and community consultation has also been used to identify high priority local environmental works and measures along with other initiatives. This work has included discussing a number of possible state priorities with commonwealth officials in 2013 that, among other things, included initiatives to upgrade or repair levee banks, upgrade the state's water licensing system, repair, remove or replace up to 100 River Murray regulating structures, address a number of water quality issues, and improve the way in which select wetlands are managed.

We are constantly striving, with the commonwealth, to try to get funding from them, despite very tightly controlled criteria which tend to favour the Eastern States irrigators over South Australian irrigators. Notwithstanding that, and in relation to the member's second question, the last business case we put up—that I am happy to say has now been approved—was the 2013 proposal which also incorporated the bid for funding in relation to the South East Flows Restoration Project which, as I said, is being funded by the commonwealth under the Murray Futures arrangements. That is a tremendous outcome for our state.

**Mr WHETSTONE:** I refer to Sub-program 2.2: Major Projects, page 168. Regarding the Chowilla regulator, what advice did you provide to the Murray-Darling Basin Authority, considering that there was no land tenure to build that project?

**The Hon. I.K. HUNTER:** That was before my time, so I provided no advice in the initial stages. However, this is, of course, an ongoing program that the department has been working on for some time. The further advice from my agency is that the authority was well aware of the reserve nature of the system that the regulator was being built on, and arrangements were made to actually purchase grazing rights on part of that floodplain. I understand those rights were purchased.

**Mr WHETSTONE:** Minister, it was a \$68 million structure with no land tenure and no permission to build that structure on that land. Are you telling me that you had already purchased the land?

**The Hon. I.K. HUNTER:** Mr Chair, I am not quite sure if the honourable member knows about the land, but it is crown land.

**Mr WHETSTONE:** It has a pastoral lease on it.

**The Hon. I.K. HUNTER:** Mr Chair, I can say again: this is crown land. Yes, there is a lease on it under the National Parks and Wildlife Act, not the pastoral act the National Parks and Wildlife Act, which is a much more restricted instrument, and, as I said, the government has purchased back grazing rights on that flood plain.

**Mr WHETSTONE:** Is it correct that this current piece of land is in the courts?

**The Hon. I.K. HUNTER:** Yes.

**Mr WHETSTONE:** Why would it be in the courts if you have already purchased the land back?

**The Hon. I.K. HUNTER:** The honourable member is quite wrong, we have not purchased back the land, we have purchased back grazing rights on crown land. We need to be pretty accurate in what we are saying. Given that this issue is before the courts I also need to be very careful of what I say in parliament. I can give you this advice: Chowilla flood plain, which includes the Chowilla Game Reserve proclaimed under the National Parks and Wildlife Act, is one of six sites along the River Murray that have been identified as priority icon sites under the Murray-Darling Basin Authority's Living Murray initiative.

The flood plain is a significant ecological asset which has suffered considerable degradation. Various alternatives for rehabilitating the flood plain were considered before construction of a Chowilla environmental regulator on Chowilla Game Reserve was proposed and became the subject of significant public consultation. The regulator is designed to enable periodic flooding of the flood plain to various levels for environmental purposes. When the regulator is operated to its maximum extent the game reserve will be inundated.

SA Water, on behalf of the Murray-Darling Basin Authority, is responsible for construction and future operation of the Chowilla regulator and ancillary structures on the game reserve. Construction of the regulator is now largely complete. As yet, no decision has been made with regard to testing the regulator. A variety of factors will be considered in this decision-making process, including the availability of flows, weather conditions and issues arising from the current court proceedings which the member refers to.

As I said, it would be inappropriate for me to go into a great deal of detail on the litigation. It is still the subject of legal proceedings. But I can, as I said, provide some background for the committee's benefit. Robertson Chowilla Proprietary Limited holds a lease granted pursuant to the National Parks and Wildlife Act 1972 over the Chowilla Game Reserve. I am informed that Robertson Chowilla was initially supportive of the Living Murray program on Chowilla, including construction of the regulator. However, the company has since changed its position, now opposing the construction and operation of the regulator.

In August 2013, Robertson Chowilla instituted proceedings in the Supreme Court contending that construction of a regulator and its future operation impacts on its right to quiet possession under the lease. Proceedings claim, among other things, damages for breach of lease as a result of the construction of the regulator and also seek injunctive relief to prevent the future operation of the regulator. The legal issues are complex, with significant interlocutory matters to be resolved before the matter can proceed to mediation or trial. The nature and content of the allegations by Robertson Chowilla have changed over time and have continued to change, I am advised.

This lack of finality has already resulted in additional costs being incurred and makes it exceptionally difficult to estimate the likely length of pretrial phases, trial length or the possibility of settlement. Current estimates are that if it proceeds to trial the trial will be held in approximately 12 months' time, although that is a very optimistic assessment, I think. Litigation of this nature is expensive and also requires significant agency resources in the form of document discovery, preparation of witness statements and the furnishing of technical information and assistance. That is about all I can say on this matter at this point in time.

**Mr WHETSTONE:** What are the costs of the legal proceedings to date?

**The Hon. I.K. HUNTER:** These are matters which I am not prepared to discuss at this point in time.

**Mr WHETSTONE:** You were saying that it might be 12 months or more before the regulator will be put through its capacity, put through its testing.

**The Hon. I.K. HUNTER:** No, Mr Chairman, I did not say that.

**Mr WHETSTONE:** When will the regulator be tested to its capacity and what are the time frames within which that testing has to be performed?

**The Hon. I.K. HUNTER:** No decision has been made about that at this point in time.

**Mr WHETSTONE:** Was anything written in the contract with the construction of that regulator that it has to be tested within a time?

**The Hon. I.K. HUNTER:** With this matter being litigated before the courts I am not prepared to say anything more than I have already put on the record.

**Mr WHETSTONE:** Was there any budget provision to repair the damage to Wentworth Road during the regulator construction?

**The Hon. I.K. HUNTER:** I reiterate for the benefit of the committee that I am not prepared to say anything more about this matter other than what I have put on the record now.

**Mr WHETSTONE:** Wentworth Road has nothing to do with the pastoral lease.

**The Hon. I.K. HUNTER:** I am not going to take the advice of the member. In the matter of the Chowilla regulator, and the litigation that is before the courts at the moment, I have made some statements for the benefit of the committee; I will not be drawn on making further statements today.

**The CHAIR:** I think that is pretty clear, member for Chaffey: you might want to move on.

**Mr WHETSTONE:** You can run but you can't hide. I refer to Budget Paper 4, Volume 2, page 170. The Goyder Institute for Water Research will complete its five-year term next year. What is the future of this program?

**The Hon. I.K. HUNTER:** My understanding is that the Goyder Institute is currently working on a proposal to bring to government.

**Mr WHETSTONE:** What department will take on the institute's work?

**The Hon. I.K. HUNTER:** The member is assuming that the institute will not continue—I have not given that indication. To assist the committee, which may have some interest in the Goyder Institute, it is a \$50 million institute for water research and was established in 2010 to help the state secure and manage its water future by providing research to support priority water policy development. It was instrumental in the Premier's campaign to win the fight for the Murray, because it provided science-based information that could not be refuted.

The state government is providing \$25 million over five years for the Goyder Institute, and this amount will be matched in kind by the Goyder Institute partners, namely the CSIRO, the University of South Australia, the University of Adelaide and Flinders University. The institute partners have brought a highly collaborative approach to the development and implementation of the Goyder Institute and have worked cooperatively with the state government agencies and research organisations.

To date the Goyder Institute has committed \$39.406 million cash and in kind to a number of research projects since 2010-11 under its research plan. It has also leveraged \$11 million in additional (cash and in-kind) contributions to key projects, including urban water and major investments to support the implementation of Water for Good. It has reviewed the targets for the state government's policy on water-sensitive urban design. It has undertaken a major national project on stormwater use options through managed aquifer storage and recovery. It has produced a study on the capacity of the Adelaide Plains groundwater, which is used by industry for irrigation. It has explored the use of recycled water for irrigation, and supported trials over the summer of 2011-12



and 2012-13 to examine the feasibility of amenity flows for the Torrens Lake to manage algal blooms. The Goyder Institute has provided wonderful support to the government in its campaign to save the River Murray.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 152, specifically the riverine recovery project. I note that actual expenditure in 2012-13 and budgeted in 2013-14 varies considerably, but the estimated result in 2013-14 is nearly \$10 million less than originally budgeted for. Can you provide a reason for such a significant underspend in the last financial year?

**The Hon. I.K. HUNTER:** My advice is that the significant carryover required has been due to inundation of the flood plains, so we could not let projects and could not carry out on-site works while the flood plain was underwater.

**Mr GRIFFITHS:** So for clarification, the unspent funds from the 2013-14 year have been carried forward to be expended fully, it is anticipated, in 2014-15?

**The Hon. I.K. HUNTER:** Let me get the language right. It has been reprofiled in full across the forward estimates. It might not all be spent in the next financial year, but it will be fully spent.

**Mr GRIFFITHS:** I appreciate the detail. I would like to ask a specific question about Swan Reach. I am advised that community consultation was undertaken there, but there was concern against the project at Marks Landing.

**The Hon. I.K. HUNTER:** No, you might have to give me more a detailed question to take on notice and get back to you on. Can you?

**Mr GRIFFITHS:** Those who know more detail will have to provide it to you.

**The Hon. I.K. HUNTER:** Perhaps we can take that question on notice in the normal way then.

**Mr GRIFFITHS:** I go now to page 157 in the same reference book. I note a reduction in payments to the Murray-Darling Basin Authority of \$13.6 million in 2013-14. Is that anticipated to be a trend moving forward, or is it a one-off? What are the future payments likely to look like?

**The Hon. I.K. HUNTER:** It is an excellent question and I thank the member for it. It gives me an opportunity once again to have a go at New South Wales. South Australia continues to work in collaboration with other jurisdictions and the Murray-Darling Basin Authority on Murray-Darling Basin issues in order to achieve long-term and sustainable outcomes for the river.

On 12 June 2012, New South Wales released a state budget for 2013-14 that included a 60 per cent reduction in their annual Murray-Darling Basin Authority contribution and a capped contribution of \$8.9 million for 2013-14 and 2014-15. South Australia has subsequently maintained its annual contribution for 2013-14 and 2014-15 at \$26.44 million. All jurisdictions have effectively been subsidising New South Wales for the last two years at the expense of other programs for the environment, health and education.

Although we have indicated that South Australia would reduce its contribution by 50 per cent from 1 July 2014, the South Australian government has agreed that should New South Wales reinstate all or part of its contribution for 2014-15, we will reinstate our contribution to our previously agreed state share of 24.1 per cent of the joint venture program.

On 17 June this year, the New South Wales minister wrote to the chair of the Murray-Darling Basin Ministerial Council—after much discussion between the states, a lot of that occurring in the public sphere of the media—and advised that they will continue an approved contribution of \$18.9 million in 2014-15. That is an increase of \$10 million.

That is a \$10 million increase in the New South Wales contribution. It is very welcome, but it is not enough. It is not enough for all existing MDBA programs to continue to be funded, and it is not a sustainable budget for the long-term responsible management of the basin assets. This amount does not fully reinstate the New South Wales contribution and would mean that South Australia's contribution this financial year on our historic shares will be around \$15.5 million.

The Australian government, the Victorian government and the South Australian government have confirmed their collective intention to commit to historic cost shares of 2014-15, and conversations, to put it politely, are continuing with New South Wales on other potential funding to increase their overall contribution.

At the same time, the Murray-Darling Basin Authority and the jurisdictions have begun to develop a 2014-15 Murray Darling Basin Authority corporate plan. South Australia will not continue—will not continue—to cross-subsidise New South Wales into the future. We will continue, however, to contribute on our historic proportional basis.

**Mr WHETSTONE:** Can you list the services and operations that will be impacted by a reduction of contribution to the MDBA?

**The Hon. I.K. HUNTER:** They could be any services or programs that are run by the authority. Our concern is that New South Wales, having reduced its contribution, would seek to reduce services that are of great advantage to South Australian irrigators, like salt interception programs. We are fighting fiercely to make sure that does not happen. We are working closely with Victoria and the commonwealth to apply pressure to the New South Wales government to make sure that they come back to the table with their historic cost shares. They could be asking us to cut costs or programs in terms of the Living Murray. Again, along with Victoria, we will fight that fiercely.

**Mr WHETSTONE:** You mentioned the salt interception schemes. Will there be any impact on the salt interception schemes through this reduction in funding to the MDBA?

**The Hon. I.K. HUNTER:** We will not know until we see the corporate plan handed down by the authority. Of course that corporate plan will have to be agreed by the states and the commonwealth, and during that process we will be using our best officers to make sure that the salt interception scheme remains a priority for the authority.

**Mr WHETSTONE:** Have you done any modelling on turning off the salt interception schemes?

**The Hon. I.K. HUNTER:** My understanding is that work is being done at a federal authority level with the jurisdictions on getting an understanding on what would happen should any of the eventualities we talked about earlier come to fruition because of the reduced funding. We will get a better understanding of what that would look like when we see the corporate plan come forward. We have not received that yet.

**Mr WHETSTONE:** Have any river operations full-time equivalents been impacted on as part of the reduction in the contribution to the MDBA?

**The Hon. I.K. HUNTER:** I think the answer is not yet but, as I say, while the contribution from New South Wales (increased by \$10 million) is welcome, it is not sufficient to return the budget to the authority to its original position.

**Mr WHETSTONE:** I refer to Budget Paper 4, Volume 2, page 157. Minister, can you outline why there was an \$8 million reduction in expenditure relating to the purchase of water 2013-14 on the SARMS program?

**The Hon. I.K. HUNTER:** Yes, if it does not make sense, I will get you to answer the question I think! My advice is that \$8 million was provided to DEWNR to purchase water on behalf of PIRSA to meet some progress requirements under the SARMS funding arrangements. That water will be provided to the commonwealth and reimbursed to DEWNR through normal processes.

**Mr WHETSTONE:** Minister, are you currently in the water market?

**The Hon. I.K. HUNTER:** Mr Chairman, that is an issue that goes to commercial-in-confidence decision-making. It could have an impact on market conditions and it is really not a question appropriate for me to answer.

**Mr WHETSTONE:** So when you purchased the \$8 million worth of water for the SARMS program, did it have an impact on the market?

**The Hon. I.K. HUNTER:** Mr Chairman, I am in no position to make any comment about that. I do not know one way or the other. I am not a water market specialist and, again, I am not going to

comment on what my department might be doing from time to time in any particular market. That is an inappropriate question to be asked in this place.

**Mr GRIFFITHS:** Just to get some clarification, minister, how do you intend to do the time split with SA Water? Is the last 20 minutes to be devoted to it?

**The Hon. I.K. HUNTER:** I think the agreement is that in the last half an hour we will go to SA Water.

**The Hon. S.W. KEY:** Chair, can you clarify something for me?

**The CHAIR:** Yes.

**The Hon. S.W. KEY:** I would like to ask the minister a question about stormwater projects. Am I able to do that in this half an hour?

**The Hon. I.K. HUNTER:** It is not really for water. You have missed the opportunity.

**The Hon. S.W. KEY:** I have missed it.

**The CHAIR:** If that is the agreed split.

#### **Departmental Advisers:**

Mr J Ringham, Chief Executive, SA Water.

Mr J. Hollamby, General Manager, Business Services, SA Water.

Mr G. Henstock, Corporation Secretary, SA Water.

Mr D. Percevault, Senior Manager, Finance, SA Water.

Mr R. Faunt, Technical Regulator, Office of the Technical Regulator.

Mr T. Mooney, Chief of Staff.

**The Hon. I.K. HUNTER:** I will make a very brief opening remark. The government is committed to ensuring that South Australia has secure, safe and reliable water supplies for future economic and population growth. Policies implemented by the Labor government have made South Australia a leader in water management. Adelaide recycles more wastewater than any other Australian city. We have delivered one of the most capital-efficient desalination plants in Australia.

SA Water's expected capital expenditure for 2013-14 is \$352.1 million, the majority of which was for projects that enhance our state's water security, ensuring a sustainable water supply for future generations. The capital plan for 2014-15 is \$390 million and will allow SA Water to continue existing infrastructure, asset maintenance and renewal. SA Water's capital budget for the years 2014-15 to 2017-18 provides for \$1.5 billion in expenditure.

Underpinning our investment in water management is our commitment to legislative and regulatory reform of the industry. Under the Water Industry Act 2012, South Australia has embraced independent economic regulation of water and wastewater services by the Essential Services Commission of South Australia. This change has set a significant challenge for SA Water. Operating as a publicly owned organisation but operating in the private market is an unusual role for them. The challenge of providing the public with a service for the common good whilst also increasing efficiency means that SA Water must constantly evaluate its business against multiple demands.

ESCOSA conducted a thorough review of SA Water's proposed capital expenditure to ensure that SA Water's capital expenditure is both prudent and efficient. The outcome of ESCOSA's regulatory determination was a reduction in water and wastewater charges in 2013-14. In addition, price rises have been limited to CPI in 2014-15 and 2015-16.

SA Water also recognises the need to reduce costs to its customers. This is highlighted by SA Water's Business Transformation program, which is taking place over the next three-year period. This transformation program has already resulted in cultural changes and increased customer

affordability, driven through efficiency gains. It is anticipated that this transformation will deliver net savings of \$3.9 million in 2014-15 and ongoing savings in subsequent years.

Despite these efficiency and competitive measures, the government is committed to maintaining service standards. SA Water has over 750,000 customers and, as outlined in the National Water Commission's National Performance Report of March of this year, SA Water has reported the lowest complaints in its group for the Adelaide metropolitan area, less than two complaints per 1,000 customers. The SA Water call centre takes some 1,500 calls a day, and there is no doubt this low level of complaints is a result of the professionalism and commitment to serving the public that SA Water and all SA Water staff hold dear. I would like to commend SA Water staff for their dedication, responsiveness and hard work over the last year.

**Mr GRIFFITHS:** There are a few references in the budget, certainly in the speech delivered by the Treasurer on page 5, to the \$2.7 billion worth of debt that was transferred from the general government sector to the public non-financial corporation sector. Referring back to your statement of the CPI price rise controls that are in place through to 2015-16, what modelling has been done in the forward estimate period on the impacts of the transfer of this debt as it relates potentially to water pricing?

**The Hon. I.K. HUNTER:** Let me give you what I can give you and then we can tease out any further questions. These budget papers outline the government's intention to restructure the debt held by SA Water. SA Water's gearing its debt-to-assets ratio will increase from 26.4 per cent in 2013-14 to 44.6 per cent in 2014-15. This level is consistent with the debt-to-total-assets ratio, as I understand, of some of SA Water's interstate peers. This will bring SA Water's level of debt in line with utilities around the country, which will ultimately improve our ability to compare the performance of our water utility with those interstate.

The restructure will involve the reduction in the government's equity stake in SA Water as part of the 2014-15 state budget. The transfer of debt will reduce the level of distributions payable to government but will be offset by lower interest payments by the general government sector. The restructure will reduce the level of distributions payable to government. The reduction is expected to be \$139 million in 2014-15. This debt transfer will take place by requiring SA Water to borrow an additional \$2.7 billion and return these funds as a repayment of the government's equity.

This change will have no impact on the pricing of water to consumers, I am advised. This is because the actual level of debt held by SA Water does not influence ESCOSA's pricing determination. ESCOSA's pricing determination framework relies on assumed debt cost of an efficient private sector entity. In terms of its peers interstate, I understand, the gearing of relevant peers as of 30 June 2013 is as follows: Sydney Water, 42 per cent; Melbourne Water, 59 per cent; WA Water Corporation, 33 per cent.

**Mr GRIFFITHS:** If I may get some clarification on that, I was in this chamber also when the Treasurer talked about the increase to approximately 45, and you clarified it at 46 per cent gearing. Has SA Water had an in-house policy in the past where it actually kept the gearing percentage at up to 25 or 20 per cent and has that change resulted in a need for an SA Water policy review?

**The Hon. I.K. HUNTER:** My understanding is that it was not an SA Water policy; my advice is that that was a Treasury policy.

**Mr GRIFFITHS:** But it was in the 25 per cent range, minister?

**The Hon. I.K. HUNTER:** My advice is that it was in the range of 15 to 25 per cent, but that was Treasury policy. I think it got up to 26 per cent at some stage.

**Mr GRIFFITHS:** Yes, 26.4, I think you quoted or something like that. Can I take it from your last comment also that you have given an assurance that this transfer of debt will not, because of ESCOSA controls that are in place, result in an increase in water pricing?

**The Hon. I.K. HUNTER:** My advice is this change will have no impact on the pricing of water to customers.

**Mr GRIFFITHS:** Only a reduction in the amount of dividend payable by SA Water to Treasury?

**The Hon. I.K. HUNTER:** Exactly as I said in my introductory remarks on this matter.

**Mr GRIFFITHS:** The level of debt has increased, but in terms of the infrastructure that was associated with the debt, if I can assume you borrowed 2.7, there are in round figures about \$5 billion worth of assets controlled by SA Water with the infrastructure?

**The Hon. I.K. HUNTER:** I think is more like \$10 billion, from memory. I will just check that. I stand corrected: the asset base of SA Water is around \$11 billion. From an accounting point of view, I am told, it might be different. The RAB is around \$11 billion.

**Mr GRIFFITHS:** Are you aware whether this is a proposal that previous treasurers have discussed with the minister for water, or have the transfer of debt and the impact that that might have been considered in past years?

**The Hon. I.K. HUNTER:** I have no such awareness.

**Mr GRIFFITHS:** It was not part of any briefing involvement in discussions you had with the Treasurer on it?

**The Hon. I.K. HUNTER:** I raised it with the Treasurer myself.

**Mr GRIFFITHS:** I appreciate that information being provided. I certainly hope that the impact is not an increase in water pricing. If I can go to Budget Paper 6 where we have talked about some SA Water efficiency targets, my understanding is that over the forward years there is an estimate of about \$19.5 million of efficiencies created and that is part of the target that you have put in place. Can you confirm what percentage or thereabouts of operating costs that represents? It is around \$4.8 million per year in the first year and then 4.7 and then 4.9.

**The Hon. I.K. HUNTER:** Could you just assist me by referencing the page that you are quoting from?

**Mr GRIFFITHS:** I have Budget Paper 6, page 14. It is the bottom graph, minister.

**The Hon. I.K. HUNTER:** We are just having some difficulty locating it. In lieu of finding the budget paper, I might ask my adviser to give you an answer.

**Mr HOLLAMBY:** The operating costs for SA Water are around \$550 million a year.

**Mr GRIFFITHS:** It is a bit less than the 1 per cent—0.8 per cent or thereabouts. Is that generally across government, minister? I know in several of your answers this morning, which I was listening to intently in my office, you have referred to efficiency targets. Is it in that 1 per cent range?

**The Hon. I.K. HUNTER:** The 1 per cent efficiency dividend imposed by Treasury is in addition to the efficiency dividend applied by ESCOSA as part of the regulatory process, so they are additional.

**Mr GRIFFITHS:** If I jump forward to Budget Paper 5, page 51, I am particularly interested in the budget figures for the pipe network renewal. My understanding is that in 2014-15, some \$47 million has been allocated to this area. Coming from a regional community in which some people have expressed concerns to me in the past about some of the rust and the age of the pipe network, I am pleased to see there has been a significant jump. Just for the record, can you confirm what the amount was in 2013-14?

**The Hon. I.K. HUNTER:** My advice is that for 2013-14 the amount for pipe network renewal was \$39.9 million. Can I say that over the past four years, of course, SA Water has spent on average \$46.1 million per annum on direct routine maintenance and repairs, including breakdowns, to its infrastructure across the state. This cost is specifically the cost directly attributed to maintenance activities undertaken on individual assets. It does not include the cost of operating, monitoring and managing those assets on a day-to-day basis.

In addition to the above asset maintenance costs, SA Water also invests significant capital in the ongoing renewal of its infrastructure. Over the past four years SA Water has invested on average \$82.5 million in the renewal of its pipe networks, its treatment plants, water storages and other related infrastructure. Last year's spend—the \$82.5 million is an average over four years—has been reaching approximately \$129.5 million, so you can see that, even though the average over four

years is \$82 million, an increasing spend has occurred in the last couple of years. In its regulatory business proposal, SA Water expects this ongoing investment to increase to approximately \$168.2 million on average over the last three years of the regulatory period that goes forward.

**Mr GRIFFITHS:** Can I get some clarification on the expenditure items quoted by the minister? Does that include the cost of the pipeline network from the desal plant to the storage facility?

**The Hon. I.K. HUNTER:** No, this is maintenance and asset renewal.

**Mr GRIFFITHS:** On an \$11 billion asset base, that represents what percentage?

**The Hon. I.K. HUNTER:** Let me get my calculator out.

**Mr GRIFFITHS:** I will let you have about 1.5 per cent.

**The Hon. I.K. HUNTER:** Yes, that is about the ballpark.

**Mr GRIFFITHS:** Given that you stated, in another area, where the average level of debt gearing in other states is, have you asked SA Water staff to model South Australia's level of investment compared to other states also as a percentage of its fees?

**The Hon. I.K. HUNTER:** I have not asked them to do so, no.

**Mr GRIFFITHS:** Do you consider that is a reasonable thing? I know there is an enormous amount of value there and I am pleased to see that a reasonably high level of investment is taking place.

**The Hon. I.K. HUNTER:** The member can take on board what I have said about the average being \$82.5 million over the last four years, but it has increased to the point of \$129 million last year and it will increase over the forward estimates on the forward regulatory period of three years to \$168.2 million over those three years each year, so our investment in this has been going up and up and up.

**Mr GRIFFITHS:** The shadow minister has asked me to seek some comment from you. We are aware of some pipework that is taking place in Springfield at the moment. The shadow minister is interested to know if that relates to the desalination plant, or what it relates to.

**The Hon. I.K. HUNTER:** We are at a loss at the table to provide you with any advice about Springfield. If you want to put that on notice we will deal with that as best as we can.

**Mr GRIFFITHS:** The Hon. Michelle Lensink will clarify that at a later date.

**The Hon. I.K. HUNTER:** I hesitate to give you this advice, but I am advised that it is probably not anything to do with the desal plant.

**Mr GRIFFITHS:** I refer to Budget Paper 5, page 50, the Capital Investment Statement. I note the Adelaide desalination plant proposed expenditure in 2014-15 of \$21.439 million. What is that for?

**The Hon. I.K. HUNTER:** I invite John Ringham to answer that question for you.

**Mr RINGHAM:** As part of the project you retain some of the cost, some of the value, of the capital works through the warranty period to ensure that the warranty period is completed successfully, and there will be a payment at the end of that period which relates to what is commonly called a retention payment.

**Mr GRIFFITHS:** Therefore that is why, under estimated total cost, the \$1.824 billion is the listed price of the project. Is this \$21.5 million the last payment that has to be made?

**Mr RINGHAM:** That will be the last payment in that, yes.

**Mr GRIFFITHS:** When is that anticipated? That is the December quarter, is it?

**Mr RINGHAM:** The warranty period, theoretically, ends in December. There will be a period of time after that to ensure that everything has been completed and, if it has, then the payment will be made.

**The Hon. I.K. HUNTER:** So the answer is sometime after the warranty period concludes.

**Mr GRIFFITHS:** Just a further question about the desal plant: is it still expected that it will go into standby mode as of 1 January?

**The Hon. I.K. HUNTER:** Again, we will wait for climatic conditions, but at this stage there are no plans to operate it at a higher capacity. We are currently doing some work on when we will turn the plant on and under what conditions, but that will take some detailed modelling. We are currently working on that.

**Mr GRIFFITHS:** Is the modelling based upon the level of storage that is in place?

**The Hon. I.K. HUNTER:** The modelling will take into account all factors: water coming down the river; water that is in the catchment; and the climatic conditions that we expect to face.

**Mr GRIFFITHS:** But as a matter of practice though, is there a preference? Do you have a certain volume of water being generated each month, each quarter, each six months, each year?

**The Hon. I.K. HUNTER:** It is variable, and will depend on the water that is in the catchment and the water that is coming down the river. Generally, in good seasons you will have water in the catchment and the river, but not always; you may have more in one or the other. Essentially, it really is going to be predicated on the climatic conditions; whether we are facing an El Niño event, for example, which I understand the bureau is still predicting with a 70 per cent degree of probability—although, given the wet winter, I am not sure how much faith they are now putting in that. It is certainly helpful for the catchment.

**Mr GRIFFITHS:** I refer to Budget Paper 3. I note that there has been a reduction of 151.1 full-time equivalent staff from what was anticipated to what the end of year result was as at 30 June. Are you in a position—and I quite expect you to take this on notice—to provide a breakdown of the SA Water structure as it exists now? I know that some roles were removed; for example, I think the regulator was taken out. Could you also provide—again, probably on notice—the number of employees that received more than \$100,000 per annum?

**The Hon. I.K. HUNTER:** Those questions that I cannot answer now I will take on notice, but I can say that the headcount has reduced by approximately 9 per cent for the period 1 July 2013 to 30 June 2014 in response to changing customer expectations, the emerging business environment we face, and the completion of drought-related water security projects. All those events have had an impact.

However, recently SA Water implemented a new organisational structure that will better position the business to drive efficiencies. The restructure and other efficiency activities predominantly impact upon executives, senior managers and managers, and to date have reduced the number of SA Water employees in that senior manager level—and a few others—by approximately 80 since 30 June 2013.

Overall, the headcount for SA Water as at 30 June 2014 is 1,448, and I understand that excludes extended leave and vacancies. This can be attributed to the restructure combined with current vacancies and the cessation of drought-related water security project roles, which would have ceased anyway. I understand that unions and workers have been consulted throughout the restructure process, and major concerns have not been raised with the process that SA Water is undertaking. As I said earlier, that has been rolled out at a senior management level rather than at a workforce level.

**Mr GRIFFITHS:** I refer to Budget Paper 5 and the capital investment strategy. On page 8, under SA Water, I note that in the 2013-14 year there was a budget expenditure of a little bit over \$417 million, and that the actual estimated result was \$352 million. Given that the difference of \$55 million is about 13 per cent of capital spend, I am interested to know why there is such a high level of change, from 12 months ago, between what was expected to occur and what actually has occurred.

**The Hon. I.K. HUNTER:** Whilst I am getting advice on that question I can just go back to a question I took on notice a moment ago about the number of employees and salary bracket levels. On 30 June 2014 there were 207 SA Water employees in the highest salary bracket whose salary

was equal to or greater than \$112,600 per annum. This represents a decrease of 5 per cent when compared to 30 June 2013.

In terms of capital expenditure, the original approved capital plan for 2013-14 was \$407.2 million and the estimated outcome for 2013-14 was \$352.1 million. The expected decrease of \$55.1 million for 2013-14 is primarily due to the following: savings delivered of \$27.9 million, comprising \$9 million worth of savings in the North-South interconnection system project, \$7.5 million worth of savings in the cryptosporidium risk management study project, \$3.4 million worth of savings in the Marion Road trunk water main renewal project, and a net \$8 million worth of savings in other minor projects and programmes.

Reductions for timing adjustments for 2013-14 back to 2012-13 comprises \$59.7 million. Deferral of expenditure to future years is \$36.7 million, primarily for Mount Barker water supply investigation stage 1, and that comes in at \$18.3 million and the Adelaide Desalination Plant at \$7.3 million. The savings and deferrals were partially offset by timing adjustments brought forward from 2012-13 to 2013-14, and that amounts to \$46.9 million, and cabinet approval for the acceleration of works worth \$22.3 million to stimulate the local economy.

**Mr GRIFFITHS:** Just a point of clarification, minister. You refer to the Mount Barker development and the deferral there of \$18.3 million. Are you able to give a time line as to when that will actually occur?

**The Hon. I.K. HUNTER:** My understanding of that is that it is dependent on the development and the pace of development. So, if development proceeds apace we will bring it on when it is required. By moving it back we can actually pace the development of the wastewater supply and water supply to the amount of development we are seeing on the ground. So, rather than build it now when there is no-one there, we will wait for that development to occur and build it in stages as that development proceeds over a number of years.

**Mr GRIFFITHS:** Just a further point of clarification. The augmentation contributions would be required as part of the development approval, I presume. Have they already been paid, or what portion has?

**The Hon. I.K. HUNTER:** My understanding is that augmentation charges are paid by block. There has only been one development approved in that area, I understand, at the moment, so if we have received any, which I cannot confirm now, it would be relatively minor.

**The CHAIR:** Member for Hammond.

**Mr PEDERICK:** I refer to Budget Paper 4, Volume 2, Sub-program 2.6: Licensing and Permits, page 177. It has been reported that Lower Lakes water licence holders have been subject to enormous payment requests backdated to 2010 when fees were suspended due to the drought. Can the minister please explain how this oversight occurred by DEWNR and what assistance has been provided to licence holders to clear these payments?

**The Hon. I.K. HUNTER:** Unfortunately, this question does not relate to the SA Water segment, it relates to the last segment, so, like the member for Ashford, I am afraid the time has passed for that question.

**The CHAIR:** Yes, I think you are right.

**Mr GRIFFITHS:** Page 65 of Budget Paper 3, residential water bills and the average price increase, which I understand is 2.8 per cent. Minister, can you confirm what financial assistance will be provided to households currently somewhat challenged with the increased costs of all of the expenses from water?

**The Hon. I.K. HUNTER:** The answer is in a couple of parts, and I will attempt them both. One, of course, is concessions. The government supports South Australians who are in hardship and a range of concessions are available from the state government to help South Australians on low or fixed incomes with the cost of household and other expenses. On behalf of the Department for Communities and Social Inclusion, SA Water provides eligible customers with a water and sewerage concession on their SA Water bill. Water and sewerage concession rates are set by the government and SA Water's billing system is updated annually to reflect these rates.



For 2014-15, the water concession is 30 per cent of an eligible customer's water bill, subject to a minimum of \$185 or a maximum of \$295. SA Water provides customers with a fixed water concession each quarter based on a quarter of the minimum value. An additional top-up concession is provided in the fourth quarter where 30 per cent of the water bill is higher than the minimum value.

For 2014-15, the sewerage concession is a flat amount of \$110 and a fixed concession of \$27.50 is provided to customers each quarter. I understand that DCSI funds the concessions administered by SA Water. We also have, of course, the hardship policy. SA Water provides multiple payment options for customers in order for customers to manage their accounts and pay using a method and timing that best suits the customer. Customers can pay by regular payments of any amount that they nominate through direct debit, BPAY or Australia Post to smooth out their bills. Customers also have the flexibility of nominating the frequency and value of their payments. In the second and third quarters of the 2013-14 financial year, SA Water promoted, through bill messages and inserts, the use of a direct debit and payment by instalment program.

SA Water's website includes tips, tools and ideas to help customers manage bill payments. SA Water also offers a range of options, including payment extensions and negotiated payment arrangements to those in our community who are experiencing financial hardship or having difficulty paying their water bill. Under SA Water's customer assistance program, the case manager will work with the customer to provide a payment plan that best suits them. The government is committed to easing the burden of increasing cost of living, and will continue to work with SA Water to identify solutions for its customers.

**Mr GRIFFITHS:** I refer to Budget Paper 4, Volume 2, page 150, under Highlights for 2013-14. You refer to draft third-party access legislation, which has been prepared. When is it intended to put the bill before the parliament?

**The Hon. I.K. HUNTER:** Again this is a question for DEWNR, which is running the consultation process on the draft third-party access regime and legislation. That question should have been asked in the last session. SA Water is being consulted in the process. It is with targeted consultation to stakeholders at the moment, and I am hoping to have a draft bill before the parliament either by the end of the year or early next year.

**The CHAIR:** I thank the minister and his advisers. There being no further questions, I declare the examination of the proposed payments for the Department of Environment, Water and Natural Resources and administered items for the Department of Environment, Water and Natural Resources completed.

#### **DEPARTMENT OF STATE DEVELOPMENT, \$644,298,000**

#### **ADMINISTERED ITEMS FOR THE DEPARTMENT OF STATE DEVELOPMENT, \$7,665,000**

##### **Membership:**

Dr McFetridge substituted for Mr Whetstone.

Ms Redmond substituted for Mr Pederick.

Mr Treloar substituted for Mr Griffiths.

##### **Minister:**

Hon. I.K. Hunter, Minister for Sustainability, Environment and Conservation, Minister for Water and the River Murray, Minister for Aboriginal Affairs and Reconciliation.

##### **Departmental Advisers:**

Mr R. Garrand, Chief Executive, Department of State Development.

Ms N. Saunders, Executive Director, Aboriginal Affairs and Reconciliation Division, Department of State Development.

Ms F. Ward, Director, Aboriginal Affairs and Reconciliation Division, Department of State Development.

Ms S. Bartlett, Manager, Aboriginal Affairs and Reconciliation Division, Department of State Development.

Ms A. Reid, Executive Director, Arts and Cultural Affairs, Department of State Development.

Mr T. Mooney, Chief of Staff.

Mr S. Webster, Ministerial Adviser.

**The CHAIR:** I declare the proposed payments open for examination and refer members to Agency Statements, Volume 4. Would the minister like to make an opening statement?

**The Hon. I.K. HUNTER:** The past 12 months have been very productive and have set an important direction for future work in Aboriginal affairs. There was an enormous amount of goodwill to support the future aspirations of Aboriginal people in our state, and the government is firmly committed to working within the reconciliation framework and supports genuine partnerships with Aboriginal people and decision-making and genuine participation of Aboriginal people in all areas of life.

This commitment to engagement and reconciliation is reflected in all our work, including our major ongoing projects, such as the development of the Aboriginal Regional Authority model, new legislation that will deliver an engagement framework between the government and the Aboriginal communities, co-designing a new governance, nation rebuilding, training and leadership program, and implementation of the new Aboriginal Lands Trust Act 2013.

We have made great progress in reconciliation over the past few years. We—all of us—have amended the state's constitution to recognise our first peoples. We are establishing a whole-of-government process to develop reconciliation action plans (or RAPs as they are more commonly known). We proudly unveiled the Aboriginal and Torres Strait Islander War Memorial at the Torrens Parade Ground on Sunday 10 November last year, the first of its kind in the country.

We have also worked closely with various Aboriginal communities and areas of governance and community partnerships. For example, Aboriginal Affairs and Reconciliation, together with the APY Executive and the commonwealth government, led the development of the APY lands Regional Partnership Agreement. This will strengthen regional governments to the recreation of a regional partnership authority and will play a central role in the key APY lands projects such as the \$106 million main access road upgrade over the coming years.

We have also entered the second phase of the Aboriginal regional authority project in four test locations around the state, those being Adelaide, Port Augusta, Yorke Peninsula and the lower Murray. This will further develop a regional authority policy and a model to increase the capacity of Aboriginal communities to manage their own affairs in a transparent and accountable manner.

The government has also undertaken a significant legislative reform program. For example, the new Aboriginal Lands Trust Act came into effect on 1 July 2014, enabling the Aboriginal Lands Trust to acquire, hold and deal with land for the enduring benefit of Aboriginal South Australians. There is ongoing work on the review of the APY Land Rights Act 1981 that has focused on specific governance and accountability issues. We have devoted time and resources to Aboriginal economic participation, and this will only become more focused now that Aboriginal Affairs and Reconciliation has moved as an agency into the Department of State Development.

In 2014 AARD has been working with other state government agencies to develop a South Australian government Aboriginal business procurement policy. This model is currently being tested and will enable government agencies to purchase goods and services up to the value of about \$220,000 from a registered Aboriginal business. In the coming year we will deliver on our recent

election commitments, which include new initiatives worth up to \$1.5 million, of supporting Aboriginal businesses and Aboriginal jobs growth in communities.

These are all important steps and we can already see important improvements in educational outcomes for Aboriginal students, such as our nation-leading school retention and completion rates. Improvements in education will have a flow-on effect in other areas, including employment, economic development and home ownership, but this will take time and requires a long-term commitment. To ensure this happens, we will continue to work cooperatively with the commonwealth and local governments, as well as a wide range of service delivery and advocacy bodies. Most importantly, we will continue to work in partnership and in the spirit of reconciliation with all Aboriginal South Australians.

I would like to commend and thank the staff in Aboriginal affairs and reconciliation for their ongoing commitment, hard work and dedication in a very difficult area, but one which they show absolute commitment to.

**The CHAIR:** Does the shadow minister have an opening statement or shall we go straight to questions?

**Dr McFETRIDGE:** I will make a very brief comment to say that minister Hunter is the fifth minister I have had the privilege of working with in this place: the late Terry Roberts, the Hon. Jay Weatherill, Grace Portolesi, the member for Colton, Paul Caica, and now minister Hunter. It is an interesting portfolio and one where I have always tried to be as bipartisan as you possibly can. That is not to say there are not issues, and we will explore some of those issues today.

With that—I think it is almost an omnibus reference here—I refer to page 109-110 of Budget Paper 4, Volume 4, Aboriginal Affairs and Reconciliation. The new ALT Board was gazetted recently. What funding, if any, has been allocated to support the proposed changes to the Aboriginal Lands Trust and the implementation of new governance arrangements?

**The Hon. I.K. HUNTER:** I thank the member for Morphett for his question. Can I also say for the record that it has been a great pleasure working with him and other members of the parliament on a multiparty basis. This is a very important policy area, where in fact I have enjoyed good support right across the parliament, not just bipartisan, but across the crossbenches as well. I think that is fundamentally a very important attribute of our work as parliamentarians in this very important policy area.

The Aboriginal Lands Trust Bill 2013 was passed by parliament on 27 November 2013, and the Governor in Executive Council gave assent in December. The new act is a result of a review of the Aboriginal Lands Trust Act that began in 2008 and was the subject of three rounds of statewide public consultations. There are a number of breakdowns in terms of the funding. In 2012-13 and 2013-14, \$580,000 was applied to the Aboriginal Lands Trust Act to administer the act and \$550,000 will be applied for assisting with transitional matters to the new board structure.

**Dr McFETRIDGE:** Has money been set aside to meet all the costs associated with the changes?

**The Hon. I.K. HUNTER:** As I said, that \$550,000 is there to meet any transitional matter that arises. Money has been provided in the past, for example, funding the good order audit. I believe that in 2012-13 that funding was in the order of \$200,000, but the \$550,000 for 2013-14 and the \$500,000 for the following financial year 2014-15 are allocated to assist with transitional matters that arise.

**Dr McFETRIDGE:** What do we get for our dollar there with the transition?

**The Hon. I.K. HUNTER:** For those amounts?

**Dr McFETRIDGE:** Yes.

**The Hon. I.K. HUNTER:** I am advised that that money will be used for a number of purposes, partly for the setting up for the new commercial advisory committee which will work with the ALT. There is a new financial officer being employed and there is a new CE position being created which will replace essentially the old general manager's position.

**Dr McFETRIDGE:** Correct me if I am wrong but I think the last annual report was the 2011-12 report. Why has there been a delay in releasing annual reports, particularly when the Auditor-General has signed off on reported figures in July 2013 I think for the 2013-14 report?

**The Hon. I.K. HUNTER:** I am advised that historically the provision of audited reports has been delayed by at least 12 months. I understand—I have been advised—that they have just completed the 2012-13 report and it is on its way to me. Part of the funding for the new financial officer is to assist them in making sure that we get the reports in a timely fashion but, given that they have just finished 2012-13, they have caught up over the historic delays that have been in place for a number of years, and they need to be commended for that.

**Dr McFETRIDGE:** Same reference and same topic. I understand that the Auditor-General was very concerned that there were a number of leases and subleases of vested land which have been entered into during the financial year without the consent of you, the minister, which is in contravention of the ALT Act. Is that true?

**The Hon. I.K. HUNTER:** My advice is yes; however, the ALT has been working through those processes and has submitted those leases and subleases to me and I have signed off and approved them in recent times.

**Dr McFETRIDGE:** And that obviously will not happen again?

**The Hon. I.K. HUNTER:** We can only hope, and with the provision of a new financial officer and a new CE, I share your optimism.

**Dr McFETRIDGE:** Same reference minister, under sections 21 and 23 of the Aboriginal Heritage Act you have the power to delegate your authority. How many times have you delegated that authority in the last 12 months, or in your time as minister, which might be easier?

**The Hon. I.K. HUNTER:** There has been a significant increase in the number of inquiries regarding Aboriginal affairs and reconciliation records of Aboriginal heritage. I will just give you a picture: in 2009-10 we had 800, in 2011 we had 2,400 going up to 2,500 in 2012-13, and approximately 3,200 in 2013-14, from members of the mining industry, developers, landowners, planning exploration, mining development or sale of land. An increase of this scale indicates that efforts to alert mining companies, government agencies, local government, developers and property owners to the importance of inquiring about Aboriginal heritage before undertaking ground-disturbing activities is having an impact. That is a good thing.

In terms of specific delegations, assessment of applications for ministerial delegations under section 6(1) of the Aboriginal Heritage Act resulted in delegations to the Ngadjuri Nation Aboriginal Corporation and the Yandruwandha Yawarrawarrka Traditional Land Owners Aboriginal Corporation (in future to be known as YYTLOAC). Delegate induction sessions were developed and delivered to the directors of the NNAC and the YYTLOAC and a comprehensive guide for delegates developed.

Consultation with Kaurna and Ramindjeri communities resulted in two section 23 authorisations being granted for projects in the Adelaide metropolitan area. A legislative awareness presentation was prepared and delivered to one of those proponents. The second proponent will receive its legislative awareness presentation in early August.

**Dr McFETRIDGE:** Amongst all the acronyms, is there one particular delegation of your powers that covers parts of the Barossa Valley, and are there any concerns there?

**The Hon. I.K. HUNTER:** Not one that I can recall giving. I will take advice on that and get back to you before the end of the session.

**Dr McFETRIDGE:** Same budget reference, page 109, but also dot point 2 in the financial commentary, the administration of the APY act. Under the act, the minutes are supposed to be made available to Anangu and others who want to read them but, I think nearly two years later, we are still missing minutes of five or six meetings between February 2011 and August 2012. The minutes are not up on the website, and that has been a cause of concern. It has also been alleged to me that the lawyers then acting for APY, McCulloch Robertson in Brisbane, may have copies of these minutes but are not releasing them. Have you any explanation as to why those minutes may be missing as required under the act? Have you been informed about that?

**The Hon. I.K. HUNTER:** The release of the minutes is a matter for the APY Executive. It is not something I can direct them on. Whilst we might all prefer those things to be preferably filed and publicly available, I cannot comment on decisions of the APY Executive and the availability of minutes.

**Dr McFETRIDGE:** But if, under the act, they are obliged to do that, shouldn't your officers, on your behalf, ensure that those minutes are made available?

**The Hon. I.K. HUNTER:** It is not the responsibility of my office to—

**Dr McFETRIDGE:** It would be a concern, though, wouldn't it, minister?

**The Hon. I.K. HUNTER:** It is not the responsibility of my office to be administering the circulation of minutes from the APY Executive. Over a number of years now, the state government, through AARD, has provided support to improve governance and financial management on Anangu, Pitjantjatjara and Yankunytjatjara land. From a budget perspective, the state government, through the annual land rights funding agreement with the APY, increased its funding allocation with a one-off \$564,000 in 2013-14 to assist with their changed management process and delivering on their legislative requirements, and to ensure appropriate internal management, financial systems and controls were in place to improve corporate governance and accountability. In 2014-15, the funding allocation will be \$1.292 million.

To improve financial accountability, the state government has provided additional funding of \$123,000 to enable APY to recruit an experienced and well qualified financial coordinator operating out of the APY's office in Umuwa. The financial coordinator provides APY monthly income and expenditure reports under the terms and conditions of the funding agreement and the financial accounts. That is where we have been directing our priorities, in improving governance and improving financial accountability. In terms of minutes, I can only say to you that is a matter for the APY Executive. They make decisions which I cannot direct them on.

**Dr McFETRIDGE:** On their obligations to report, though, they are obliged to provide precise annual reports. On that matter, between 30 June 2009 and 30 June 2012, there were losses of members' funds of about \$3 million and APY had become insolvent to the tune of about \$1.39 million as of 30 June 2012. Are you aware of that, or are former ministers aware of that, and what advice have you been given to make sure that does not happen again?

**The Hon. I.K. HUNTER:** I cannot speak to what other ministers may have known in the past. Improvement in the APY's financial management is further demonstrated by the information provided in the 2012-13 audit report. The report indicates that APY has significantly improved its financial position. The balance sheet at 30 June 2013 shows total members' funds of \$215,776 compared to a deficit of \$220,846 in the previous year. This is a turnaround of \$436,622. The financial coordinator is already preparing for the 2013 independent audit of APY's financial accounts and working to a time frame of the end of August 2014 to have the audit completed. It is my expectation, however, as minister, and I expect, of members of the parliament as well, that requirements for reporting under the act and under the proper financial reporting mechanisms will be met by APY.

It is understood that, in the past, there have been some difficulties faced by the APY Executive and so, from time to time, government will provide assistance to make sure that they can meet the reporting requirements we all expect. I am hoping in the longer term we will build the capacity within the APY Executive, as I have talked about with the financial controllers, particularly by supporting personnel who are employed with sufficient financial expertise to give the APY Executive the ability to conduct itself in a manner that we would all expect. We are providing that financial support. As I say, they have made a big improvement in recent times, as indicated in the 2012-13 audit report.

**Dr McFETRIDGE:** As part of that accounting loss of funds, \$500,000 was also paid to, I think, McCullough Robertson, a Brisbane law firm, in the five months prior to March 2012. Also for some reason one of the partners, I think, in the law firm is ensconced as a trustee in the exploration royalties payments and the same law firm sought to transfer \$600,000 from APY to the trust controlled by the law firm at about that time. Have you had discussions with this law firm as to their costs and why they want to be in control of the royalties funding? My understanding from the lands

committee's visit last week with Mr Gee (member for Napier) is that the royalty payments could be extraordinary if the opportunities come to fruition and are realised.

**The Hon. I.K. HUNTER:** I understand that these questions do relate to previous budgets, but I think it is an important question and so I will attempt to give you the information I have available. We do understand there was an amount of \$500,000 transferred into some sort of account held by lawyers that APY had previously engaged. My understanding is that those lawyers are no longer engaged by APY for day-to-day legal information. I do not have any information about trustee accounts; obviously I would not. They are accounts of the law firm, which I probably would not have access to. As I say, in terms of having the new financial officer on board, clearly changes have been made on APY Executive. There are no longer, as far as I know, transfer payments made to this law firm out of Brisbane and they are not engaged to give advice to APY on a day-to-day basis any longer.

**Dr McFETRIDGE:** You may not know now, minister, but can you get back to the committee and let us know whether one of those partners or a member of that law firm is a trustee in the royalties trust account?

**The Hon. I.K. HUNTER:** I thank the member for that question and I will certainly be following up on that.

**Dr McFETRIDGE:** To me, it is extremely important. Minister, how much other funding does APY get besides the South Australian government and the federal government funding, such as from local government or cattle enterprises? Is the department aware of how much they get?

**The Hon. I.K. HUNTER:** There are a number of lines of state funding that come to APY from various other sources. I can read those into the record if you like. Administration of Anangu Pitjantjatjara Yankunytjatjara Land Rights Act, provision of land management activities and traditional cultural and heritage matters, \$2,004,480; Regional Anangu Services Aboriginal Corporation (RASAC) for office administration budgets for Amata, Indulkana, Mimili, Pipalyatjara and Pukatja, \$187,056.

**Dr McFETRIDGE:** Sorry, they are state government funds?

**The Hon. I.K. HUNTER:** They are state. In terms of federal, I understand they get \$1.1 million in untied funding from the federal government in the last financial year.

**Dr McFETRIDGE:** Is that a local government?

**The Hon. I.K. HUNTER:** No.

**Dr McFETRIDGE:** FAGs.

**The Hon. I.K. HUNTER:** What grants?

**Dr McFETRIDGE:** FAGs.

**The Hon. I.K. HUNTER:** FAGs, yes, I try not to use that term very often. It confuses me terribly, but yes, the honourable member knows exactly what they refer to and there are also sums of money for Landcare grants, but I cannot give the member those figures.

**Dr McFETRIDGE:** My information is that, including local government funding, virtually the entire funding for land management and cattle money adds up to about \$80,000 a month and all of this is not part of a budget approved by the minister and so has been open to enterprise bargaining, shall we say. It would be interesting to see what improvements are going to be made in the financial management of the APY finances?

**The Hon. I.K. HUNTER:** Indeed, and as I say, the new financial officer position was created to do exactly that.

**Ms REDMOND:** On that same topic, I know that I asked a question in estimates and you were not the minister, so it may have been last year or the year before, but no further back than that, trying to figure out exactly how much money in total from the three levels of government goes into the APY lands. The response that I was given was that there was then currently being prepared a report on just that issue and therefore there should be somewhere a record of how much money

goes in. I am sure the minister has been up there. I spoke to a young police officer last weekend who had just returned and anyone who goes there is absolutely gobsmacked by the level of squalor. Now, when there are many millions of dollars going in to support 2,000 to 2,500 people, they should be living in McMansions with streets paved with gold and yet they are living in complete filth and squalor. Something is going wrong with the system. Could the minister undertake to follow up that answer that I was previously given on how much money in total goes into the APY lands to support those 2,500 people?

**The Hon. I.K. HUNTER:** I will endeavour to do so.

**Dr McFETRIDGE:** From memory, I think the Aboriginal lands committee was told in 2009 it was around \$200 million. I stand corrected on that though if my memory is wrong. It is a lot of money that goes in. I think the global budget for Aboriginal affairs in South Australia is \$1.3 billion.

During the last 12 months you appointed a conciliator for the APY to conciliate disagreements between some traditional owners and the APY Executive. That conciliator, Mr Grant Niemann, called for some reports and information from various people associated with APY. I have been given a copy of one of those submissions and spoken to the person who has given the submission, a former general manager, and I say right from the word go whose honesty and integrity I have no qualms about whatsoever. He has made some fairly damning allegations in this submission just for your information. Can you tell the committee what is happening with the relationship between AARD, APY, the ombudsman and the conciliator at the moment?

Included among the allegations are that APY has been and is currently operating in multiple breaches of the APY Land Rights Act, its own constitution and code of conduct, that this situation has been existing for some time under the oversight responsibility of the state government DPC AARD, and that there is substantial evidence that AARD is complicit in breaches of the act, has systematically maladministered the act, and has deliberately interfered and overstepped its authority with respect to APY. This chap goes on:

This particularly relates to being asleep at the wheel at the annual budgeting process, funding acquittals of all income and expenditure and the oversight through power to require reports and give directions.

He also says here:

AARD has acted obstructively and inappropriately...to undermine the role of general manager and to prevent a rigorous and proper budgetary management process.

Minister, I find it absolutely outrageous if those allegations are even half true. Are you aware of those allegations? If so, what has been done about them?

**The Hon. I.K. HUNTER:** I am not aware of those allegations, and I would caution the honourable member against dealing with unsubstantiated allegations of this nature.

**Dr McFETRIDGE:** It is not unsubstantiated; this is first-hand information.

**The Hon. I.K. HUNTER:** The honourable member has been around long enough to know that unsubstantiated allegations are often made in relation to APY lands by persons who have a particular point of view that they wish to pursue. Often, when investigations are conducted into these allegations, they melt away into insubstantial nothingness.

The problem we have with the APY lands has been consistent over a number of years. People often go up there with an agenda—and I am not ascribing this to any particular person at all—and a way they think things should be conducted and a way they believe government services should be delivered. They do not take into account the realities of day-to-day life on the APY lands and what APY people want in terms of those services and how they are delivered. This often gives rise to conflict and to conflicting points of view about how things should be done. Allegations are then often made, which we endeavour to investigate.

However, as I said, I would treat unsubstantiated allegations with a level of caution until an investigation can be conducted into these matters. As the honourable member knows, investigations are ongoing through the appointment of a conciliator, and I will wait for final information that the conciliator is yet to provide.

**Dr McFETRIDGE:** I would just like to make sure that the committee completely understands that I have no reason whatsoever to doubt the honesty and integrity of the person who has given me this information. That is why I am alarmed. We need to make sure that the Anangu are benefiting from the funding that we are putting in there. On the same topic, what consultation is carried out with the APY before the budget is set and signed off?

**The Hon. I.K. HUNTER:** Which budget? The government's budget?

**Dr McFETRIDGE:** The annual budget, yes.

**The Hon. I.K. HUNTER:** The government's budget for the APY?

**Dr McFETRIDGE:** Yes.

**The Hon. I.K. HUNTER:** I will invite Ms Nerida Saunders to give that response, given that she was responsible for the consultation.

**Ms SAUNDERS:** I have met with the APY executives and indicated to them what their allocation of budget for the 2014-15 year will be. They are now configuring that budget. That will come back to us, and we will have negotiations around the priority setting. At that stage, hopefully the financial controller position will be in place so that we can ensure the appropriate accountability mechanisms are in place against the KPIs against that funding. Obviously we will then forward that through to the minister for agreement once it has been finalised by APY.

**Dr McFETRIDGE:** The 2013-14 budget that I have been given information on, that was consulted in the same way?

**Ms SAUNDERS:** Yes. In the 2013-14 budget you will have identified that there were additional funds allocated to APY, and that was subsequent to the conversations around the difficulties APY were experiencing at that stage in terms of their transitioning and their financial management issues. So yes, it was done in negotiation with the APY, with the general manager.

**Dr McFETRIDGE:** It is my understanding that it was presented to the executive and they were expected to rubberstamp that 2013-14 budget. I just hope it has improved. Minister, can you tell the committee whether AARD directs specific contracts to go to specific persons or companies?

**The Hon. I.K. HUNTER:** Can you give me a hint about what sort of contracts in particular?

**Dr McFETRIDGE:** On the APY lands where there are calls for tenders or contractors. Are there cases where specific tenders would be given to specific contractors? Would your department direct—

**The Hon. I.K. HUNTER:** Our normal process is to go to an open tender; however, where there are situations where certain requirements need to be met and we have an understanding of what businesses' abilities are to deliver in remote areas, we may go to a limited tender or we may call for quotes. That is our normal business practice, as I understand it. We are, of course, heading down a process now of directing procurement to Aboriginal businesses where we will not need to go through that process if it is under, I think, \$220,000 per contract.

Again, we will need to identify that the business provider is registered with one of our regional authorities or somehow or other accredited through one of the land rights organisations, like APY, AMT, and has the capability to deliver the service that we are after and that will not need to go to open tender. That is part of our new procurement policy for small Aboriginal businesses.

**Dr McFETRIDGE:** So, does AARD handle the tendering or APY handle the tendering for on the lands?

**The Hon. I.K. HUNTER:** My advice is APY handles tendering on the lands.

**Dr McFETRIDGE:** So, would AARD then direct APY to—

**The Hon. I.K. HUNTER:** My advice is that AARD has never directed APY in terms of tender allocation.

**Dr McFETRIDGE:** None of your officers do that?



**The Hon. I.K. HUNTER:** My advice is AARD has never directed APY in terms of tender allocations.

**Dr McFETRIDGE:** Thank you, minister.

**Ms REDMOND:** Minister, back on the APY, and I do not expect an answer right away, it would be something that would have to be investigated, is it possible for us to get an understanding of what percentage of the Indigenous population of the state lives on the APY lands and what percentage of the budget within Aboriginal affairs and reconciliation is expended there, compared to the percentage elsewhere and the percentage of the budget expended elsewhere?

**The Hon. I.K. HUNTER:** We can give you that information. I am advised that for 2013-14 47 per cent of the AARD budget is dedicated by APY activity in terms of the number of Aboriginal South Australians on the lands (it is about 3,000 out of a total population of about 34,000 South Australians).

**Dr McFETRIDGE:** Same budget reference, you could probably flick to page 110, if you want, under APY projects. Minister, can you give the committee an update on the status of the bush tucker gardens at Watarru and Railway Bore?

**The Hon. I.K. HUNTER:** I can advise that responsibility for food security, I think, has been transferred to the Department for Communities and Social Inclusion; that needs to be asked in their budget lines.

**Dr McFETRIDGE:** I will ask minister Bettison on Wednesday then. Did DCSI pay for the industrial fence around the Railway Bore garden then?

**The Hon. I.K. HUNTER:** My advice is there has been no funding allocated by government for the gardens projects up in the lands in the year 2013-14 either by AARD or DECD. That is all the information I have, but \$14,000 has been transferred to DECD for the continuation of school gardens on school sites—sorry, I correct myself, \$40,000 for maintenance of gardens—

**Dr McFETRIDGE:** I think the school gardens will have a lot more success than the others, unfortunately with hundreds of thousands of dollars—anyway, we will not go there at the moment. Talking about enterprises on the lands, what is happening with the review of the cattle enterprise? How is that progressing? Who is conducting it and which stakeholders have been interviewed?

**The Hon. I.K. HUNTER:** On my understanding that is APY Executive business and not aligned with AARD.

**Dr McFETRIDGE:** So, there have been no discussions, no guidance, no collaboration with AARD on this?

**The Hon. I.K. HUNTER:** None that I am aware of. My advice is that this is not part of the state government line, but I will ask Ms Ward to give further information about other organisations' involvement with this.

**Ms WARD:** My understanding is that APY, the general manager, has been consulting with ILC to get some advice around a suitable person for them to engage to lead a review of the program and the coordination. As you would be aware, there was a report in 2010 with the recommendations, and the new general manager thinks that is a reasonable place to start with further implementation and to get cracking on it, really.

**Dr McFETRIDGE:** Page 110, APY food security reports: has the minister received the third and final food security evaluation report and, if so, what is the current status?

**The Hon. I.K. HUNTER:** My understanding is that this responsibility has transferred to DCSI but that report should be due at the end of August.

**Dr McFETRIDGE:** I refer to back-up generators, page 110, under Estimated result, dot point 1. How many generators are being purchased and which stores are getting them?

**The Hon. I.K. HUNTER:** Back-up generators have now been installed, are fully operational and have been well received in the Indulkana, Kanypi and Amata stores, as well as a temporary Fregon store, which of course was destroyed by fire last year, but there is a back-up generator in the

stand-by store. Apparently these generators automatically come online, which is a good thing, if there is a power outage (otherwise why would you have them). They have the capacity to support safe food storage within store fridges and freezers in the event of short-term or long-term power outages. The ownership of the generators and the associated ongoing operation and maintenance costs now rest with the owners of the stores. That is Indulkana, Kanypi, Amata and Fregon.

**Dr McFETRIDGE:** Do you have an estimation of the ongoing annual costs of maintenance and running, because that will obviously add to their costs, which will then be reflected in food prices.

**The Hon. I.K. HUNTER:** As I said in my explanation, that has been transferred to the stores' ownership and maintenance.

**Dr McFETRIDGE:** I refer to page 110, Aboriginal Foundation. What is the Aboriginal Foundation of South Australia and what does it do for members of the committee?

**The Hon. I.K. HUNTER:** The Aboriginal Foundation of South Australia was formed after the state government responded to a request from the South Australian Native Title Congress to find new ways in which Aboriginal South Australians could better participate in economic development activity. Since its formation the Aboriginal Foundation has brought together a wide range of organisations and people with diverse interests in the private, public and not-for-profit sectors. Its main goal is to create economic opportunities for Aboriginal people.

The board of the foundation comprises representatives from the Aboriginal community and the private sector, and all members provide their skills and services on an honorary basis. The foundation was created for and by Aboriginal people, and its priorities are being driven by native title claimants and local Aboriginal people. It supports Aboriginal people to gain economic self-sufficiency and to participate in the state's economy activity.

To date the foundation has been successful in progressing initiatives relating to the establishment of Aboriginal businesses and employment creation. The foundation has established a partnership with McMahan Services in the creation of Intract Indigenous Contractors, who are dedicated to Aboriginal employment and training in the building services industry.

The foundation has also been exploring possible property redevelopments and purchases in partnership with a number of Aboriginal organisations, and subject to that finalisation they will also provide enhanced income streams for both the foundation and its partners in these projects. The state government has given support to the foundation by providing funding of \$530,000 in 2009 and a further \$120,000 in 2011. A further \$200,000 will be provided by the state government over the next two years to enable the foundation to become self-sufficient.

During this time the Aboriginal Foundation will be focused on supporting key government priorities in Aboriginal affairs. That activity will include:

- supporting the work of Aboriginal leaders and the three South Australian Aboriginal statutory landholding authorities;
- establishing successful business opportunities for Aboriginal businesses;
- working with the private sector to create employment opportunities for Aboriginal young people;
- developing a successful young Aboriginal entrepreneurial program; and
- supporting regional authorities to develop focused business plans.

**Ms REDMOND:** Further to that explanation, which sounds terrific, is the minister able to give any indication of who the people are who have so kindly volunteered their services to the foundation? I assume they are people with business backgrounds, but could you perhaps tell us who they might be?

**The Hon. I.K. HUNTER:** I am advised the chair is Mr Colin Dunsford, the deputy chair is Mr Eddie Fry and their accountant is Dominic Rinaldi—whom I went to school with (although he was a year above me and does not remember me).

**Dr McFETRIDGE:** The same budget reference: in your answer on the Aboriginal Foundation, you talked about using the Intract Aboriginal contractors. The store at Fregon burnt down, the tenders have gone out and I think they may have closed. Can you announce the winning tenderer, and is it an Aboriginal, or Aboriginal based, organisation?

**The Hon. I.K. HUNTER:** Intract is the name of the McMahon Services collaboration with the foundation, and I understand those tenders have been led by Mai Wiru and that is not information I have at my fingertips.

**Dr McFETRIDGE:** Budget Paper 4, Volume 4, page 110, the APY Task Force. Since 2004, the task force has been responsible for allocating approximately \$5 million per annum to the services programs on the APY lands. Can you give the budget for 2014-15? Has this money been allocated for specific programs and projects? If so, can you give the committee some overview of these programs and projects?

**The Hon. I.K. HUNTER:** I can. The APY Lands Task Force program was established in response to the Coroner's findings in 2002 relating to Aboriginal deaths on the APY lands as a result of petrol sniffing. This funding provides for the flexibility to direct resources as required to the highest and most immediate service needs on the APY lands. Since the establishment of the APY Lands Task Force in 2003 and 2004, funding has been provided for the coordination and delivery of environmental health, family, age, disability and youth services across the lands. Funding has also been provided to assist in the operation and ongoing maintenance of swimming pools.

The breakdown of the \$6.248 million of state funding is as follows: \$1.077 million for Amata wellbeing centre, being coordinated by SA Health; \$458,000 for the swimming pool maintenance at Amata, Mimili and Pipalyatjara, coordinated by DECD; \$2.355 million for the community services, age, disability, young families, homemaker programs and youth program coordinated by DCSI; \$369,000 for Nganampa environmental health program, again coordinated by SA Health; \$187,000 for rural transaction centres coordinated by DPC and Service SA; \$360,000 for food security strategy and remote service delivery programs through DCSI; \$1.193 million for APY discrete projects; and \$225,000 for depreciation on staff housing.

**Ms REDMOND:** On page 109, in the full-time equivalents column at the end of the program summary, it is clear that there has been a reduction in the number of full-time equivalents. There were just shy of 66 full-time equivalents at the end of 2012-13, a budgeted reduction to 43.7 last year, which was not achieved, and the number was 51.2 as the estimated result. In the target for the next year, the budget looks to a 20 per cent further reduction, which I assume is because of across-the-board savings targets and so on. Can the minister give any indication, given that you are employing the new financial person and the new conciliator, where the 20 per cent full-time equivalents are going to be taken from, and what the likely impact of that is?

**The Hon. I.K. HUNTER:** The Aboriginal Affairs and Reconciliation Division has been allocated the following savings targets: in 2013-14, \$654,000, in 2014-15, \$934,000, in 2015-16, \$308,000. The savings target for 2014-15 was increased by \$627,000 as part of the Department of the Premier and Cabinet's allocation of savings in relation to the continuation of the 1 per cent efficiency dividend on net cost of services.

The savings target for the 2014-15 financial year will be primarily achieved by reducing the budget allocation in relation to the remote service delivery program as this national partnership agreement has ceased, and the reallocation of priorities with the APY task force. So the feds have ceased their remote service delivery program and we are taking the opportunity to cease our participation in that as well. That is where the bulk of the savings will be achieved.

**Ms REDMOND:** Do expect to actually achieve this, noting that you did not get to the target for last year, which was to reduce to 43.7 and you are several full-time equivalents above that, and yet there is a further reduction for this year? You are expecting to achieve that?

**The Hon. I.K. HUNTER:** My advice is that rather than concentrating on reduction of FTEs, we will be making our savings through a reduction in the budget.

**Ms REDMOND:** Through—sorry?

**The Hon. I.K. HUNTER:** Through savings in the budget.

**Ms REDMOND:** But the budget papers in front of us on page 109 say that it is a 20 per cent reduction in FTEs.

**The Hon. I.K. HUNTER:** That is in the budgeted amounts. Treasury, however, are concerned about the department or the agency making the savings—the quantum—and so if we go back to Treasury and say we can make these savings in another way, we will negotiate with them over FTEs to weigh that up.

**Dr McFETRIDGE:** Budget Paper 4, Volume 4, page 109, APY cultural heritage. In relation to their \$400,000 four-year program, the government will provide for cultural heritage on the APY lands. What will the money be spent on and what project details has the government been made aware of? Basically, what I really want, minister, is what are the key deliverables, the outcomes and time lines?

**The Hon. I.K. HUNTER:** At the last election the state government committed funding of \$400,000 to the APY Law and Culture Council over the next four years. The 10 member APY Law and Culture Council serves as a sub-committee of the APY Executive and provides cultural guidance that keeps traditional owners at the centre of decision-making on the lands. The APY Law and Culture Council develops the economic and social sustainability of Pitjantjatjara and Yankunytjatjara culture, living cultural traditions, responsibilities, values, beliefs and practices with an emphasis on country.

The council's charter encompasses law, ceremonies, language and family kinship in accordance with Anangu law and customary authority. The funding will ensure that APY Aboriginal men, women and children have an opportunity to provide cultural guidance for all Anangu on the APY lands. The funding will allow the members of the Law and Culture Council to meet more frequently on the APY lands to deliver on the priorities of law and culture.

It will support this council's key priorities which include advocating for acknowledgement, respect and recognition, providing mentoring for Anangu on Pitjantjatjara and Yankunytjatjara people's cultural traditions and organising performances, tours, exhibitions and related activities that demonstrate and celebrate the wealth of the local culture. Annual key performance indicators (financial and non-financial) will be set as part of the four-year funding agreement. Importantly, I have said that that funding will not be used for sitting fees.

**Dr McFETRIDGE:** Was this all negotiated before the announcement was made?

**The Hon. I.K. HUNTER:** Requests have been made from time to time for additional funding for these functions. I have not made that funding available in the past, but through our election commitment we have \$400,000 to do this now.

**Dr McFETRIDGE:** Same budget reference, referring to Jawun, who runs this agency and what kind of services does it provide?

**The Hon. I.K. HUNTER:** The state government has committed \$1.025 million over four years to work with Jawun Indigenous Corporate Partnerships to broker partnerships between corporate South Australia and Aboriginal communities. Jawun is a not-for-profit organisation that was established in 2001 in Cape York. The Jawun operating model creates secondment opportunities for employees from the private sector and government to work with Aboriginal communities and organisations to introduce corporate thinking and practices. It gives these communities access to the people and expertise that will ensure they have skills and the capacity to pursue their own reform priorities.

The government believes there is a significant potential for Jawun to expand its corporate secondment program in South Australia to build capacity in Aboriginal organisations and communities. We hope that, with our assistance, we can encourage dialogue amongst Aboriginal communities and Jawun. Where those communities agree to such a course, it would be useful. For example, previously, Westpac senior executives from Adelaide could, in partnership with Jawun, go and volunteer their financial services or expertise to Aboriginal communities in Western Australia and Queensland but not in South Australia. We are hoping through this investment that we can utilise that local expertise here with South Australian Aboriginal communities.

**Dr McFETRIDGE:** A similar question on Supply Nation. What type of contracts will local Aboriginal enterprises be awarded as part of the \$360,000 over four years provided to Supply Nation business broking?

**The Hon. I.K. HUNTER:** Supply Nation is a national organisation that connects public and private sector organisations with Aboriginal business owners to provide opportunities and assistance to secure government and private contracts. The government is committed to working with Supply Nation to support more Aboriginal businesses in South Australia. To do that, we will be negotiating and funding Supply Nation memberships for key South Australian government agencies and assisting Supply Nation to have an increased presence in South Australia by introducing the organisation to key stakeholders here, including Aboriginal businesses, government agencies and parts of the corporate sector.

This support will be a significant complementary one to the suite of initiatives the government is committed to with the long-term aim of supporting businesses and jobs growth in Aboriginal communities. I have mentioned the procurement policy in passing earlier. That also is part of our armament in this regard. Supply Nation, I think, is a federal government and private enterprise, co-developed organisation, and we want to bring them to South Australia.

**Dr McFETRIDGE:** Budget Paper 4, Volume 4, page 109, net cost of providing services and supplies. Can the minister outline why expenditure for supplies and services under this program has dropped from \$4.287 million in 2013-14 to \$3.467 million in 2014-15? As part of the answer, can you tell us why AARD was transferred from DPC to DSD?

**The Hon. I.K. HUNTER:** The net cost of the program is \$12.6 million in terms of the 2014-15 budget estimated results. The \$2.2 million reduction in the net cost of services is mainly due to the approved carryover of \$1.4 million in expenditure in 2012-13. It is for the demand management energy education program, the infrastructure plan for regional and remote Aboriginal communities, the installation of back-up power generators for community stores, the Aboriginal Heritage Act legislative review project, implementation of savings measures of \$0.6 million within AARD.

There is a reduction in 2014 funding of \$0.6 million to Anangu Pitjantjatjara Yankunytjatjara Executive due to once-off funding approved for 2013-14. The estimated result in terms of the 2013-14 budget, the increase in the net cost of services in the 2013-14 budget to the 2013-14 estimated result of \$0.5 million relates to the carryover of \$1.4 million in expenditure in 2012-13 for the demand management energy education program.

In terms of AARD coming into the Department of State Development, in a nutshell it is this. The focus of the government's direction in Aboriginal policy over the last 18 months has been on economic development. In determining where AARD should sit in terms of machinery of government changes, we were faced with the decision of putting it into a service delivery agency, a social welfare agency or an economic agency. I very firmly was of the view that, congruent with all of our policy direction, we should put it into DSD as the premier economic development agency for the state, and I am very pleased to say that members of cabinet endorsed that proposition. All of our efforts will be in terms of economic development for Aboriginal communities in South Australia, be it through governance, business development or employment opportunities. That is, in a nutshell, the reasoning.

**Dr McFETRIDGE:** I want to thank the minister and his officers. Once again, minister, the time available because of no government questions is appreciated.

**Ms REDMOND:** Just following on from your response on that last question, minister, in terms of economic development, it has always seemed to me that the precursor to that must be education, and the precursor to education is getting the children to school at all but getting them to school in a healthy state. I am talking particularly about the APY lands and I wonder what programs are being directed at that particular problem.

When I was last up at the APY lands, I was told that by the time the kids reach school—and, of course, a lot of them do not have any English by the time they start school—three-quarters of them have some level of hearing impairment and one-quarter of them require hearing aids, which means they are so far behind the eight ball by the time they start school that they are almost destined never

to catch up. While I agree with the idea of economic development being a key to a decent future, it seems to me that, unless we address that very early issue, we are never going to get there.

**The Hon. I.K. HUNTER:** I am fully in agreement with the member and I thank her for her question. Education is a foundational fundamental that we cannot run away from. Education and training to reducing Aboriginal disadvantage and enabling greater self-governance, self-determination and self-responsibility is fundamental. Again, I guess I am speaking outside of my brief here—this is really a question for the Minister for Education and Child Development—but we have focused on literacy and numeracy in Aboriginal education and working with the communities to lift school attendance. That has been driven, we know, from a commonwealth government perspective as well and we are working hand in hand with the commonwealth in these matters and there has been much progress in our efforts to improve educational outcomes for Aboriginal people.

Coming back to my own responsibilities, this was one of the fundamental requirements that I have set down in terms of regional authorities. I want regional authorities, which is about governance training, lifting the abilities of local communities to participate in the economy to a higher level, but I also want education to be a fundamental part of that. Not only do I want governance training to be done at a certificate level—certificate II or certificate III—I want to see open pathways into higher education for those who want it and that is why we will be involving the university sector in this process of regional authorities. We are going to invite every university in the state to be part of that process, and for those who want to take higher education, I want to have them see that as a real possibility for their lives. We are in total agreement.

**The CHAIR:** Thank you, minister. There being no further questions, I declare the examination of the proposed payments for the Department of State Development and administered items for the Department of State Development adjourned. Thank you to your advisers and to the committee.

At 16:02 the committee adjourned until Tuesday 22 July 2014 at 10:00.